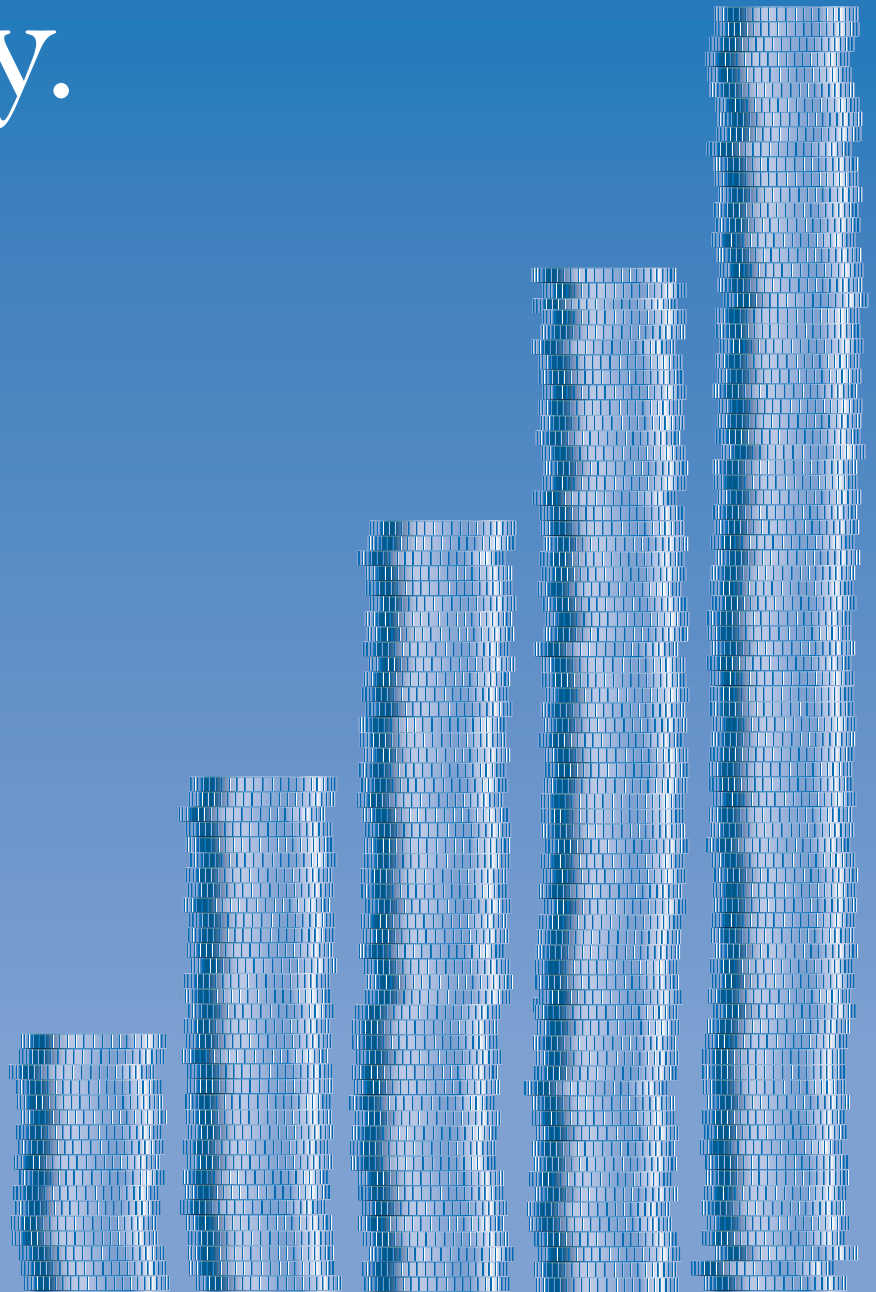


# *Advertising Pays Scotland:* How advertising fuels the Scottish economy.





# *Advertising Pays Scotland:* How advertising fuels the Scottish economy.

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Advertising's  
Think Tank

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# Foreword

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*Brian Coane, Partner, Leith  
and Chairman, IPA Scotland*

**If you stop and think about the products or services that Scotland is most famous for, it's hard to imagine them being as successful without the power of advertising. Studies have shown that, from small businesses to international brands, advertising is vital to economic success. But, somehow, the importance of the advertising industry in Scotland is often overlooked.**

The fact is that it's a major and fast-growing sector that is driving jobs, growth and exports. Until now, we've lacked a report that summarises this information in one place and tells the story of Scottish advertising. *Advertising Pays Scotland*, the new report from BiGGAR Economics, gives us the facts we need to raise the profile of advertising among politicians, businesses and the public in Scotland.

This work could not have been done without the expertise and dedication of the team at the Advertising Association (AA). I'm grateful to them and to the AA membership who have given their support.

Scotland's future is in the spotlight. Whatever direction it takes, the economic fuel that advertising provides makes it essential that we seek out ways to support the industry. Scotland is world-renowned for its creativity, so let's use that to power our advertising industry. The beauty of creativity is that, unlike oil, it's not a finite resource.

**Brian Coane**

# Executive summary

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**In 2015, companies spent £1.7 billion on advertising in Scotland – but, by increasing activity across the economy, the contribution of advertising to GDP was much greater than this.**

For the £1.7 billion spent on advertising, the contribution to Scottish GDP was £8.8 billion – representing 5.6% of the Scottish economy.

Those advertising revenues support 42,000 jobs across Scotland, including those for people involved in the commissioning, creation and production of advertising. But the overall impact of advertising extends beyond the agencies, brands and media that make up the sector, powering the economy in the following ways:

- Advertising drives prices down by increasing competition between the suppliers of goods and services, and providing consumers with up-to-date, competitive price information
- Advertising incentivises companies to innovate and invest, resulting in increased choice for consumers and better products on the market
- Advertising boosts exports by building strong Scottish brands, which can establish themselves in global markets

- Advertising fuels the media and creative industries. It provides two fifths of all newspaper revenues, provides a third of all TV revenues and supports creative sectors – from photography, music and design to film production
- Advertising underpins the digital economy, funding content and internet services from search engines and social media to instant messaging and email providers
- Advertising saves society money by supporting social policy and changing attitudes towards harmful or antisocial behaviour

This report focuses on the far-reaching economic impact of advertising activities in Scotland, and its positive effect on consumers, society and the wider economy. It finds that, on average, £1 of advertising spend generates £5 for the Scottish economy. That means the £1.7 billion spent in 2015 generated £8.8 billion for the Scottish economy.



Companies  
spend

£1.7bn

on advertising  
in Scotland

resulting in an  
**£8.8bn**  
contribution to  
Scottish GDP

# The economic impact of advertising in Scotland



1

# The economic impact of advertising in Scotland

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**On average, every £1 spent on advertising generates £5 for the Scottish economy<sup>1</sup>.**

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***The £1.7 billion of advertising expenditure in Scotland in 2015 contributed £8.8 billion to Scottish GDP***

That means the £1.7 billion of advertising expenditure in Scotland in 2015 contributed £8.8 billion to Scottish GDP – representing 5.6% of the Scottish economy.

Approximately one quarter of the total economic impact – £2 billion – is generated directly by the activities of people employed in the production, procurement and distribution of advertising in Scotland. This direct impact includes:

- the value of advertising produced
- wages spent by those employed in the advertising sector (advertising agencies, media businesses and in-house marketing teams within advertisers)
- exports of advertising services
- the supply chain (goods and services used by the advertising sector)
- the activity of advertising-funded industries (e.g. commercial TV, direct mail)

However, the economic contribution of advertising goes way beyond the direct impact of the advertising sector. In fact, the majority of the total economic contribution – £6.8 billion – is derived from advertising's role in creating more effective markets. This wider impact is driven by the increase of competition, innovation, efficiency and information through advertising.

<sup>1</sup> The UK *Advertising Pays* study found that, for every £1 spent on advertising, the UK economy receives over £6 in benefits. In Scotland, the economic impact multiplier is smaller because there is less direct activity associated with the advertising sector (since much of this takes place elsewhere in the UK).

In total, advertising  
contributes

**£8.8bn**

to Scottish GDP. This is  
made up of:

**£2bn**

**£6.8bn**

direct impact

This includes:

- the value of advertising produced
- wages spent by those employed in the advertising sector
- exports of advertising services
- goods and services used by the advertising sector
- activity of advertising-funded industries

**£6.8bn**

wider impact

Resulting from:

- driving price competition
- increasing innovation and efficiency
- enabling the digital economy
- informing people about goods and services in their area

# Understanding the economic impact of advertising in Scotland



# MAKING MARKETS *WORK BETTER*

**Advertising plays a crucial role in any advanced economy and Scotland is no different. Advertising creates and sustains relationships between consumers and companies. It provides pertinent product information to consumers and, by increasing competition and innovation, improves choice and typically lowers overall prices.**

Advertising's effect on driving down prices is well known.<sup>2</sup> Not only does it enable economies of scale in production and distribution, but by helping companies show off the cost of their products it makes pricing more transparent, increases competition and improves consumers' price sensitivity. A decrease in the level of advertising has been found to increase prices across a wide range of products.<sup>3</sup>

A more competitive market also encourages product innovation, allowing for further differentiation between brands and their offer to consumers. Communicating these differences improves consumer

information on the goods and services available to them, and the resulting price competition drives down prices to their benefit.

Through its role in building brands, advertising helps protect product innovation, stimulate investment and build export markets. Scotland is internationally renowned for having many brands that deliver direct export revenue and have significant cultural influence.

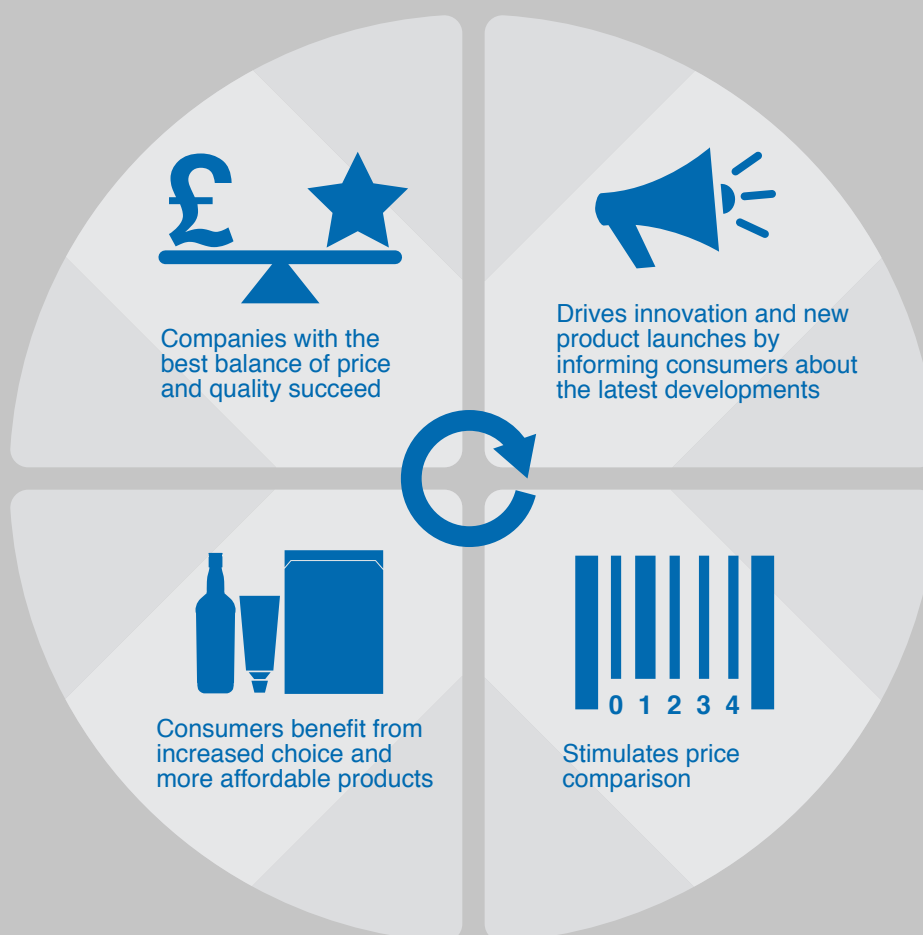
As shown in the diagram opposite, advertising is at the centre of a virtuous circle of innovation, competition and effective markets.<sup>4</sup>

<sup>2</sup> As outlined in Green, L. (2016), *Advertising's Big Questions: Does Advertising Increase Prices?*

<sup>3</sup> Erdem, T. et al. (2008), 'The impact of advertising on consumer price sensitivity in experience goods markets', *Journal of Quantitative Marketing and Economics*

<sup>4</sup> Deloitte/Advertising Association (2013), *Advertising Pays*

## ADVERTISING MAKES PRICING MORE TRANSPARENT, INCREASES COMPETITION AND IMPROVES CONSUMERS' PRICE SENSITIVITY



Virtuous circle of advertising (Deloitte, 2013)

# Growing small businesses in Scotland and beyond

**One of advertising's most important roles is creating fertile markets for small- and medium-sized enterprises (SMEs) to flourish through increasing competition and innovation. However, it also has the potential to boost SME growth more directly by increasing sales. Advertising has been found to benefit SMEs' return on investment eight times as much as larger firms. In fact, the majority (62%) of SMEs who advertise report a direct increase in sales, and high-growth SMEs are much more likely to advertise.<sup>5</sup>**

One Scottish SME to have developed such an advertising campaign and reaped the rewards is Stoats.

Tony Stone and Bob Arnott set up Stoats in 2005 to take 'porridge to the people'. Starting out as the world's first mobile porridge bar, the business evolved into retail by producing products such as oat snack bars that use premium Scottish oats and 100% natural ingredients.

The company attributes much of its growth over the past 12 years to the power of its brand, with social media proving particularly effective. Its marketing has also had to be smart. Stoats' partnership with World Porridge Day achieved 5 million impressions in just 24 hours, while traditional advertising has been used to grow regional sales – an outdoor campaign in Bournemouth increased sales by 18%.



With over 10% of sales now coming from exports, Stoats is on track to reach a £10 million turnover by 2020.



<sup>5</sup> Deloitte/Advertising Association (2014), *Advertising Pays 2*







# Sustaining Scotland's media, digital and creative industries

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**Advertising not only benefits the Scottish economy through its impact on markets, it also supports Scotland's media, digital and creative industries through the revenue generated by selling advertising – whether online, on television, on billboards, in print, on the radio, in the cinema or by mail.**

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In 2015, companies spent £1.7 billion advertising their goods and services to Scottish consumers – this is equivalent to £321 per person in Scotland, which is marginally higher per capita than in the rest of the UK. This is a result of higher spending on press and radio advertising, where Scotland accounts for 10.6% and 10.5% of UK spending respectively.

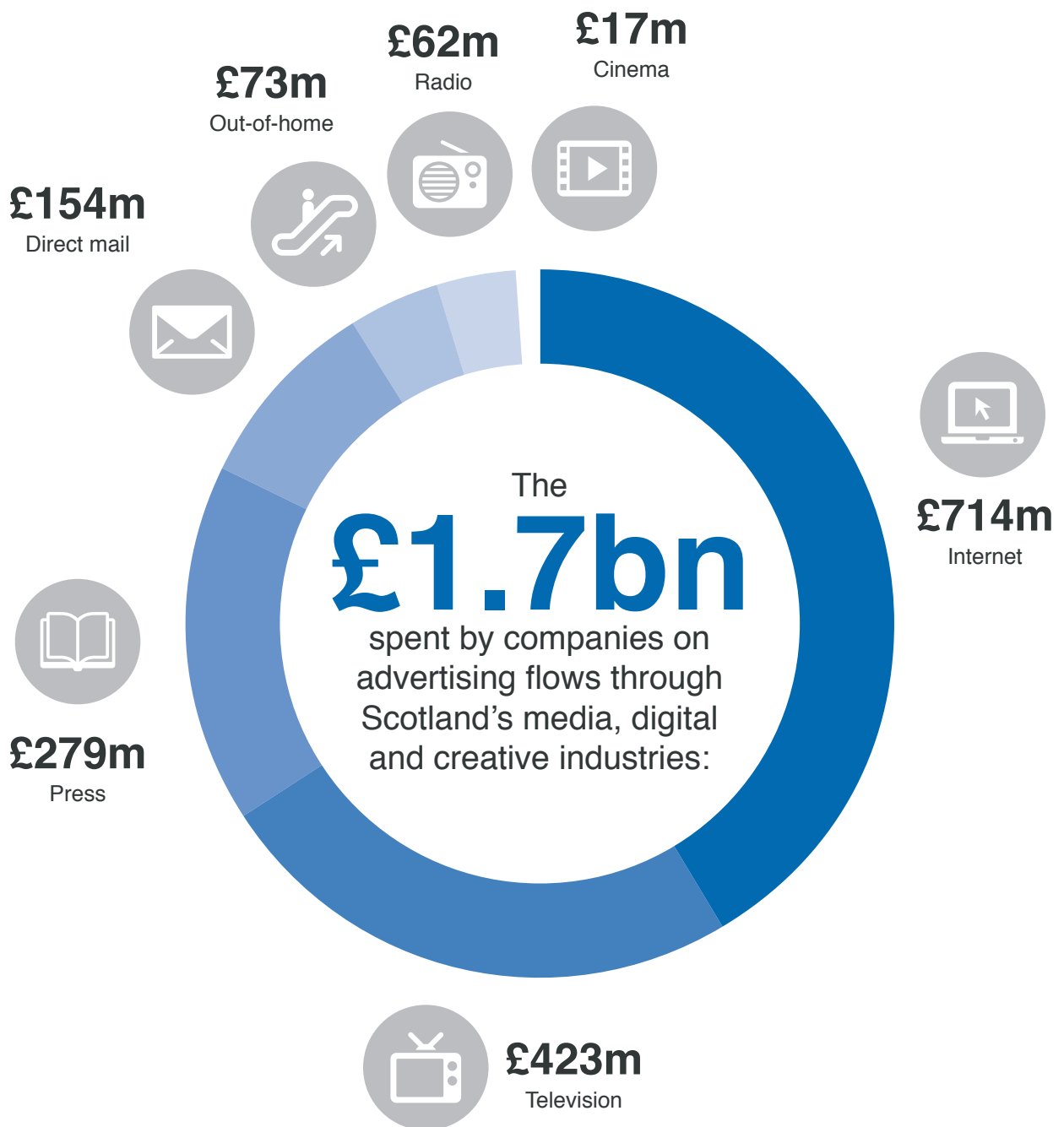
Advertising on the internet, at £714 million, accounted for 41% of the expenditure on advertising in Scotland. Online expenditure has increased in recent years, and is likely to account for the majority of advertising by 2020. This has enabled the growth of new digital services businesses in Scotland, as well as changing the way many established companies do business.

Total advertising expenditure in Scotland has been steadily increasing, as it has across the rest of the UK. Between 2014 and 2015, the total advertising spend in Scotland increased by 7.4%.

In addition to direct advertising spend, annual sponsorship also provides significant funding for the creative industries, as well as wider community and sporting projects. Across the UK, annual sponsorship spend is £866 million<sup>6</sup> – in Scotland, this money has seen brands support products ranging from elite sports teams and individuals to marquee events like the Highland Games and community services such as Scottish Mountain Rescue.

**In 2015,  
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£1.7 billion  
advertising  
their goods  
and services  
to Scottish  
consumers – this  
is equivalent to  
£321 per person  
in Scotland**

<sup>6</sup> Deloitte/Advertising Association (2015), *Advertising Pays 3*



# ADVERTISING'S SUPPLY CHAINS

**In 2015, advertising agencies in Scotland spent an estimated £211 million on goods and services, of which 59% were purchased in Scotland – some £124 million-worth.**

The professional, scientific and technical activities sector accounted for the greatest proportion of the supply chain, with these businesses in Scotland selling £47.5 million of services to Scottish advertising agencies. This includes a wide range of professions, from legal and accountancy firms to independent photographers and designers.

The second-largest component of the supply chain is companies involved

in the information and communication sector. These companies supplied advertising agencies with £28 million-worth of goods and services, including creative services such as motion picture production professionals and information and communication technology (ICT) companies.<sup>7</sup>

The split of the main industries involved in the supply chain is given in the table below.

## The advertising agency supply chain

Sector	Agency spend
Professional, scientific and technical activities	£47.5m
Information and communication	£28.1m
Manufacturing	£8.0m
Transportation and storage	£7.9m
Education	£5.3m
Administrative and support service activities	£4.8m
Other	£22.3m
Total	£123.9m

Source: Scottish Government (2016) Input Output Tables

*In 2015, advertising agencies spent £124 million on goods and services in Scotland*

<sup>7</sup> The Scottish Government (2016), *Input-Output Tables*




ESCAPE TO A SPARKLING MOMENT



WIN A 5 STAR, LUXURY  
SCOTTISH ESCAPE



Go to [HighlandSpring.com/escape](http://HighlandSpring.com/escape) or  [HighlandSpringWater](https://www.facebook.com/HighlandSpringWater) Full of the Joys

Draw closes 12.04.2015. See full terms & conditions at [HighlandSpring.com/escape](http://HighlandSpring.com/escape)

BRAND: Highland Spring





# Boosting Scottish exports

The role of advertising in export growth has long been established,<sup>8</sup> including, among other things:

- greater brand recognition in overseas markets supporting market entry and helping build existing market share
- a strong positive link between the level of brand recognition and financial performance of that brand in export markets

Practical examples from Scotland abound, though perhaps none better represents the impact of advertising on export success than Scotch whisky. Whisky is an iconic Scottish product and a significant contributor to the Scottish economy, contributing nearly £5 billion to GDP and supporting over 40,000 jobs.<sup>9</sup>

Scotch whisky brands operate in a highly competitive, global market, competing for attention based on heritage, provenance and premium. Effective advertising and brand promotion has enabled individual brands to succeed globally, and allowed for Scotch whisky more widely to become globally recognised.<sup>10</sup> Indeed, Scotland itself has benefited from increased global recognition through association with high-quality brands ranging from food and drink through to fashion and computer gaming.

Scotch whisky exports have grown by 56% in the past decade, from £2.5bn to £3.9bn in 2016.

**THE ROLE OF  
ADVERTISING  
IN EXPORT  
GROWTH HAS  
LONG BEEN  
ESTABLISHED...  
SCOTCH WHISKY  
EXPORTS IN 2015  
AMOUNTED TO  
£3.9BN**

<sup>8</sup> Deloitte/Advertising Association (2013), *Advertising Pays*

<sup>9</sup> Scotch Whisky Association (2015), *The Economic Impact of Scotch Whisky Production in the UK*

<sup>10</sup> Intangible Business (2015) *The Power 100: The World's Most Powerful Spirit & Wine Brands, 2015*

# SMOOTH



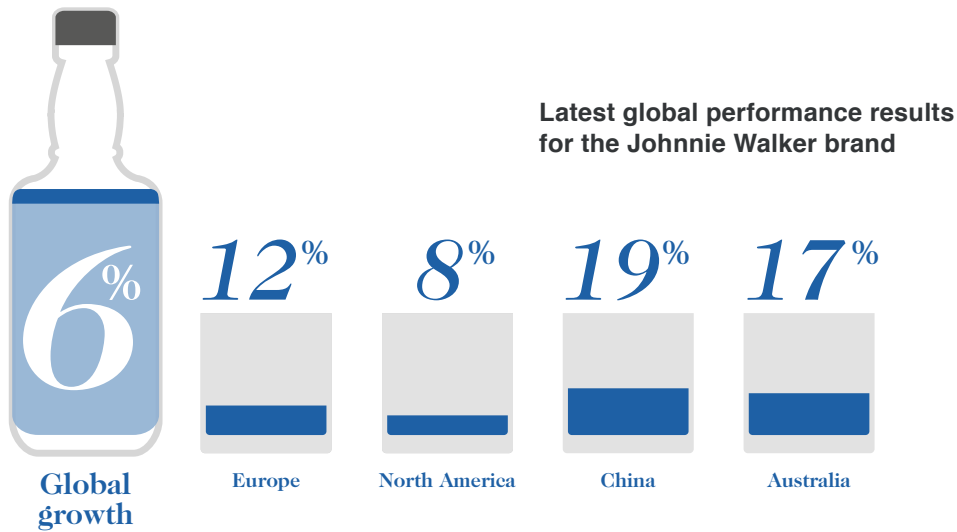
Please enjoy responsibly  
[drinkaware.co.uk](http://drinkaware.co.uk)  
for the facts

BRAND: The Famous Grouse



*Ad Example*





The global success of Scotch as the world's leading premium spirit drink is based on great products, with strong brands establishing themselves in new markets. The creation of national, regional and global brands has only been possible through the industry's ability to successfully and responsibly promote, market and advertise its products.

One example is Johnnie Walker, which, in September 2015, launched its largest ever global marketing campaign, running simultaneously in more than 50 countries and reaching nearly 270 million consumers around the world. The 'Joy will take you further' campaign is an evolution of the famous 'Keep walking' campaign, which has defined the brand's philosophy since 1999.

The latest performance results for the brand show 6% growth globally, including 12% in Europe, 8% in North America, 19% in China and 17% in Australia.<sup>11</sup>

Strong brands build markets; they also protect businesses. Whiskies and bourbons from Ireland, Japan and North America are seeking to take a greater proportion of market share from Scotch whisky, but will have to compete for attention and familiarity with some of the world's most recognisable brands – something that is fundamental to maintaining Scotch whisky's position as the world's number one spirit.

<sup>11</sup> Diageo interim results, six months ended 31 December 2016





Johnnie Walker | BLENDED SCOTCH WHISKY

**SUCCESS  
MAKES  
A MAN.  
JOY  
MAKES A  
LEGEND**

KEEP WALKING.

JOHNNIE WALKER.



Johnnie Walker | BLENDED SCOTCH WHISKY

**JOY  
WILL  
TAKE YOU  
FURTHER**

KEEP WALKING.

JOHNNIE WALKER.



Johnnie Walker | BLENDED SCOTCH WHISKY

**WILL FIRST  
QUARTER  
GROWTH  
LEAD TO  
JOY?**

JOHNNIE WALKER.



Johnnie Walker | BLENDED SCOTCH WHISKY

**HARD  
WORK  
WORKS.  
JOY  
WORKS  
HARDER**

KEEP WALKING.

JOHNNIE WALKER.



**THE JOHNNIE WALKER  
'JOY WILL TAKE YOU  
FURTHER' CAMPAIGN  
RAN SIMULTANEOUSLY IN  
MORE THAN 50 COUNTRIES  
AND REACHED NEARLY  
270 MILLION CONSUMERS  
AROUND THE WORLD**



# SUPPORTING **JOBS** IN SCOTLAND





# 3

## SUPPORTING JOBS IN SCOTLAND

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**Advertising both creates jobs directly and supports jobs in the media, digital and creative industries, as well as the wider economy.**

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In 2015, advertising in Scotland supported at least 42,000 jobs across the economy, representing 1.6% of all jobs in Scotland.

The majority of these jobs were either directly in advertising agencies or in in-house marketing departments within advertisers. This direct employment in the advertising sector totalled over 21,000 jobs in Scotland.

A further 7,000 jobs were supported in media, digital and creative businesses that rely on advertising revenues.

In addition, the companies and people involved in this sector also supported wider employment through their purchase of goods and services and the spending of their wages. This supported an additional 13,500 jobs throughout the Scottish economy.<sup>12</sup>

***Advertising in Scotland supports at least 42,000 jobs across the economy, representing 1.6% of all jobs in Scotland***

<sup>12</sup> This figure takes into account the potential double counting that may occur, as different companies within the analysis will form part of each other's supply chains. For example, the advertising companies will provide services to in-house marketing professionals. Therefore, the multiplier effect has been adjusted accordingly.



**42,000**

Scottish jobs depend  
on advertising

**21,500**

agencies and  
advertisers



**7,000**

supported by revenue  
from advertising



**13,500**

across the wider economy

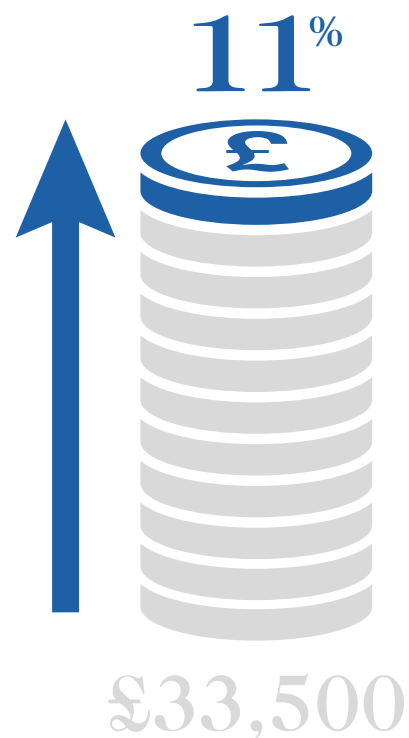


# Agency jobs in Scotland

Advertising agencies account for 4,500 jobs, with a further 1,300 people working in public relations and media agencies.<sup>13</sup>

Employment within Scottish agencies is highly concentrated in the urban centres of Glasgow, Edinburgh and – to a lesser extent – Aberdeen. The majority of the employees in this sector can be found in the three Scottish parliamentary constituencies of Glasgow Kelvin, Edinburgh Central, and Edinburgh North and Leith.

Jobs within these agencies are generally highly skilled and highly paid. Average salaries in the sector are around £37,000 – 11% higher than the mean Scottish salary of £33,500.<sup>14</sup>



**AVERAGE  
SALARIES IN AD  
AGENCIES ARE  
11% HIGHER  
THAN THE MEAN  
SCOTTISH  
SALARY OF  
£33,500**

<sup>13</sup> ONS (2016), BRES

<sup>14</sup> ONS (2016), *Annual Survey of Hours and Earning, Scotland 2015*

# HEDGEHOG UP A CLUNK TUBE

XTRA TASTE AND NO SUGAR  
IT MAKES NO SENSE



# MASSIVE 1973 QUICHE DONG

XTRA TASTE AND NO SUGAR  
IT MAKES NO SENSE



# ALWAYS DEPLOY PUDDING FLAPS

XTRA TASTE AND NO SUGAR  
IT MAKES NO SENSE



BRAND: IRN BRU

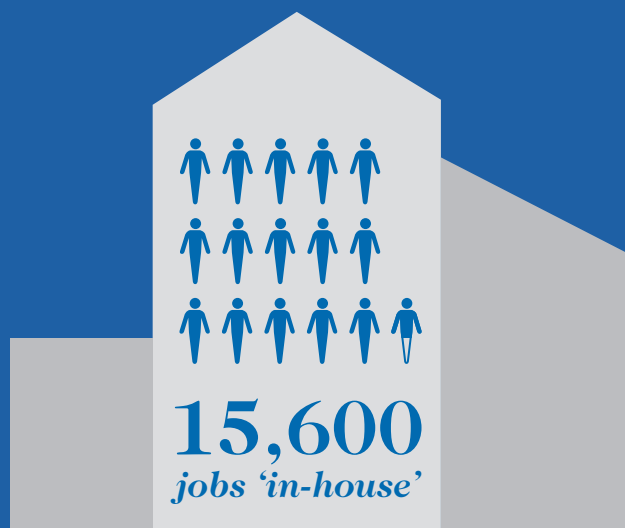


# Jobs in Scottish Advertisers

The advertising sector includes individuals who are employed by advertisers in the commissioning of advertisements – typically in marketing departments.

These ‘in-house’ advertising and marketing activities account for 15,600 jobs<sup>15</sup> and contribute £1.4 billion to Scottish GDP across diverse sectors – from banks and retailers, to tourism, food, and drinks.

*Scottish advertisers  
employ 15,600 people  
in advertising roles,  
contributing £1.4 billion  
to Scottish GDP*



<sup>15</sup> ONS (2015), *Annual Population Survey*



# The Royal Bank for Scotland



BRAND: Royal Bank of Scotland



Royal Bank  
of Scotland



*Ad Example*



# *JOBS IN SCOTLAND'S MEDIA, DIGITAL AND CREATIVE INDUSTRIES*

**Advertising directly funds 7,000 jobs outside of advertising services in the media, digital and creative industries, where revenues from advertising are often a primary source of income. This includes Scotland's commercial broadcasters, print media, radio, cinema and other media channels. Without advertising they would simply cease to exist.**

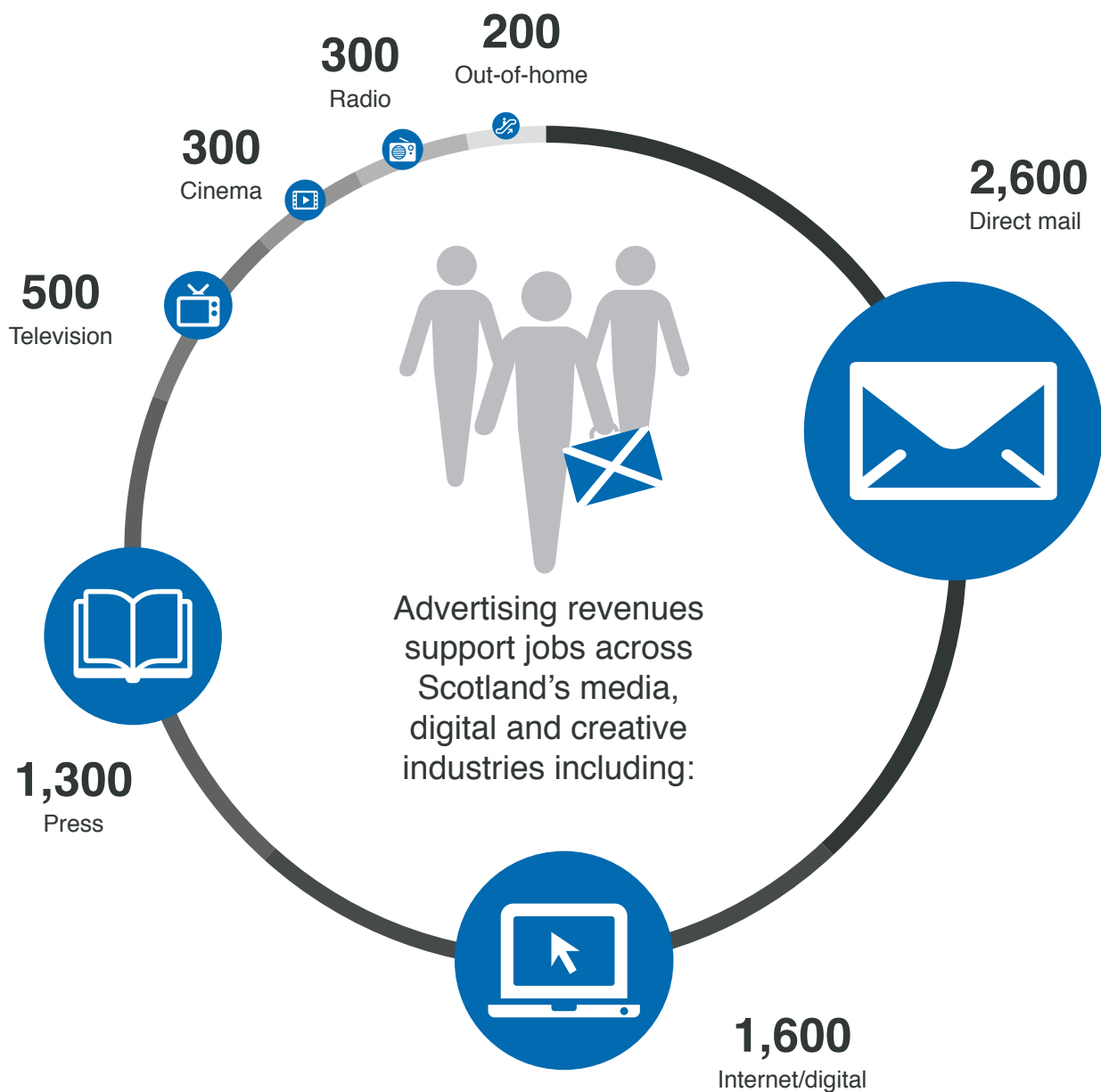
However the largest area of employment supported by advertising is often overlooked – the £154 million spent on direct mail advertising with Royal Mail and others. This advertising expenditure supports 2,600 jobs in postal businesses, which is equivalent to approximately 20% of Royal Mail's total employment in Scotland. Thus it subsidises the cost of postal services and sustains the universal postal service across all of Scotland.

Advertising is also vital to sectors such as the press: many newspapers and magazines would simply be unable to function without advertising. A 2016 study of the Scottish newspaper industry found that it directly employed 3,000 people.<sup>16</sup> Even when adjusted to reflect only advertising's share of the overall newspaper income (42% of income to newspapers is from non-sale items such as advertising), it would suggest that 1,300 jobs in the newspaper industry are directly supported by advertising revenues.

However, advertising's positive impact on Scotland's media, digital and creative industries goes beyond the 7,000 jobs it funds. Indirectly, advertising also supports these industries through:

- funding major free-to-air and subscription channels – ensuring a diverse range of quality programming across TV and radio
- sustaining Scottish businesses in the creative supply chain, such as in the independent production sector
- supporting communities by funding local radio, printed media and cinemas
- funding a wide range of amenities such as bus shelters and other street furniture through outdoor advertising
- providing free online content, including search activities, social media, instant messaging and the majority of websites

<sup>16</sup> Optimal Economics (2016), *The Scottish Newspaper Industry: An Economic Impact Assessment*



The £154 million advertising expenditure with the Royal Mail and others supports 2,600 jobs in postal businesses, equivalent to approximately 20% of the total employment of the Royal Mail in Scotland

*ADVERTISING'S*  
*SOCIAL*  
*IMPACT IN*  
*SCOTLAND*

4

# Supporting services for local communities

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**The New Picture House is run by Managing Director, David Morris, whose grandfather founded the business 87 years ago. The Cinema opened with one screen in December 1930 and seating for 1,200.**

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Despite the financial difficulties faced by independents, the cinema remains a prosperous community hub, with three screens and seating for 720 people.

Being the only cinema in St Andrews, David Morris says they are fortunate to have an excellent mix of patrons, including local residents, students and visitors. Despite this, David is keen to stress the importance of advertising, noting that: "the income generated from screen advertising has become an integral part of our business and makes a vital contribution to the continued success of independent cinemas like ourselves."

The audiences tend to regard the ads as part of the whole cinema experience. As David notes: "the majority are always in their seats to watch the whole package and enjoy the latest ads."

In recent times, David has been pleased to see local firms advertising on the big screen alongside multinational companies. This boosts not only the cinema's revenue but also that of other local businesses.





**“THE INCOME GENERATED FROM SCREEN ADVERTISING HAS BECOME AN INTEGRAL PART OF OUR BUSINESS AND MAKES A VITAL CONTRIBUTION TO THE CONTINUED SUCCESS OF INDEPENDENT CINEMAS LIKE OURSELVES.”**



# SAVING MONEY AND LIVES

Advertising is used extensively by the government, the voluntary sector and private companies to encourage positive behavioural change. This type of advertising is sometimes overlooked, though the social and economic benefits can be substantial.

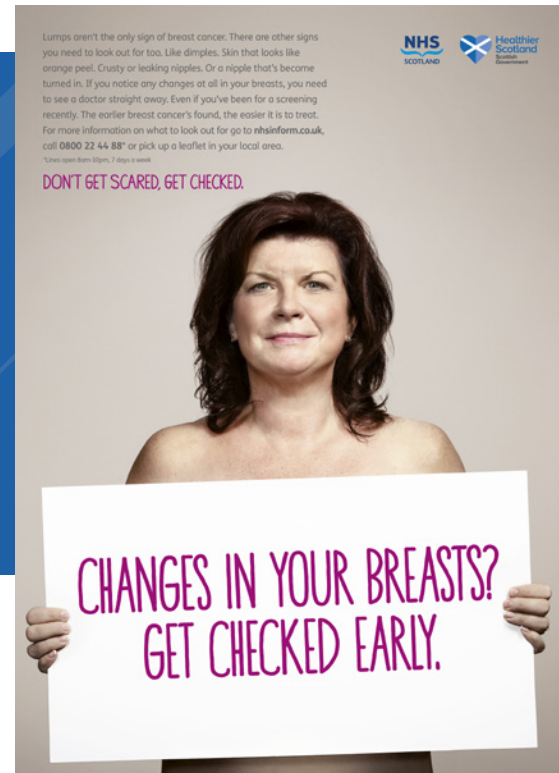
One very successful example of advertising for positive behavioural change is the Detect Cancer Early campaign commissioned by the Scottish Government.

Cancer is the most common cause of death in Scotland. Its survival rates lag behind those in many other European countries and the survival outcomes are often worse for people living in the most deprived areas of Scotland.

In 2011, determined to address this, the Scottish Government announced a multifaceted approach, including a major social marketing campaign.

Five years on and the effect has been dramatic:

- Around 670 more people have been diagnosed at the earliest stage of bowel, breast and lung cancers<sup>17</sup>
- Since the launch of Detect Cancer Early, bowel screening uptake has increased from 54.9% to 57.0%<sup>18</sup>
- 50% more women visited their GP with a potential sign of cancer, other than lumps



<sup>17</sup> ISD Scotland (July 2016), *Detect Cancer Early Staging Data, Year 4*

<sup>18</sup> ISD Scotland (Aug 2012 and Feb 2017), *Scottish Bowel Screening Programme KPI Report*



"IF YOU'VE HAD  
A COUGH FOR  
THREE WEEKS,  
SEE YOUR GP."

DON'T GET SCARED,  
GET CHECKED.

[getcheckedearly.org](http://getcheckedearly.org)



**NHS**  
SCOTLAND



**Healthier  
Scotland**  
Scottish  
Government

BRAND: Scottish Government Detect Cancer Early



*Ad Example*

# Methodology

**This report presents the findings of a study undertaken by BiGGAR Economics on the economic impact of advertising in Scotland. The economic impacts in this report relate to 2015.**

## Direct and indirect impacts

The study quantifies the economic contribution of both the direct economic activities of the advertising sector and the wider indirect contributions that advertising makes to the economy.

The approach taken in this study was to break down the economic impacts associated with advertising activity into individual components and analyse them separately. This report considers:

- the core economic activity generated by advertising agencies in Scotland
- the core economic activity generated by advertisers' activity in Scotland
- the employment directly supported by advertising activity in Scotland
- the indirect impacts in the wider economy of the advertising seen in Scotland

This report considers the economic impacts from two perspectives. First, it considers the economic impacts of the advertising displayed

and seen in Scotland, in a similar manner to the UK Advertising Pays study by Deloitte/Advertising Association. Second, it considers the economic impact associated with the advertising sector in Scotland and the ads that they produce for the Scottish consumer.

## Definitions

The economic impacts in this report are represented in terms of GDP and employment. These terms are defined as follows:

GVA – gross value added is the total turnover less the cost of generating this revenue. Typically, the direct GVA of a company is equivalent to the company's profits plus the staff costs, and represents the industry's contribution to Scotland's GDP.

GDP – the Gross Domestic Product of a country is a measure of the market value of goods and services produced by organisations in an economy. The GDP is equivalent to the Gross Value Added of the organisations, plus taxes on products, less subsidies on products.

In this report the contribution towards the GDP of Scotland through Gross Value Added is the main economic measurement.

Jobs – the employment impact in this report is illustrated with headcount figures.

Multiplier impacts – these are the follow-on economic impacts on the supply chain and in the wider economy, which is where staff spend their wages.

Wider impacts – these are the impacts on the economy as a result of the consumers being more informed about the goods and services on offer in the market.

### Direct economic impacts

The direct economic impacts generated from initial turnover or employment were calculated based on data extracted from the Annual Business Survey conducted by the Office for National Statistics (ONS). This survey gives details, broken down by sector, on elements such as the number of individuals employed, the total turnover, and an estimate of the total GVA of these sectors.

### Multiplier economic impacts

The multiplier impacts, both indirect and induced, were calculated using industry-specific data from the Scottish Government's Input-Output Tables.

The Input-Output Tables were also used to estimate the breakdown of supplier spend by industry for the advertising sector, the proportion of these supplies that was purchased from inside Scotland, and the proportion of turnover that was spent on staff costs.

### Summary of sources

The key sources of economic data used in this analysis are given in the table below.

Variable	Source
Turnover per employee	ONS, Annual Business Survey (2014 revised)
GVA per employee	
Turnover to GVA ratio	
Indirect multiplier	The Scottish Government, Input-Output Tables 2013
Induced multiplier	



## Survey of Scottish companies

A survey of Scottish advertising companies, advertisers and media organisations was also undertaken as part of this study. This survey received responses from 11 advertising agencies in Scotland and 7 media organisations. The data from this survey was used to inform the analysis when the responses were statistically reliable.

For example, the survey found that just over half of the work done by Scottish agencies was for advertising campaigns within Scotland. Therefore, given Scotland's share of the overall UK advertising sector, it was estimated that 15% of advertising seen in Scotland came from Scottish advertising agencies. This figure was used to calculate the proportion of economic impact that could be attributed to the Scottish advertising sector.

## Calculating advertising spend impact multiplier

The advertising spend impact multiplier was calculated based on the analysis undertaken as part of the Deloitte/Advertising Association

*Advertising Pays* study. It was assumed that the direct impacts of the advertising sector activities were included in the total GDP contribution at the UK level. The concentration of employment in the advertising sector is lower in Scotland than in the UK as a whole. Therefore, the direct impacts proportion of the multiplier would also be smaller in Scotland than in the UK as a whole.

The direct impacts proportion of the wider UK multiplier used in the Deloitte/Advertising Association *Advertising Pays* report was calculated based on UK employment figures for 2011.

The proportion of the multiplier that was not attributable to these direct impacts was therefore a result of the indirect economic activity described at the start of the report. This indirect activity was assumed to be the same in Scotland as in the rest of the UK, as it was assumed that companies and consumers in Scotland were as equally affected by advertising as individuals elsewhere in the UK.



**We don't think this is fair.  
Do you?**

At ScottishPower we want to do  
the right thing for our customers.

That's why we don't save our  
best deals just for new ones.

Our customers can access our  
best rates by switching between  
our tariffs for free at any time.

In fact, our existing customers will  
be the first to benefit from PowerUp.  
It's our completely new way to buy  
energy, by the day, from your mobile.

That's fairer energy.

**That's ScottishPower.  
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Customers and rates referred to are those on ScottishPower domestic tariffs.  
With ScottishPower you can move between our domestic tariffs without paying exit fees.  
PowerUp is initially available to existing domestic dual fuel customers with a single rate credit meter.



BRAND: Scottish Power



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# grand theft auto



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17 SEPTEMBER

XBOX 360 XBOX LIVE



BRAND: Grand Theft Auto



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**stoats**



**mary's  
meals**

a simple solution  
to world hunger



BRAND: Stoats



*Ad Example*

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**Advertising's  
Think Tank**



**ADVERTISING  
ASSOCIATION**

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## The Advertising Association

### Promoting the role, rights and responsibilities of advertising.

The Advertising Association promotes the role, rights and responsibilities of advertising and its impact on individuals, the economy and society. We are the only organisation that brings together agencies, brands and media to combine strengths and seek consensus on the issues that affect them. Through wide-reaching engagement and evidence-based debate we aim to build trust and maximise the value of advertising for all concerned.

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