

SELECT COMMITTEE ON COMMUNICATIONS**Inquiry: The Advertising Industry****CALL FOR EVIDENCE**

The House of Lords Select Committee on Communications, under the chairmanship of Lord Henley, is to conduct an inquiry into the UK advertising industry. The Committee invites any interested organisation or individual to submit written evidence to the inquiry. Written evidence must be submitted by **Friday 20 October 2017**.

The Committee expects to hear **oral evidence from invited witnesses from September to December 2017** and intends to report early in 2018. The Government has undertaken to respond in writing to reports from select committees.

Background

Advertising and marketing services added £13.3 billion to the economy in 2014, more than any of the other creative industries except IT.¹ The Advertising Association, an industry body, states that, by helping companies to attract customers, advertising generates £120 billion in economic activity. In the international arena, the UK is the second biggest exporter of advertising services in the world with exports amounting to £4.3 billion a year, and has the largest advertising market in Europe. The industry claims to support one million jobs in the UK.²

Some analysts have identified that, as with the other creative industries, these jobs tend to be located in creative clusters. These may be defined as “agglomerations of creative businesses and workers that collaborate and compete with each other” with the result that individual businesses are able to access a significant number of creative workers and clients, as well as collaborate and share information with one another.³ Some analysts have also described the advertising industry as an ecosystem that is constituted of creative talent, client management and strategic management.

Perhaps because the UK has been able to generate such clusters, it has been able to attract talented individuals from around the world. For example, the Advertising Association estimates that as many as 1 in 5 of those working in UK advertising are from other EU countries. It has called for continued access to the global talent pool. It has also emphasised the need to develop creative, technological, mathematical and analytical skills.⁴

The advertising industry faces major change as advertisers switch from the traditional media of television, radio and print to digital. In May 2017, Enders Analysis reported that “digital advertising now generates more revenue in the UK than all other media”.⁵ In July the Advertising Association and

¹ DCMS, *Creative Industries Economic Estimates* (January 2016)

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/523024/Creative_Industries_Economic_Estimates_January_2016_Updated_201605.pdf [accessed 6 September 2017]

² The Advertising Association, *Global strength and regional growth: A blueprint for how advertising can drive the UK's industrial strategy* (April 2017)

³ Nesta, *The Geography of Creativity in the UK* (July 2016)

https://www.nesta.org.uk/sites/default/files/the_geography_of_creativity_in_the_uk.pdf [accessed 6 September 2017]

⁴ The Advertising Association, *Brexit: the story so far*

⁵ Enders Analysis, *Mounting risks to marketing effectiveness* (18 May 2017)

WARC reported that television spending for the first quarter of the year had experienced its first fall since 2009 while internet spend increased by about 10%.⁶

Aim of the inquiry

As noted above the advertising industry is both a significant factor in the growth of the UK economy and a world-leading industry in itself. The aim of this inquiry is therefore to examine the future of the UK advertising industry and to investigate how policies and practices might help the industry to maintain its pre-eminent position. In particular, this inquiry aims to consider how it can continue to have access to the talent that it needs.

In doing so the Committee notes that work has commenced on an early sector deal for the creative industries, as outlined in the Government's Green Paper on the Industrial Strategy.⁷

The inquiry will focus on the following areas:

1. The skillsets and development of skills needed to sustain the industry.
2. The UK's access to international talent.
3. Whether creative and business clusters contribute to the industry's success and, if so, whether there is a role for the Government in supporting this.
4. How the industry can adapt in the face of increasing digital advertising.

Questions

The Committee seeks to receive written evidence which addresses the following list of questions. Witnesses should not feel that they must answer every question. On the other hand, witnesses may address issues that are not covered below provided that they are salient to the aims of the inquiry as set out above. Witnesses are also encouraged to suggest recommendations and to discuss whether the evidence bases and available data that contribute to their answers are adequate.

Skills and Research

1. What specific skills are required to support the advertising industry in the production and distribution of advertising? Witnesses are invited to address the different skills required for the creative, technical, accounts, business and analytical aspects of the industry.
2. Is the current system of education and training for advertising adequate? What are the respective roles of universities and industry in teaching skills? What gaps exist in such provision of training?
3. Where should research money be allocated, and why? Are the current levels of investment sufficient? If not, which measures should be adopted to ensure this investment and why?

⁶ ISBA, 'Brand advertisers under pressure from weakening consumer confidence' (27 July 2017) <http://www.isba.org.uk/news/2017/07/27/brand-advertisers-under-pressure-from-weakening-consumer-confidence> [accessed 6 September 2017]

⁷ BEIS, *Building our Industrial Strategy: Green Paper* (January 2017) https://beis.gov.uk/citizenspace.com/strategy/industrial-strategy/supporting_documents/buildingourindustrialstrategygreenpaper.pdf [accessed 6 September 2017]

4. How much of advertising budget for universities comes from EU sources? How well does the current visa system for students support the advertising industry?

International

5. To what extent is the UK advertising industry integrated with the global economy? For example, to what extent does advertising rely on services and talent based outside the UK?
6. What are the concerns for the UK advertising industry regarding continued access to international markets? What measures could the Government implement to make the UK an attractive place for foreign companies to buy advertising services?
7. How could immigration policy better support the industry?

Clusters and Entrepreneurship

8. What role do entrepreneurs, start-ups and Small and Medium Sized Enterprises (SMEs) play in the UK's advertising industry? What are the benefits and disadvantages of employment practices, such as freelancing and virtual working, with respect to the development of skills and access to talent?
9. How do creative and business clusters form? Does such clustering contribute to the past success and future growth of the advertising industry? What type of companies and skillsets are required to form clusters that are beneficial to advertising? To what extent can virtual working contribute to the development of clusters?
10. What is the role, if any, of the Government in promoting the growth of clusters? How could an appropriate balance be struck between regional growth and the concentration of clusters in the South-East of England?

Digital

11. How is the UK advertising industry adapting to the shift to digital media advertising? How does this compare with other countries and other industries? What role can the Government play to support the industry in this regard?
12. What is the future of television, print, radio, out of home and other forms of non-digital advertising?
13. Is the current digital media market fair, open and competitive? What legislative measures, if any, should be adopted?
14. Is there any role for the Advertising Standards Authority or other regulators in respect of digital advertising?

ANNEX: GUIDANCE FOR SUBMISSIONS

Written evidence should be submitted online using the written submission form available at <http://www.parliament.uk/hlcomms-advertising-industry-submission-form>. This page also provides guidance on submitting evidence.

The call for evidence deadline is 20 October 2017.

Short submissions are preferred. A submission longer than six pages should include a one-page summary. Paragraphs should be numbered. All submissions made through the written submission form will be acknowledged automatically by email.

Evidence which is accepted by the Committee may be published online at any stage; when it is so published it becomes subject to parliamentary copyright and is protected by parliamentary privilege. Submissions which have been previously published will not be accepted as evidence.

Once you have received acknowledgement that the evidence has been accepted you will receive a further email, and at this point you may publicise or publish your evidence yourself. In doing so you must indicate that it was prepared for the Committee, and you should be aware that your publication or re-publication of your evidence may not be protected by parliamentary privilege.

Personal contact details will be removed from evidence before publication, but will be retained by the Committee Office and used for specific purposes relating to the Committee's work, for instance to seek additional information.

Persons who submit written evidence, and others, may be invited to give oral evidence. Oral evidence is usually given in public at Westminster and broadcast online; transcripts are also taken and published online. Persons invited to give oral evidence will be notified separately of the procedure to be followed and the topics likely to be discussed.

Substantive communications to the Committee about the inquiry should be addressed through the clerk of the Committee, whether or not they are intended to constitute formal evidence to the Committee.

This is a public call for evidence. Please bring it to the attention of other groups and individuals who may not have received a copy direct.

You may follow the progress of the inquiry at <http://www.parliament.uk/hlcomms-advertising-industry>