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Business Newsletter

## Business Media & Marketing

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# Job churn is biggest challenge for advertising sector as digital skills gap still persists

Tania Banotti of IAPI tells John McGee how the Irish advertising industry managed to bounce back with renewed vigour



Tania Banotti, chief executive of the Institute of Advertising Practitioners in Ireland. Photo: Stephen Wallis

After a fairly grim few years between 2008 and 2013, the Irish advertising industry would appear to be in rude health again. Clients are back in investment mode and both media and creative agencies are growing, with the demand for skilled and qualified staff at its highest since 2008.

This is the rosy picture painted by the latest annual industry census which was recently published by the Institute of Advertising Practitioners in Ireland (IAPI), the organisation which represents both creative and media agencies here.

Notwithstanding the significant uncertainties surrounding Brexit, 2016 looks set to be a strong year for the industry with 77pc of IAPI's members forecasting growth for the industry this year, with an average growth rate of 28pc across the board.

"Our members are very bullish about the remainder of the year, despite Brexit," says Tania Banotti, chief executive of IAPI. "That said, however, there are a number of challenges facing our members when it comes to areas like the attracting and retaining staff, pressure on rates and the ongoing challenge to educate and convince clients of the importance that advertising has on the bottom line."

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According to Banotti, member agencies employ 1,774 staff, a 32pc increase on the numbers in 2012. Of this figure, 962 staff work for creative agencies with the remaining 592 working in media agencies.

"The rate of churn within the industry, however, is a challenge for our members and last year, 305 staff moved jobs while 435 were hired, so it's a constant revolving door. Because of this, getting the right staff, with the right skill-sets, and retaining them is a key issue within the industry," she says.

Given the growing importance of digital within the marketing mix, the skill sets required in the industry have changed considerably in recent years and 31pc of IAPI's members have reported a skills gap within their agencies in areas like digital production, front and back-end web development and scriptwriting. To address the problem, some agencies are being forced to look overseas for staff, says Banotti.

The IAPI Census also highlights some interesting changes taking place amongst the creative and media agencies and their respective incomes. In 2015, for example, total creative income amounted to €116.4m, a decline of 14pc on the previous year.

According to Banotti, the decline is attributable to a number of factors. "A number of media agencies, for example, are now offering creative services to their clients. In addition, media companies themselves are also doing a lot more creative and production work internally for clients and this is also having an impact. Then there's also a lot more international campaigns being produced by clients and these may or may not be adapted for the local market," she says.

By contrast, media agencies would appear to be the biggest beneficiaries of the recent economic upturn with total billings - the amount of a client's money that passes through an agency in a year - amounting to €639.5m last year, a 10pc increase on 2014.

While the average turnover for a creative agency last year stood at €2.5m, the average billings for a media agency amounted to €37.4m. The largest media agency reported billings of €77.3m, while the largest creative agency reported a turnover of €21.0m.

Amongst the biggest challenges facing the industry at the moment is the ongoing effort to demonstrate the value that both creative and media agencies bring to their clients' bottom line. Depending on who you talk to within the industry, the client-agency relationship can be a tricky one to manage and there is constant pressure on rates - sometimes driven by unsustainable procurement practices - while agency loyalty and support is thin on the ground.

"A big part of what we do in IAPI is to demonstrate the effectiveness of advertising to clients by showing them case studies and examples of companies that have benefited from advertising. It's an important part of what we do, but it's also an ongoing process," she says.

She says that the forthcoming ADFX Awards, which are held every two years, will showcase and recognise advertising campaigns that have clearly demonstrated a return on investment. And of course if clients can see a return on investment, the agency-client relationship benefits and the issue of rates ceases to become an issue. Or so the theory goes.

"ADFX is all about effectiveness and the advertising campaigns that have demonstrated that they had an impact on the bottom line, and we will use the case studies and talk about them to clients. I would acknowledge that the winning ADFX campaigns may not be the most creative work but it is the work that clearly demonstrates effectiveness. And that's what clients want most of all," she concludes.

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