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Investing In Our Talent's Future

ALESSANDRA BELLINI

President, Advertising Association and CCO, Tesco

Our talent is the lifeblood of the advertising and marketing industries. Our people's skills and expertise are what makes our industry sectors world-leading, and the UK a global advertising and marketing hub, exporting services and attracting inward investment to this country.

Continues on the next page

However, we have a talent shortage. The combined effects of COVID-19, inflation and Brexit have resulted in a tight labour market; one in which everyone, including the advertising and marketing industry, is struggling to recruit and retain talent, with intense competition across sectors.

Our industry's ability to develop creative and technical talent for a data-driven economy has been neglected and our longer-term outlook does not look promising either. We are suffering from both a diminished talent pipeline and an inability to hold on to the talent we already have. It is time that we address this problem and look for ways to recruit new talent, as well as retain that talent long term, because, ultimately, our people are the single most important factor for ensuring the quality and quantity of services we need to deliver now and in the future.

That is why, at the beginning of 2022, we set up a Talent Task Force to look at this problem. One of its first actions was to commission Credos to conduct preliminary research to inform our course of action.

Credos' research identified several key areas for the industry to address, namely: recruitment, retention and training among others. We have divided these concerns into two overarching goals: firstly, to **'attract and recruit'**, and then to **'develop and retain'**. First impressions matter and so making our industry stand out helps to **attract and recruit** the best talent. But we need to make a wholesale effort to **develop and retain** that talent to make them feel encouraged and supported to reach their full potential.

This report will break down identified shortcomings in the hope that, once clearly identified, we can come together as an industry to address them. We will propose preliminary actions to specifically counteract some of these issues, which will lay the groundwork for a more detailed action plan informed by member feedback. This report will also highlight the crucial initiatives you can participate in which will underpin our long-term talent mission to create more value, trust, inclusion and sustainability for our industry.

Let's look at the challenges we are facing...

LOW AWARENESS OF ADVERTISING AND MARKETING AS A CAREER CHOICE

The first problem raised by our Talent Task Force was the lack of awareness surrounding advertising as a potential career choice. We currently under utilise our expertise to create campaigns which advertise the benefits of working in our industry. In other words, we need to *advertise* advertising. We need to reach out to schools and universities up and down the UK and proudly tell people about advertising as a valuable and fulfilling career choice.

UNDERINVESTMENT IN PEOPLE

We have been under investing in our people for too long. Training budgets have been cut and there is a lack of clear development paths for people. Training and development underpin everything within this report; they are essential to effectively recruit and retain talent as they will make our industry a desirable one to join and an attractive one in which to remain. We must offer better training if we want to retain and develop people throughout their time in our industry.

We also know that some people are choosing to leave the industry due to stalled progression and low salaries, when compared across industries. This is something that needs to be urgently addressed, as these are the key people that bridge the gap between senior executives and new joiners. Are career paths clearly defined and do staff feel they have sufficient guidance and support in advancing their careers?

“

**We have been under-investing
in our people for too long.**

”

THE WORKPLACE PROPOSITION

Our physical workplace has been knocked out of sync by the pandemic. New ways of working – remote, hybrid, flexible – have brought undeniable benefits (namely, the improvement of work/life balance) but also significant downsides. The value of creating a strong communal space, where in-person interaction engenders a closeness and spirit unattainable when working remotely, should not be underestimated. Feedback from Credos' research also suggests that industry professionals across the sector are growing increasingly concerned about the potential mental health implications of isolated working environments.

How do we fix this for our industry, an industry where close collaboration is a must? How do we make the workplace a compelling proposition? It is clear we need to find a balance when protecting flexibility and restoring that unique social dynamic. Creating a meaningful work/life balance for our employees won't be solved by ping-pong tables in offices. We need to seek and share best practice to make work enjoyable and rewarding for everyone – there is no one-size-fits-all solution.

To solve this talent problem, we will need a joint effort from both government and industry. Whilst we hope that government can address structural issues, industry must play its part too. To that end we are grateful for your support on our other workstreams such as public trust, *All In* and Ad Net Zero which are supplementary to this work. After all, employees want to work in an industry that is trustworthy, as well as being responsible and conscious of the most pressing issues of our time. By continuing to come together in supporting these causes, we can make our industry one that talent will be naturally drawn to.

Please join us in raising awareness of the outstanding, exciting work that our industry does, and making the working experience of our people as rewarding and enriching as possible.



Developing This Report

Facing these challenges, the Advertising Association's Board and Council decided to commission advertising's think tank, Credos, to look at the evidence and set up a Talent Task Force from across the association's membership, harnessing the expertise and insights of more than 20 HR professionals across different businesses and industry sectors.

This report has been developed from those discussions and reviewed by the Advertising Association's Council and Board. In total, more than 70 of our industry's leaders have participated. These potential actions will be taken forward as part of the *All In* programme, and are being published at LEAD 2023 to put the issues that we have identified – attracting and recruiting, developing and retaining our workforce – at the heart of the industry agenda.

Our next step is to prioritise, in conversation with our members, what we do first and to develop a plan with measurable and achievable outcomes. This is a dynamic discussion for a period of rapid change, and it is inevitable that the actions and priorities will also evolve over time. One early priority, for example, will be to develop an advertising campaign to showcase our industry.

Looking forward, it is paramount we all invest in the present and future talent of our industry now more than ever before; it is critical to our long-term success. We need to make an investment: help people develop the skills we need, offer the opportunities to enjoy exciting and fulfilling careers, and empower our colleagues to do their best work in support of responsible advertising. This is the way our industry will be able to make the very best contribution to the people, society, businesses and economy here in the UK and around the world.



Foreword

NUSRAT GHANI

MP, Minister for Industry

The Government recognises that the skills of our people are vital to the future of the UK. For Professional and Business Services sectors, whether this be in architecture, the creative industries or in advertising and marketing, what people can bring to their job and what they learn through their employment is fundamental to the success of their company.

We know that for many people the pandemic fundamentally changed business models. Many companies have had to adapt quickly to fast-moving market conditions and their staff have had to learn new business skills to succeed in a post-COVID world.

Businesses need people who are hard-working and productive, but above all, to keep one step ahead of the competition, they need people who are flexible, strategic and creative.

It is vital that people constantly refresh their skills during their career to keep pace with the constant changes in technology and business. The government has the National Skills Fund and BEIS has its Help to Grow programme for SMEs to support this ambition. The contribution of the Private Sector is vital, and Britain's businesses need to play their part in helping people skill up and re-skill.

The government's focus on skills and technical education, announced recently by Prime Minister Rishi Sunak, is an important step towards enlarging the talent pool and creating opportunities for everyone. The Prime Minister has called for renewed focus on boosting apprenticeships and technical skills training. The government is also rolling out T Levels and new technical qualifications that mix classroom learning with on-the-job training. My department and colleagues across government want to work with industry organisations, such as the Advertising Association, and support initiatives such as the Talent Action Plan, to help deliver a high-skilled, inclusive, and productive workforce.

Key Facts From Credos

01

The number of people working in advertising and marketing fell by 14% between 2019 and 2022.

02

In 2019, there were an estimated 3,500 hard-to-fill vacancies across advertising and market research companies. This number is likely to have increased significantly since the pandemic.

03

Digital and data skills were reported to be the most in need across advertising and marketing. This was not unique to our industry, with 46% of businesses across the economy struggling to recruit for roles that require digital and data skills.

04

HR leaders across advertising and marketing reported that skill shortages were most acute at entry-level and at mid-level (people 3-5 years into their careers).

05

Between 2020-2021, there were 1,220 apprentices in advertising and market research companies, representing just 0.6% of total employment across just 1.7% of companies.

06

To recoup their financial contribution to the Government's Apprenticeship Levy, IPA members would need collectively to hire around 1,000 new apprentices each year – in reality, only 150 were employed.

07

Once adjusted for inflation, annual advertising spend has increased by 42% since 2011 whereas average annual advertising (-4%) and marketing (-10%) salaries have decreased over the same period.

The Talent Shortage

Post-pandemic, record numbers of people have been leaving their jobs in what has been termed the 'Great Resignation', while inflation has caused a wage-price spiral, raising hiring costs significantly.

The decline in employment in the advertising and marketing industry during the last four years has been of great concern. In the period January-March 2022, there were an estimated 366,000 people working in the advertising and marketing industry. As shown in **Figure 1**, this marks a 14% decrease from pre-pandemic levels (424,000 in 2019).

Clearly, this is a short- and long-term problem that needs addressing; a problem which is multifactorial, and which affects many stakeholders.

By taking the right action now, we can create a more valued, trusted, inclusive and sustainable industry.

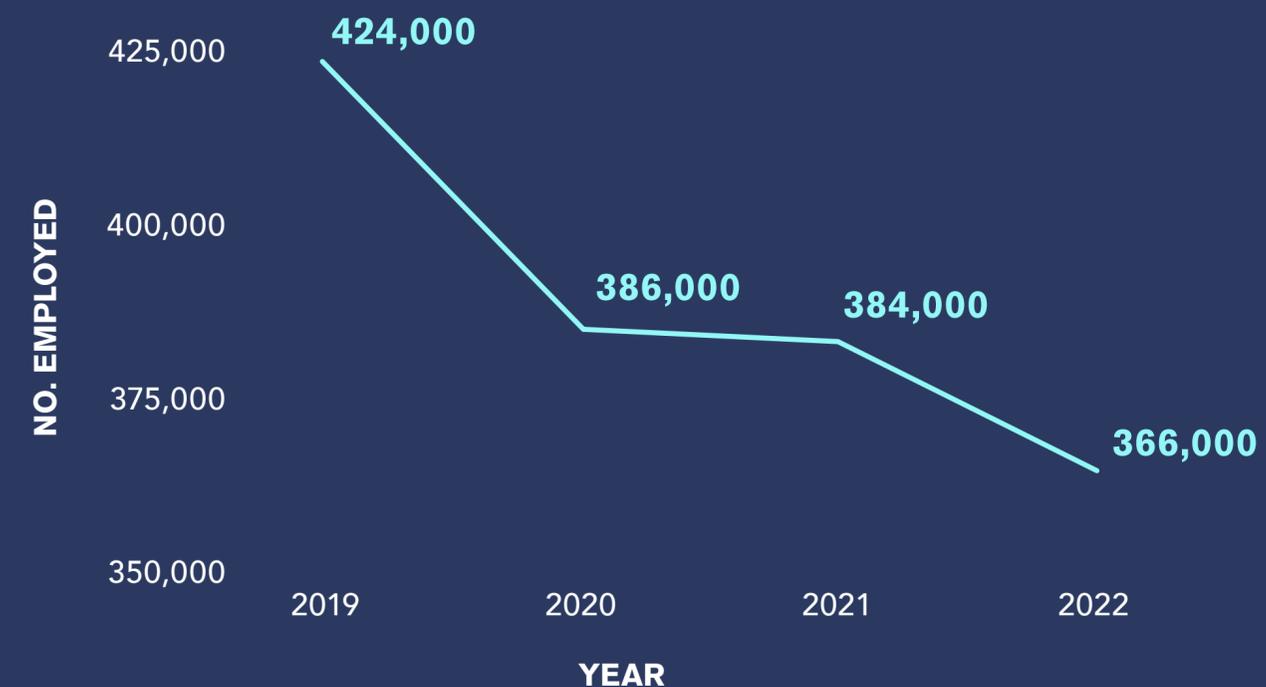


FIGURE 1: EMPLOYMENT IN THE ADVERTISING AND MARKETING INDUSTRY 2019-2022

Source: Labour Force Survey, ONS, Jan- Mar 2019, 2020, 2021, 2022

ATTRACT AND RECRUIT



As an industry, we are currently falling at the first talent hurdle. We need to remind people just how brilliant an industry advertising can be to work in – creative, strategic, exciting, inspirational, varied, sociable, high-energy and enjoyable. It is crucial that we show that Britain remains a global advertising and marketing powerhouse, a hub for creativity and tech and a 'must' for the best talent from around the world.

We also need to have serious conversations about something that plays a huge role in determining the quality and quantity of talent that an industry commands: salary potential. As this section will demonstrate, current salaries within the industry are not high enough to persuade potential talent to join the industry. With the cost-of-living crisis placing a greater emphasis on salary, our approach towards employee pay will need re-evaluation.

1. Low Awareness Of Advertising And Marketing As A Career Option

Credos' research has shown that schoolchildren and college students do not prioritise advertising and marketing as a future career, in stark contrast to other professions such as teaching, medicine, banking, nursing, and law. We must raise the industry's profile as a potential career option amongst young people considering their first job, as well as for more experienced workers looking to transfer to advertising and marketing.

There is an especially marked need for people with digital and data skills. In 2019, there were an estimated 3,500 hard-to-fill vacancies across advertising and market research companies¹. This number is likely to have increased significantly since the pandemic as the HR experts to whom we spoke reported increased skills gaps and shortages across a variety of roles, especially digital and data skills².

Shortages in this area are already reflected in recruitment, with 46% of businesses across the economy struggling to recruit for roles that require digital and data skills³. As a result, the advertising and marketing industry is not only competing amongst themselves, but also with other industries (e.g., financial services, tech sector) which often have considerably better compensation packages, decreasing our attraction potential.

Without advertising being one of the first industries to spring to mind for prospective job-hunters, the drain of talent from the advertising industry may evolve into a chronic, long-term problem. Instead, we need to ensure a steady flow of enthusiastic, interested and ambitious talent that can bring new ideas to the industry, challenge the people already here and champion the fantastic work being done in UK advertising.

1. Employer Skills Survey, Department for Education (2019)

2. The term digital and data skills include a wide range of technical skills such as automation, robotics, virtual and augmented reality, artificial intelligence, and machine learning.

3. The Kalifa Review of UK FinTech <https://www.gov.uk/government/publications/the-kalifa-review-of-uk-fintech>

2. Low Industry Salaries And Salary Progression

Credos found uncompetitive salary levels to be a recurring theme throughout their research. Poor salary progression is impacting the industry's ability to attract talent, with data showing that advertising salaries underperformed against comparable industries. Salary progression was also a key driver of vacancies, impacting all levels of talent in the industry, but particularly in junior roles. While salary progression is of real concern in terms of talent retention – ambitious people leaving to higher-earning adjacent industries – the effect on junior roles suggests that this is a problem that is affecting recruitment primarily.

There is some evidence that advertising and marketing salaries have not kept pace with the wider economy (Figure 2), employees are receiving lower pay in real terms in 2021 than in 2011. The ongoing cost-of-living crisis suggests real-term salaries will likely decrease even further, at least in the short term.

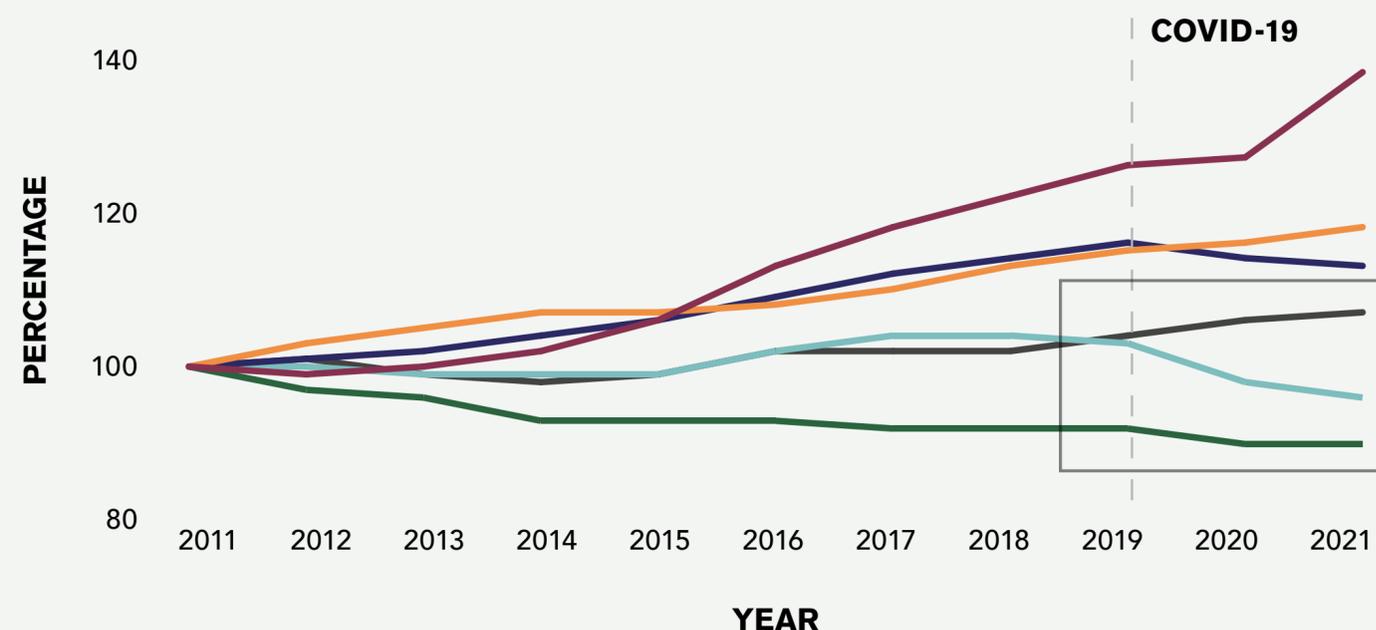
It is also worth highlighting that ad spend has increased significantly since 2011, while average salaries have not. While it is unreasonable to expect a direct relationship between the two – with other considerations such as increasing media costs and more resources being diverted to digital media increasing ad expenditure – some may find it difficult to shake the fact that, as workloads increase, many remain on the same wages.

As an industry that strives to be more inclusive, there is more that we could do to minimise pay gaps and pay inequality. We recognise, though, that many businesses (SMEs in particular) will simply not have the resources to pay a premium for high-skilled talent and companies do not have unlimited resources to increase salaries indefinitely. Non-financial methods and other benefits to reward employees will therefore become an even more important selling point to attract the right employees.

FIGURE 2: INDEXED ANNUAL SALARIES AND KEY ECONOMIC METRICS – 3 YEAR ROLLING AVERAGE

NB. Marketing salaries refer to junior-mid-level roles only.
Source: ONS, OBR, AA/WARC

- Ad Spend
- CPI
- GDP
- Advertising Salaries
- Marketing Salaries
- All industries



How To Attract And Recruit

The industry should consider an **advertising campaign** targeting school and university leavers and potential career 'switchers', plus those that influence them: schools, colleges and the wider community. The campaign would be the focal point of our strategy to publicise how dynamic an industry advertising can be. As part of this campaign, we could develop creative assets to showcase the industry to politicians, journalists, and other opinion-formers to illustrate the vast array of skillsets and career paths that are possible.

This would be targeted at everyone: young people, schools, and colleges but also to the wider community. The aim is to make working in advertising and marketing a compelling career choice for people of all ages and backgrounds.

Differing employer and employee salary expectations will only erode the competitiveness of the sector to attract and recruit the right talent. Of course, most companies do not have the resources to just simply increase salaries – brands and agencies are undoubtedly suffering from the effects of the cost-of-living crisis, too – **but a radical long-term rethink on salaries is something that will need serious consideration if we are to compete with other industries for talent over the next ten years.**

Increased salaries can only be funded on a sustainable basis by an increase in productivity and the number of people staying in our industry. Investing in people – through more and better training and development – will improve this productivity and allow firms to reward their people better. Better trained, better rewarded people are more likely to remain in the industry and develop their careers, creating a virtuous circle between recruitment, development, and retention. Prioritising medium-term investment and potential returns against short-term cost pressures is always a difficult balancing act, but evidence on relative pay suggests the short-term pressures are compromising medium-term productivity and success.



Developing an industry in which talent can flourish should be simple: attract the talent initially, and then treat that talent well so that they want to stay. The advertising industry can at times feel like a revolving door, with high turnovers of staff around the entry-level and mid-level stages of careers. If we are to build a strong industry in the long term, it is paramount that we take industry-wide measures to tackle our industry's current problem with retaining its talent.

The *All In Census* in March 2023 will hopefully reveal more clearly why there is a retention problem, particularly with those 3-5 years into their career, although we learned from the last *All In Census* that, more than anything, people want to feel valued and included. To do this, we need to make sure that our people are looked after in the long run, and that their careers are a key priority. Training opportunities – such as apprenticeships and upskilling programmes – are key to letting employees know that they are truly valued.

1. Apprenticeships And Upskilling

Training helps to retain talent and create a resilient, motivated workforce in the long run. According to LinkedIn, 94% of employees report that they would have stayed in their role longer if their employer had invested more time in their professional development⁴. Credos' research found that many HR experts believe that much of the industry's approach to training and development is reactive at best⁵, highlighting the need for a much more proactive approach to developing strategic upskilling and training programmes.

Industry associations provide a considerable amount of training and certification for companies in their sectors, and it is important that the industry collectively highlights to employees the many training opportunities already available to them. We need also to set this out more visibly to the wider public.

BENEFITS ARE MANY, BUT APPRENTICES ARE FEW

Apprenticeship programmes are widely recognised as a unique and valuable tool for increasing the diversity of talent (e.g., geographically, ethnically, socially), and skills within a business (e.g., new hires, upskilling existing employees). Not only are apprenticeships an effective means of recruiting, but they can have dramatic effects on retention too; 80% of employers reported improved retention rates due to apprenticeship schemes in a recent survey by the Skills Funding Agency⁶. Considering these valuable upsides, industry take-up of the Government Apprenticeship scheme, as supported by the Apprenticeship Levy, is surprisingly low.

Between 2020-2021, there were just 1,220 apprentices in advertising and market research companies, representing 0.6% of total employment, spread across only 1.7% of companies⁷. This is much lower than in financial, legal and accounting services, but above average among other creative industry sectors.

4. <https://news.linkedin.com/2018/2/linkedin-workplace-learning-report-2018>

5. Evidence gathered during Credos qualitative interviews.

6. <https://www.fdmgroup.com/blog/apprenticeship-benefits-for-businesses/#:~:text=Apprenticeship%20programmes%20encourage%20young%20apprentices,retention%20in%20the%20long%20term.>

7. Department for Education, Apprenticeships in England by industry characteristics (2021/22). <https://www.gov.uk/government/statistics/apprenticeships-in-england-by-industry-characteristics-2020-to-2021>

In addition to the benefits associated with skills and talent, there is also a significant financial incentive to undertaking apprenticeships under the Government Levy scheme. In 2020, the IPA estimated that their members contributed upwards of £6 million to the Levy. To recoup the benefits of this contribution, IPA members would need collectively to hire around 1,000 new apprentices each year⁸ – in reality, only 150 were employed⁹.

ISSUES WITH THE APPRENTICESHIP LEVY

Though the benefits of apprenticeships are clear, we also recognise that some companies, particularly SMEs, cite various problems. For example, some see the length of training (1.5-2 years) and the commitment to the apprentice spending 20% of their working week out of the office attending the course as a drawback.

There are also some concerns that young people in their first job are highly mobile and often leave halfway through to go to other jobs, with companies often finding it difficult to transfer training to the next employer. Additionally, there are limited approved training schemes and the budget allocated to providers is low which acts as a disincentive because it is harder to make money from the provision of the schemes¹⁰.

Still, there is currently no leeway to send apprentices on alternative industry training courses separate from the approved providers, but companies would like more flexibility as to how the levy money can be spent. For example, it would be useful if there was the option to use

the levy funding for apprentices, including existing employees, to do industry-run courses and qualifications run by industry associations and professional bodies, not just through the existing approved training providers on the EFSA¹¹ roster.

Advertising agencies represented by the IPA argue that for SMEs and micro-SMEs, the apprenticeship structure involves too much bureaucracy, and are compounded by several challenges¹².

It is clear from the above points that, despite more flexibility being introduced in changes made in 2022¹³, some structural and financial limitations to the existing apprenticeship system persist. There are, of course, alternative models outside the levy system, including independently designed company internships or apprenticeships, and companies like *Digital Futures*¹⁴, a technology and services company set up specifically to find and train people from diverse backgrounds in technical skills and match them with companies on a temporary or permanent basis.

At the same time, many agencies, brands and media owners are failing to maximise their levy investment and the opportunity by not fully engaging with the Government's own apprenticeship scheme, particularly when companies with a payroll of over £3 million automatically contribute to the Levy regardless of whether they take on apprentices and train them.

8. Based on the cost per apprentice undertaking the Junior Creative Apprenticeship (£6,000)

9. IPA Agency Census, IPA (2021)

10. See Notes.

11. Education and Skills Funding Agency

12. See Notes

13. See Notes

14. <https://digitalfutures.com/>

2. Mapping And Showcasing Career Paths

Many people are also leaving the industry due to stalled progression, caused by poorly-mapped progression pathways. These leavers are a key piece of the talent puzzle, as they bridge the gap between senior executives and new joiners. More clearly defined development pathways, with a heavier emphasis placed on formal training rather than just 'learning on the job' is something that companies should be looking at in order to keep their talent in house, but also 'in industry'.

Our industry needs to show potential talent that, not only is it an attractive and exciting one to join, but one in which ambitious people can build a fulfilling career. Unlike some professions such as medicine, law and accounting, the career ladder within advertising can appear too vague and undefined. By more clearly mapping out potential pathways, we will allow ourselves to attract better talent at the outset and encourage that talent to stay.

3. Creating A Rewarding Workplace

One retention tool available for companies is the offering of flexible and hybrid working patterns. COVID-19 lockdowns brought about a widespread re-evaluation of priorities, with work/life balance and flexible working policies now commonly cited as the number one determining factor for applicants. When implemented successfully, they have been found to dramatically increase productivity¹⁵.

However, flexible and hybrid working are not without their challenges, and the widespread trend towards offering fewer and fewer in-office working days may have inadvertent damaging effects on the development of new starters, opportunities for group collaboration, and inter-team relationships.

In an industry which values creativity and collaboration, we know that in-person interactions are extremely beneficial for learning and sharing. Many companies, however, struggle with flexible working arrangements and how to implement them to maximise creativity and collaboration.

The potential impacts of virtual training methods vs in-person training within the advertising industry also require further investigation. Research has, however, shown that blended learning methods, incorporating virtual and online training, achieve significantly higher engagement levels for learners than virtual training alone¹⁶. We should therefore be approaching hybrid and flexible working strategies with training and development in mind; the two issues are inherently linked. Fixing the working culture of our companies will create a rewarding environment in which to work, but will also improve the training and development that we can offer. We need to foster team spirit, to help people learn from each other and aspire to be the best.

15. Research from Gartner 2021 found that 43% of respondents said that hybrid working helped them to be more productive – with many reporting that a reduction in commuting was a key factor.

Similarly, Airtasker found that remote workers worked almost 17 more days per year than office workers.

16. <https://www.emerald.com/insight/content/doi/10.1108/ET-01-2017-0004/full/html>

How To Develop And Retain

We are determined to work with member associations to collate an **online guide to existing industry skills training and accreditation available for all stages of a career in advertising and marketing**, with links and references to where this is done already.

It will contain case studies showing examples of people from different backgrounds who have achieved success, as well as showing different ways in which training can be delivered. The online guide will also include the cost benefit of training in the long term.

We will explore opportunities to link this to websites publicising careers in the creative industries, for example through Discover Creative Careers¹⁷, as well as with the professional business services industry, for example through the Professional Business Services Council (PBSC) and CBI.

Evidently, take-up of apprenticeships in the industry could be, and should be, improved. The apprenticeship system's ability to open up advertising as a potential career avenue for a more diverse range of people taps into a long-stated ambition of advertising and is one that should be taken advantage of. **We want to make more companies aware of the considerable benefits that come with the apprenticeship scheme;** employers and employees alike. This is where having a 'how to' guide to successful apprenticeships can help to inspire others to hire an apprentice or to make better use of the Apprenticeship Levy scheme.

Regarding hybrid working policies, the pertinent question is how to maintain flexibility whilst restoring the best aspects of a properly functioning office culture. Unfortunately, there is no one-size-fits-all solution to this issue. We will therefore be looking at existing knowledge and plan to commission experts to gather best practice on flexible working as well examine the evidence on the **benefits of being in the office**. This research will only work if we keep people front and centre when searching for what is truly best for each company's employees and culture. Where exactly should the balance sit between flexibility and in-person collaboration? **Evidence-based research will be the best way for companies to achieve their long-term goals.**

17. <https://discovercreative.careers/#/>

DM A
Data & Marketing Association

SKILLS FOR LIFE
SKILLS BOOTCAMPS

Digital Marketing

Strategy Skills Bootcamp

The DMA has partnered with the Department for Education (DfE) to launch Digital Marketing Strategy Skills Bootcamps funded by DfE. The skills bootcamps will enable you to develop skills and recruit new talent affordably in these challenging times, saving on training and recruitment costs while boosting growth and productivity.

Policy Engagement

The Advertising Association has consistently been making the case to Government to allow more access to global talent. We must attract the world's brightest, multi-national and multi-cultural to effectively compete as a global advertising and marketing hub, producing world class work to support UK businesses at home and internationally, and win business from abroad.

We are aware the Government plans to open a consultation about jobs not on the Shortage Occupation List. We are keen gather industry views about these gaps and where it would be useful to fast-track overseas talent into the UK. However, the nurturing of domestic talent should be of equal priority going forwards. We need to ensure that domestic talent flourishes alongside international talent as we build up our talent ecosystem.

The Advertising Association has also long been campaigning for Government skills funding to be allocated to industry-led training and qualifications run by professional bodies and associations to boost digital skills and help fill thousands of immediate job openings. The trailblazer for this is the Data & Marketing Association (DMA) which has recently won three Department for Education skills bootcamp tenders.

The DMA/IDM's 12-week data and marketing bootcamps provide subsidised training opportunities for companies, large and small, to enhance their employees' data and marketing skills¹⁸. Their success opens the door for other industry association partnerships, as well as helping people across our industry sectors to upskill and re-skill. We are determined to show that advertising and marketing companies can and are willing to put skills at the centre of their business strategy. Skilling up and re-skilling employees is a constant and continuing requirement to keep businesses competitive. We need to show that industry can do its bit to drive up the UK's productivity.

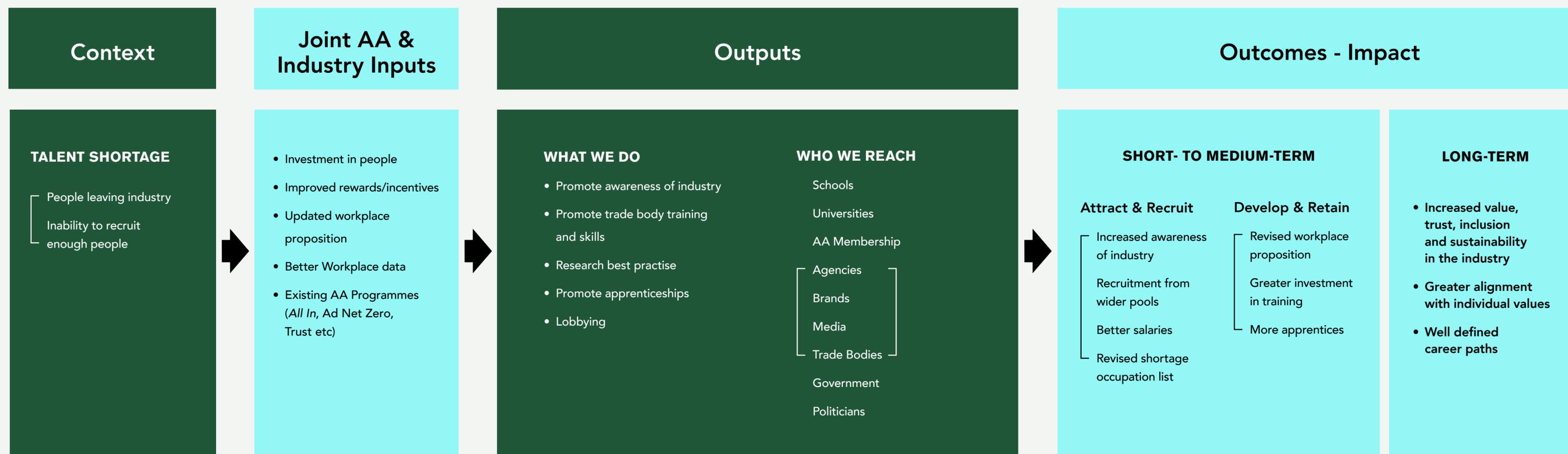
Companies acknowledge that apprenticeships can be a good way to improve diversity of background for people working in the industry. Yet the findings of the Credos research and the discussions of the Task Force and wider membership reveal mixed views – praise but also room for improvement in the viability of using the Government's apprenticeship scheme in advertising and marketing sectors.

We will put the industry's list of asks to the Government, advocating the changes that might be introduced to make the Apprenticeship Scheme as workable as possible. But it is important that agencies, brands and media owners do not squander money and opportunity by not fully engaging with the apprenticeship scheme.

18. SMEs pay only £212 per employee for the courses, with the other 90% of the cost covered by Government funding. Large companies pay only £637 per employee, with the Government covering 70% of the course cost.

Logic Model For Change

This logic model describes in simple terms the required inputs and activities to overcome the industry's talent shortage and the expected outcomes over the short, medium and long term.





In Conclusion

STEPHEN WOODFORD

Chief Executive, Advertising Association

It is clear we have a real challenge on our hands to stem talent loss and attract new people to our industry. The Talent Task Force conclusions are a considerable step forward – groundwork for a definitive action plan – but we also need a holistic approach.

Continues on the next page

At the Advertising Association, we are constantly looking for fresh initiatives that will make our industry a more conscious, responsible and respected one; after all, an industry's ability to attract talent is inextricably linked to its public perception. We need to keep asking ourselves to what extent the public trust the campaigns that we produce, how much responsibility we are taking over our carbon footprint, how stringently we regulate our work, and whether our industry is a truly inclusive one. That is why the Advertising Association's workstreams, in line with our three-year plan, are so crucial to our long-term talent outlook.

Credos' tracking of public trust in advertising is an invaluable resource for everyone in the advertising space, and will continue to play a key role in informing our actions and policy going forwards. It has been hugely gratifying to see the fantastic levels of engagement on the part of our members, with all our stakeholders – advertisers, agencies, media owners and tech platforms – being especially keen to play a central role in the ongoing conversation around trust.

Our industry is also moving in the right direction when it comes to climate responsibility; Ad Net Zero's rapid roll-out and increasingly widespread adoption is something that everyone involved should be immensely proud of. But there is still a long, long way to go. Reducing the emissions impact of our industry, through every step of the production and media supply chain and increasing the weight of sustainability-driven communications is everyone's job, not just that of the sustainability team. Our research¹⁹ has long-confirmed this: 91% of people working in advertising and marketing industry agree that knowing their organisation was taking positive climate action would improve their job satisfaction.

Although our industry's talent shortage issue is an immediate one, we also need to consider the diversity of talent we are attracting. When we launched the *All In* campaign in 2021, in partnership with ISBA and the IPA, it was the start of a coordinated industry approach to improve inclusion across all parts of the advertising industry. I am inspired by the engagement

across our industry in this work, with nearly 100 organisations in our membership having adopted the *All In* actions to become *All In* Champions. This Talent Report represents the natural next step, combining core issues that *All In* identified with other workstreams to address some of the underlying issues.

All In is about raising awareness, changing attitudes, and improving culture in the industry to ensure that everyone feels included. This isn't just the right thing to do; it is good business, too. A key finding from the *All In* research was that being an inclusive industry is a critical factor in attracting and retaining all talent.

Alongside this ongoing work, we also call for stronger action and leadership from Government. It is encouraging to see the new Prime Minister and his Education Secretary set out, early on, a clear priority on apprenticeships and technical skills training, because businesses need a pipeline of people coming into the workplace, with good employability skills from different backgrounds and different parts of the country. Now we need a plan to address long-term, systemic issues. Our education system needs to equip our young people with the skills needed in the modern workplace, and skills training is needed to anticipate long-term workforce supply shortages. Government must also address the UK's productivity and competitiveness problem. Countries like France and Germany are ahead of us in the national rankings²⁰ – we must address this and work more closely than ever with fellow business sectors to make sure that we are all pointing in the same direction.

If government and industry can work together to tackle the talent challenges that we are facing, the next five years will be a period of immense growth, innovation and promise for UK advertising. By engaging with each challenge raised in this report, as well as actively supporting initiatives such as *All In* and Ad Net Zero, we can make our industry sectors even more appealing to the talent of today and tomorrow.

19. <https://adnetzero.com/?scrollTo=reportSection>

20. The US economy is approximately 23% more productive than the UK economy, France is 18% more productive and Germany 10% more productive (The Times, 25 March 2022). While there are several factors that can explain low UK productivity, a lack of investment in skills is undoubtedly a key factor. In his Spring 2022 statement (p. 38) the Chancellor noted that: "UK employers spend just half the European average on training their employees. Furthermore, less than 10% of the spending on training by UK employers goes to high-quality formal training offered by external providers."

Reported in City & Guilds article (6 April 2022) <https://www.fenews.co.uk/exclusive/a-review-of-the-apprenticeship-levy-and-how-the-tax-system-incentivises-employers-to-invest-in-training>

What Next?

This report was designed to initiate a conversation between industry and government on how to address advertising's talent shortage. By acknowledging the shortage, we are putting ourselves in a strong position to fix it. Actions we need to take now are about addressing long-term structural issues.

Our Talent Task Force will crystallise an Action Plan and develop a delivery strategy and metrics to measure performance.

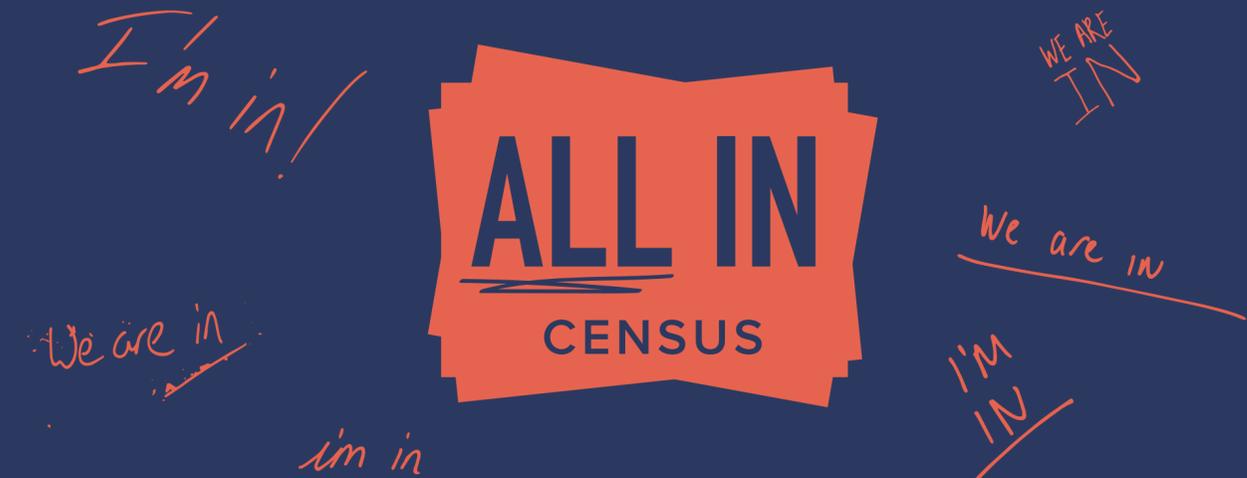
We will drive forward the talent actions in a programme closely linked with our *All In* Action Plan, as inclusion is about everyone.

We have nearly 100 *All In* Champions so far and we will enlist them to continue to develop and implement this action plan, along with the Talent Task Force. All findings and actions will be brought together on the *All In* hub on the Advertising Association's website, to facilitate knowledge-sharing, and with the data from the next survey exclusively revealed at the *All In* Summit on May 11, 2023.



How You Can Help

- 1. Volunteer to join and collaborate with our Talent Task Force.**
 A greater diversity of voices will mean we can develop better and more inclusive solutions.
- 2. If you want to partner with us on advertising advertising then get in touch with allin@adassoc.org.uk, we'd love to hear from you.**
- 3. Companies that have run successful apprenticeship programmes:**
 please get in touch with us, we want to showcase these case studies.
- 4. Please involve your organisations in the next *All In Census* on March 15, 2023.**
 We will aim to provide even richer insights into the views and attitudes of people working in the industry.
- 5. Give us your stories about how your organisation has put skills at the heart of your business strategy.**



HAVE YOUR SAY 15 MINUTES ON 15 MARCH

MAKE SURE YOU'RE ALL IN!

Please take part and help build a workplace where everyone feels they belong.



adassoc.org.uk/all-in

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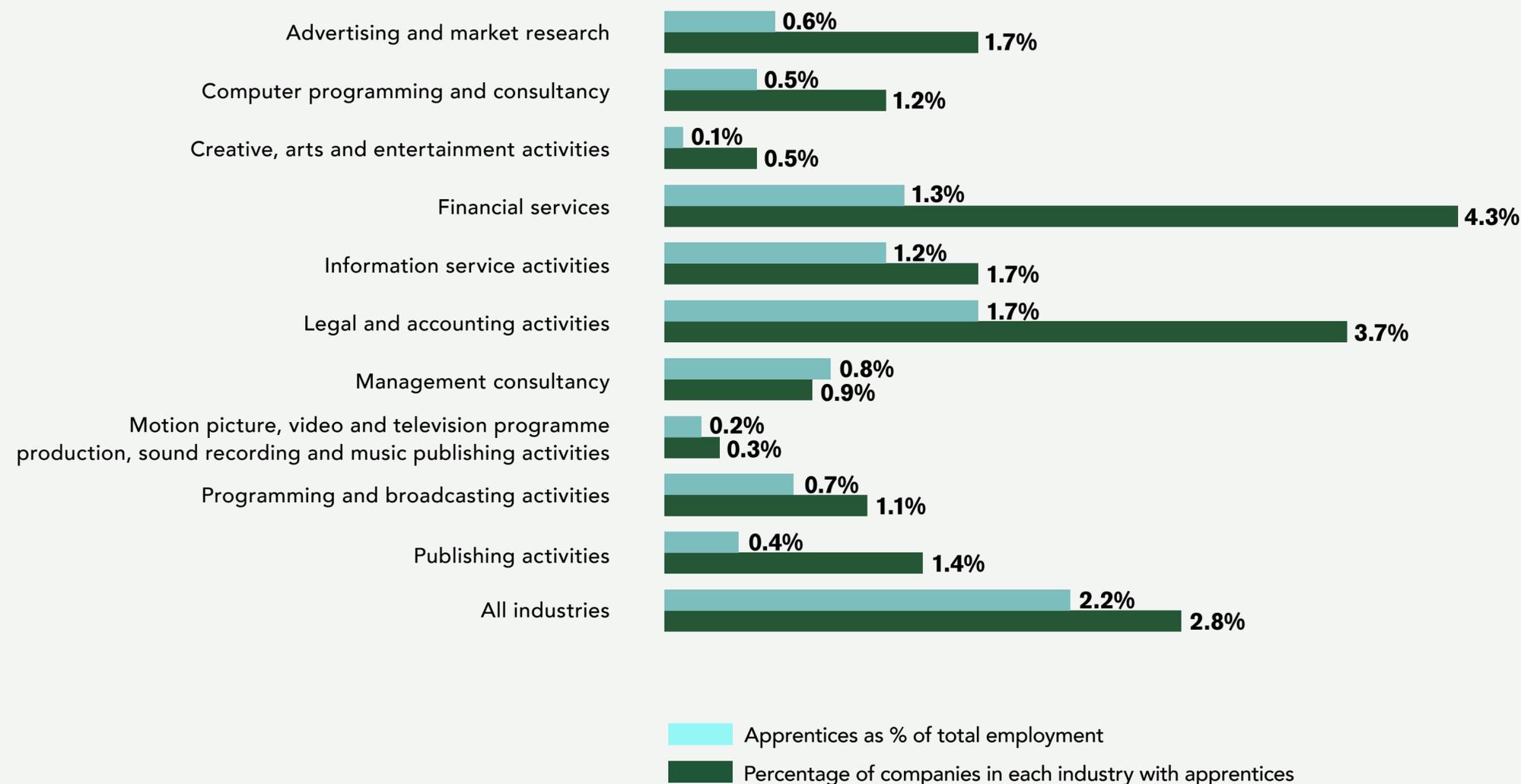
Thanks To Our Talent Task Force Members



Notes

1. APPRENTICESHIPS IN ADVERTISING AND MARKET RESEARCH COMPARED TO OTHER PROFESSIONAL INDUSTRIES – ACADEMIC YEAR 2020/21, ENGLAND

Source: Apprenticeships in England by industry characteristics, Department for Education (2022)



Notes

2. APPRENTICESHIP STRUCTURAL CHALLENGES

According to advertising agencies represented by the IPA, SMEs and micro-SMEs find the apprenticeship structure challenging for the following reasons:

- The limited availability of open programmes rather than for company cohorts
- The prior learning rule
- The existence of different apprenticeships in each home nation
- The shortage of training providers who can do the job well for the small amount of money allocated for advertising and marketing apprenticeships
- The fact it is hard to get a new apprenticeship standard on the books
- The fact that the levy does not cover salary when headcount is a problem for many SMEs
- The fact that the Government is not really reforming funding bands but instead putting them down every review so that it is hard to get a provider and spend your levy money
- The fact that a company must find 20% of funding band to pay for EPAO
- And the confusion created by new T Levels including work experience

3. FLEXI JOB APPRENTICESHIPS

In February 2022, the Government introduced Flexi Job Apprenticeships and a new register of Flexi Job Apprenticeship Agencies²¹ to accommodate sectors where flexible or project-based working is the norm.

This means that apprentices can move between different employers supported by their training provider. Another category, called Portable Flexi Job Apprenticeships, was created by legislation in April 2022, and this allows employers in digital, creative and construction sectors to take on apprentices for 3 months rather than 12 months, but is still in the pilot stage. Only those participating in the pilot can currently make use of the legislative changes.

4. APPROVED APPRENTICESHIP TRAINING SCHEMES

There are only two current IFATE approved training schemes for advertising, though more for marketing roles.

The budget allocated by IFATE²² to authorised training providers for the advertising apprenticeships is very low compared to other industry sectors (between £6-8000 per apprentice) and this acts as a disincentive for trainers to provide such courses because it is hard for them to make money. IFATE is now conducting a review that allows scope to appeal for changes to existing funding bands which may help reduce the burden on trainers.

21. <https://www.gov.uk/guidance/flexi-job-apprenticeship-offer>

22. Institute for Apprenticeships and Technical Education

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