CENSUS 2023

iapi

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About IAPI

IAPI is the representative body for commercial creativity and communications in Ireland and has 65 agency members.

We aim to position and promote our industry as a recognised and respected engine of responsible growth for our members, our people, our clients and our planet.

We work to:
Foster a culture of excellence in strategic leadership, creativity, innovation, and equality within our members.

Supported by our first-class training and education programmes.

Promote diversity and inclusion as a strategic and economic imperative.

Advocate for our members at Corporate Board, Government, and international levels.

Encourage, inform and support our members in adopting responsible production and consumption practices.

Position Ireland as a global centre of excellence for commercial creativity and media planning, thus attracting world class talent and clients.

Constantly work to empower our members to grow the value of their businesses.

Talent

- Attraction
- Retention
- DEI
- Wellbeing

Growth

- Effectiveness
- Influence
- Advocacy
- Globalisation

Sustainability

- Ad Net Zero
- Change the Brief

Sean Hynes, IAPI President

"As always, this year's IAPI census shows many fantastic perspectives. Whilst there is some talk about economic uncertainty, it is fantastic to see so many agencies defiantly optimistic about their own performance for 2024. And it's particularly encouraging to see the growth in international business now on a solid upward trend."

- Sean Hynes

Creative Director, Bonfire Dublin and 2022-23

Participation

72% of IAPI member agencies participated in this year's Industry Census throughout September and October 2023.

Representative members from all agency disciplines took part providing comparison findings for each agency type where relevant.

All IAPI Members

Executive Summary: Talent

The total workforce employed by IAPI members is estimated at 2,323 (a marginal decline since 2022), with the highest volume of staff within Client Services and Project Management.

The war on talent, caused in the main by the tech companies, seems to have eased. Talent Churn is down YOY at only 10% vs 16% on average in 2022. Administration and Client Services departments are still seeing high churn however at 22% and 18% respectively.

Over a third (34%) of talent leaving the industry is reportedly taking time out or going travelling, still reflecting the lag in this natural movement due to the pandemic. Less than 10% of leavers are now going to tech companies, while movement to other creative agencies accounts for a quarter of leavers.

While three-quarters of leavers are at junior levels (less than 5 years), 40% of these are taking time out and 20% are moving to another agency.

Increasingly fewer experienced staff members (6+ years experience) are moving to big tech, which is a promising development. Over one-third of these experienced individuals are moving within creative agencies.

The industry is actively recruiting for creative and content creation skills, with 60% of respondents looking for each of these specialists as a matter of urgency or within the next year. Social media and strategic planning skills are also in high demand.

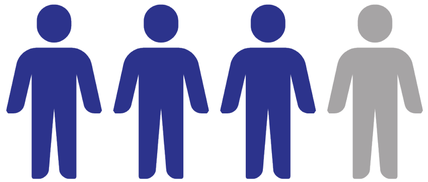
This is mirrored in the Leaders Sentiment Survey, with the highest percentage of respondents most concerned about creative thinking, with skilled client management a close second.

Three-quarters of leavers are at junior levels (less than 5 years), however results show that 40% of these are taking time out for personal reasons and only 20% are moving to another agency.

4 out of 10 Junior leavers are taking time out

10% Talent Churn Down 6% YOY

Highest churn within Creative Agencies



3/4 Leavers are Juniors (<5 years)

Executive Summary: Diversity, Equality & Inclusion

8 in 10 respondents either have their own DEI Policy in place or use the IAPI Policy available to all members.

While it appears that clients are not actively seeking that their agencies have a fully inclusive and diverse workforce, agencies believe that it is very important for their agency culture and that they need to reflect diversity of the entire Irish society to relate to it.

Females still dominate the workforce by 12% overall which is a slight decrease from 2022.

With more females in Executive Management (almost a 2:1 ratio), the goal to reach gender equality in the Boardroom looks highly feasible. With 41% of females at C Suite or Board Director level, this is a slight decrease (2%) from last year.

Where maternity leave is paid, on average, 79% of salary is paid in Maternity inclusive of Social Welfare. Where paternity leave is paid, on average 88% of salary is paid in Paternity inclusive of social welfare, and on average 12 days of paid paternity leave is provided.

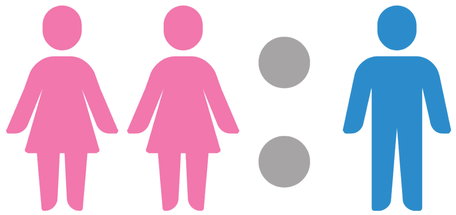
However, we need to seek parity at every level. Females over-index in two-thirds of agency departments, while Creative, Data Analytics and IT roles are still heavily dominated by males. The industry needs to look at talent attraction in these areas to ensure this is balanced out over the next few years.

Respondents show a marginal improvement in attracting non-Irish employees to its workforce, with 16.6% non-nationals now employed. This is slightly below the 18.5% of non-Irish workers reported in the 2022 Irish Census.

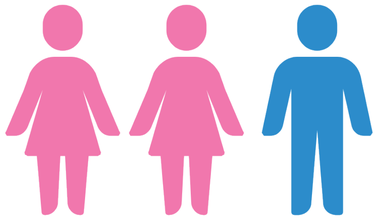
However, the vast majority of employees are still from the affluent middle class, reflecting the need for greater social demographic diversity.

Of note too, is that only 4% of the workforce have a disability, compared to the 13.5% recorded to have a disability within the Irish population.

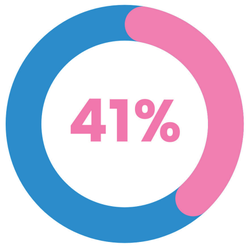
17% Non-nationals



2:1 Females vs Males in Exec Management



Females over-index in 2/3's of Depts



Females on the Board

Only 4% have a Disability

Executive Summary: Commerical Performance

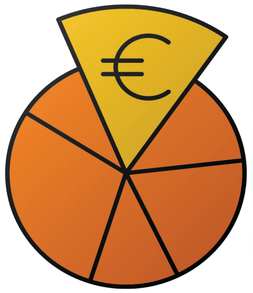
2022 showed healthy increases on average for IAPI members in terms of Revenue (up by 21%), however Media Billings on average fell by 10%.

The average revenue (or fee income) reported by respondents for 2022 was €6.5m across all agency types. Events agencies also continued to see strong growth with an increase of 48% in revenue in 2022.

With numerous agencies now part of network groups, it has impacted the growth trajectory that Independent Creative Agencies were on average for this sector down 16% in 2022, and for the first half of this year, revenues are down significantly on average by 39% YOY compared to Networked Creative agencies who were ahead on revenue by 22% on average.

6.7m average revenue for all agencies

2023 YTD average revenues up by 4%



Predict Profit Margin of 13%

Comparing the first half of 2022 with the first half of 2023, this shows an average increase of 4% on Revenue and 10% on Media Billings. While PR revenues show an average 51% increase in the first half of this year, this can be partially attributed to more PR agencies joining IAPI and so changing the mix of agencies in this sector.

All respondents predicted an increase in Revenue and Profit Margins for 2023 vs. 2022. The average profit margin is predicted to be at 13% for 2023 vs. actual profit in 2022 on average across the industry of 11%.

New business (almost half in 2023) is still coming predominantly from pitch wins. Of note, is that Events agencies gain almost two thirds of their business with no pitch and Independent Creative/Branding agencies gain 32% of new business through their own business networks.

Over 7 out of 10 pitches are run directly by clients and are still the biggest drain on resources and funds for agencies. In 2022, it is estimated that IAPI agencies took part in 1035 pitch processes, costing the industry €10m.

38% of business for respondents is now coming from international clients or for domestic clients in international markets. It is apparent that the ability to work remotely has opened up the international market for Irish agencies and represents a significant growth

Pitching cost €10m in 2022

Global business now at 38%

Executive Summary: Leader's Sentiment

Leaders are again more optimistic about their own agency's future than the industry as a whole. While over 9 out of 10 respondents state that their agency will do as well, if not better, in 2024, only 72% feel the same way about the industry.

Even with the uncertainty of the current economic backdrop, on average 72% see their revenue increasing next year and only 5% see it decreasing.

Of most concern to leaders is clients' increasing conservatism and caution regarding the type of content being released, leading to reduced innovation and freedom.

Reflecting rising inflation across the country, leaders are most concerned about rising salary and energy costs. However, wage inflation seems to have slowed as salaries, on average, remain on a par with 2022. However, because 2022 showed the highest wage inflation YOY for a decade at 7%. The impact of this is still being felt across the majority of IAPI members.

The majority of IAPI members (86%) are working a hybrid model of 1-3 mandatory days in the office, with the remaining days working from home and this looks set to continue.

95% of respondents are already or are about to become an Ad Net Zero Supporter, with 81% of respondents stating that Sustainability is a priority for their agency. They reported that 1 in 3 client briefs now have sustainability built into the brief and 77% believe that Sustainability is now a priority for clients.

83% of participants regard IAPI membership as good to excellent value. Events that showcase the industry and provide inspiration appear of the highest benefit to respondents and all IAPI initiatives undertaken in 2023 were perceived as beneficial by at least half of all members.

95% support Ad Net Zero

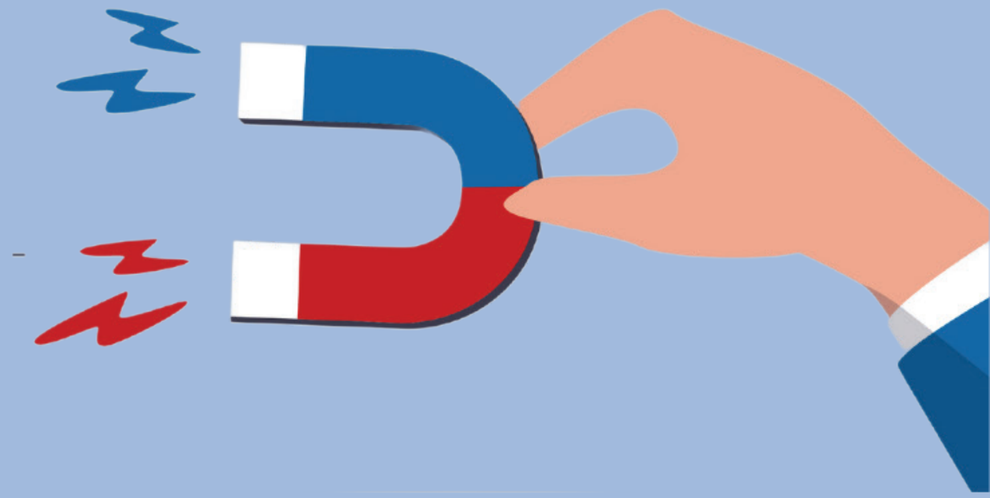
91% Optimistic about agency in 2024

72% predict increased revenue in 2024

1 in 3 Clients build Sustainability into briefs

Increase caution in clients

TALENT



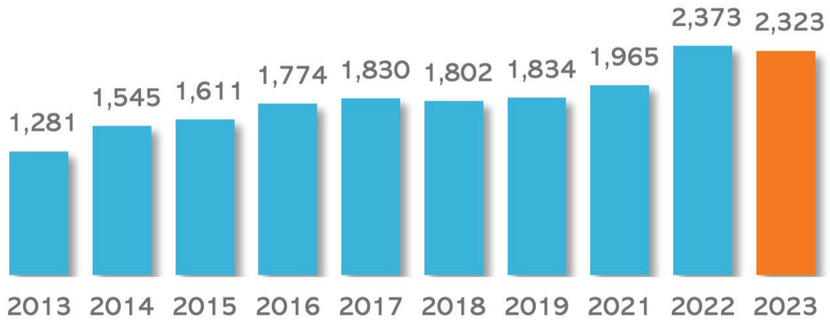
Total Workforce

The total workforce employed by IAPI members showed a 2% decline over the year. However since 2021, IAPI members' staff numbers have grown by 15%.

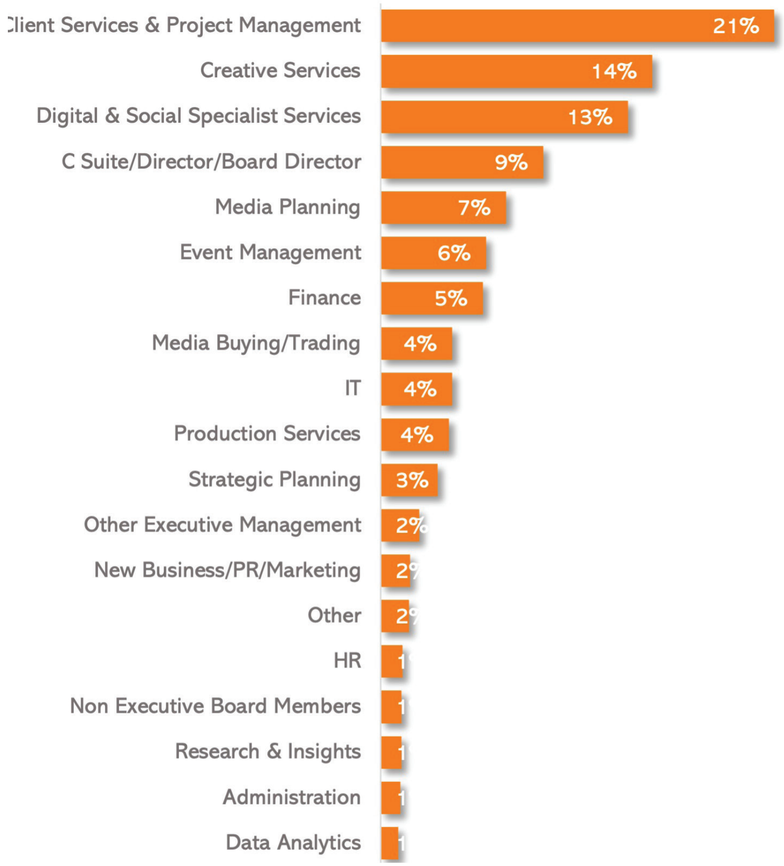
The highest numbers of staff are employed in client services and project management, reflecting clients' needs for frequent communication and quality service from their agencies.

Of most concern is that only 15% of the workforce is over 46 years old, reinforcing the perception of the industry as a young person's business. The sector may need to address this in order to retain the wisdom and experience required for a fully diverse workforce.

Total staff employed by IAPI members



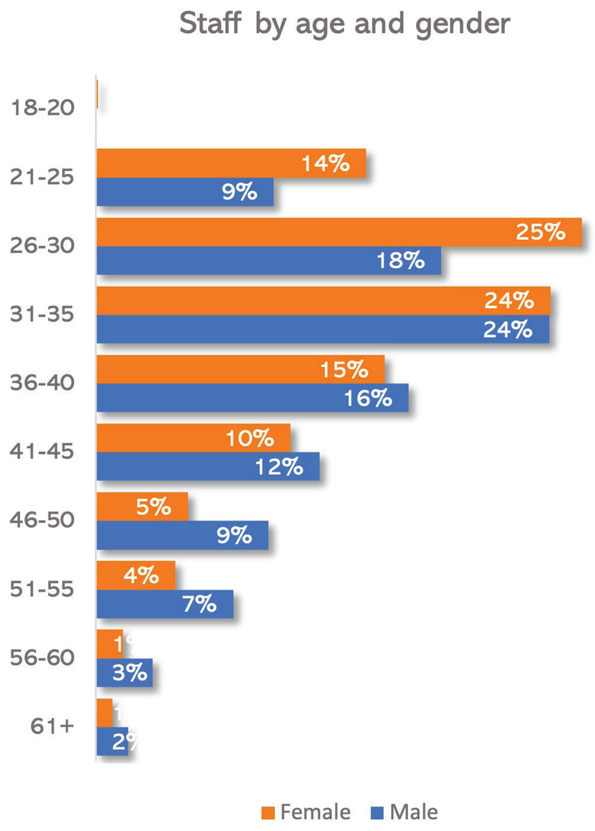
% of staff by department

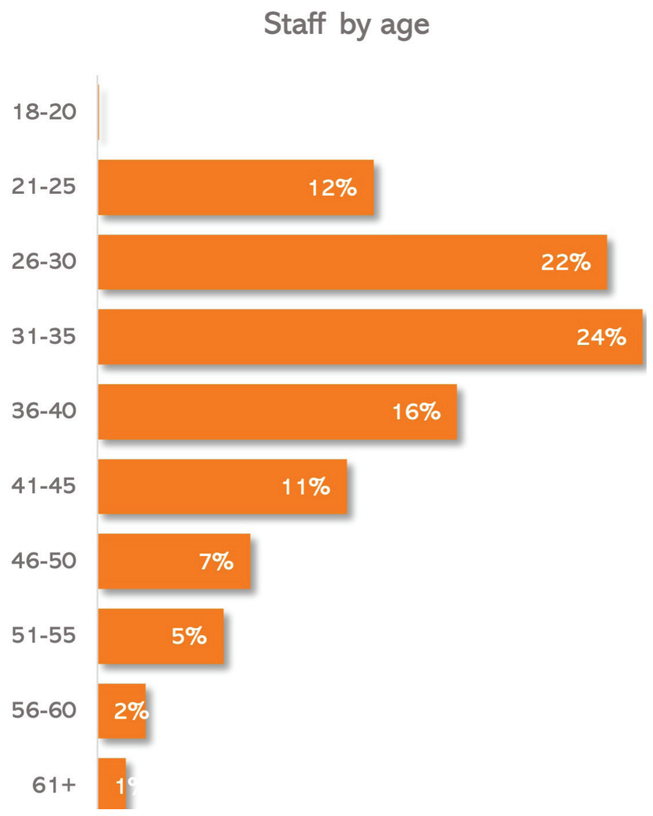


Total Workforce

Almost half (46%) of all employees are aged 26 to 35 years old and less than 1% of businesses currently employ anyone under the age of 20 years.

Businesses tend to have a higher proportion of women in the 30 and under age bracket, whereas a larger number of men above 35 are employed relative to women.

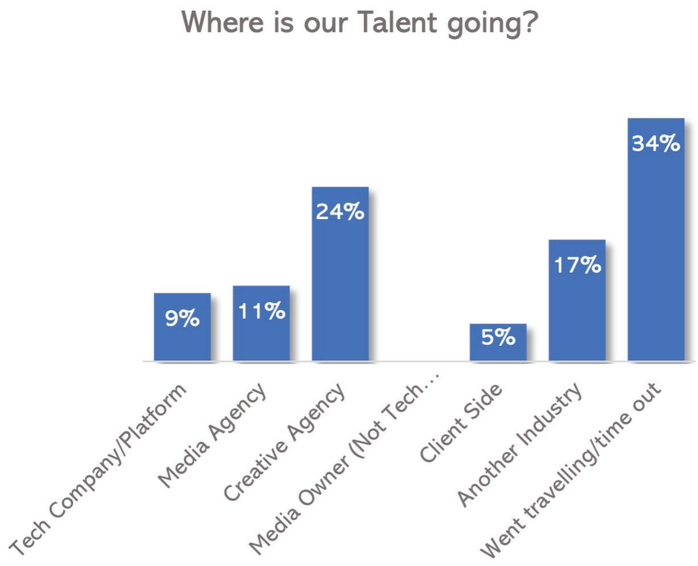


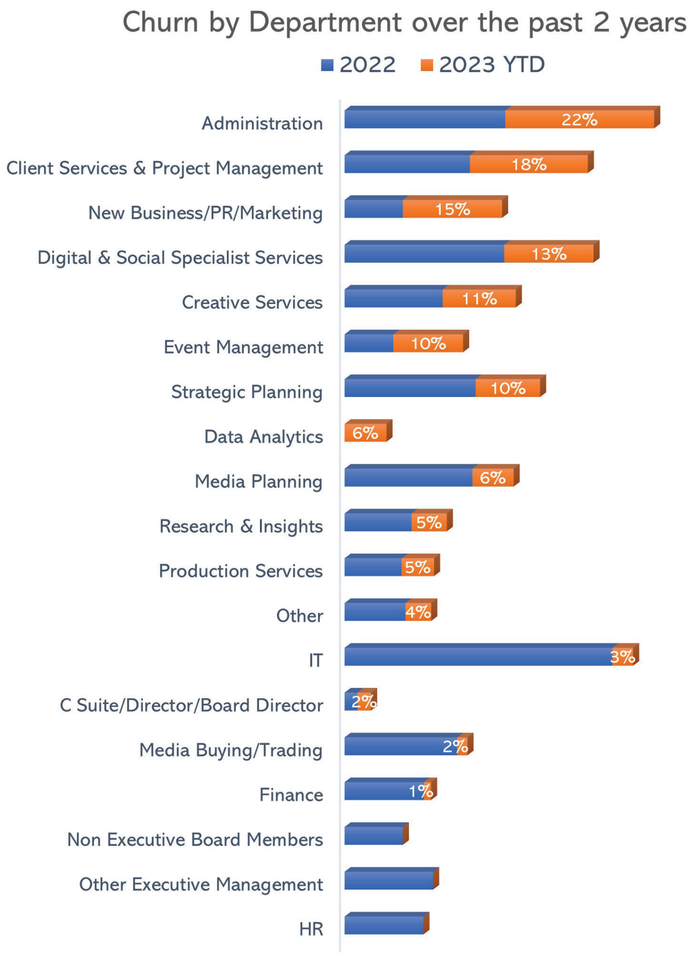


Staff Churn

While staff churn has reduced to 10%, a decrease of 6% YOY, it remains an issue for the industry. This is particularly apparent in administration, client servicing, project management and new business roles, reflecting the gap in client servicing skills noted by leaders.

Creative, digital and social media specialists are also still moving with greater frequency, however, aside from taking time out or travelling, this seems to be predominantly caused by the ongoing movement between competing creative agencies.

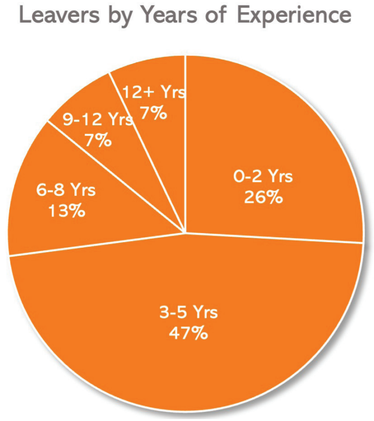




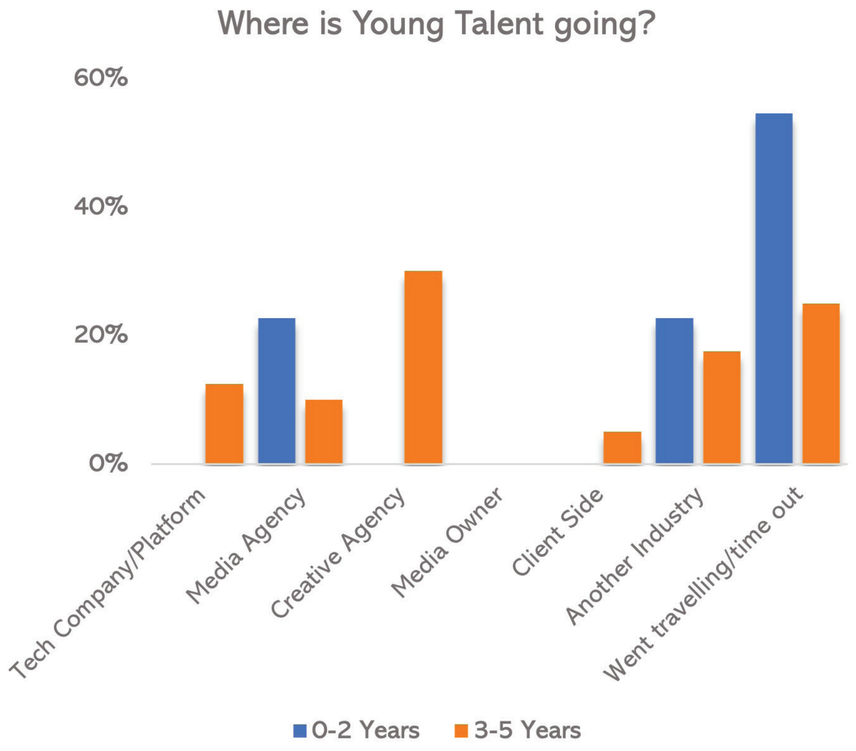
It is clear that while almost three quarters of leavers are junior talent (less than 5 years of experience), a third of these are moving to another agency and almost half are taking time out.

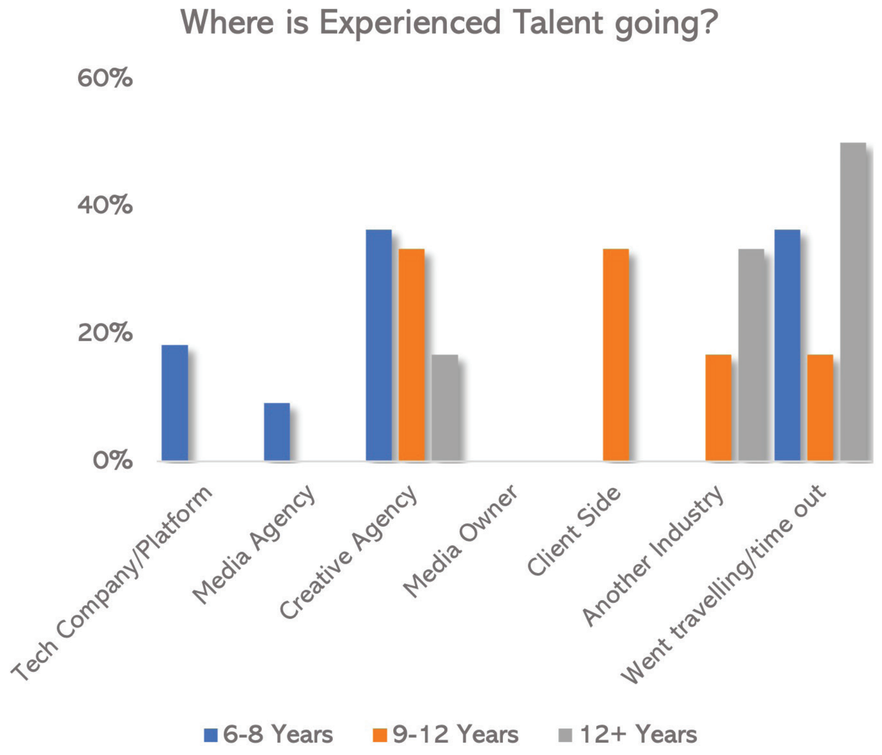
Less of the more experienced talent (6+ years) are taking a role in big tech compared to last year, with a large portion moving to other agencies, particularly creative ones.

A small percentage of the most senior agency staff have left the industry in the last couple of years, predominantly to work in other industries or take time out.



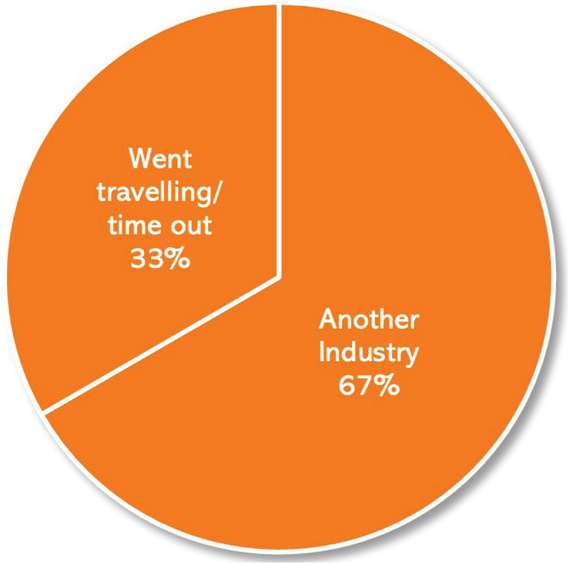
Who is leaving and where are they going?



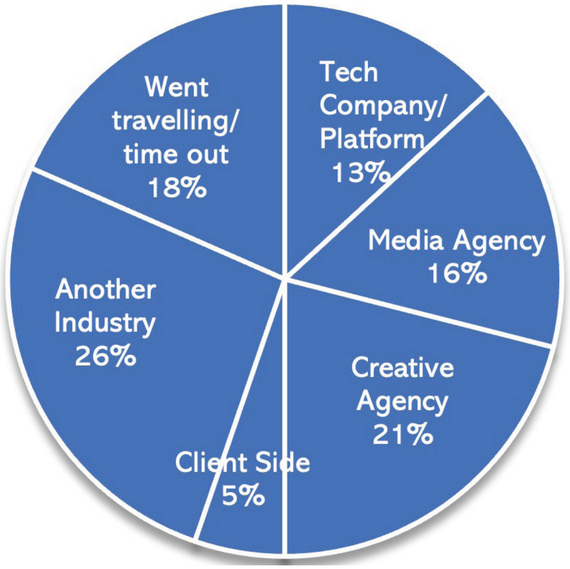


Where are specific skills going?

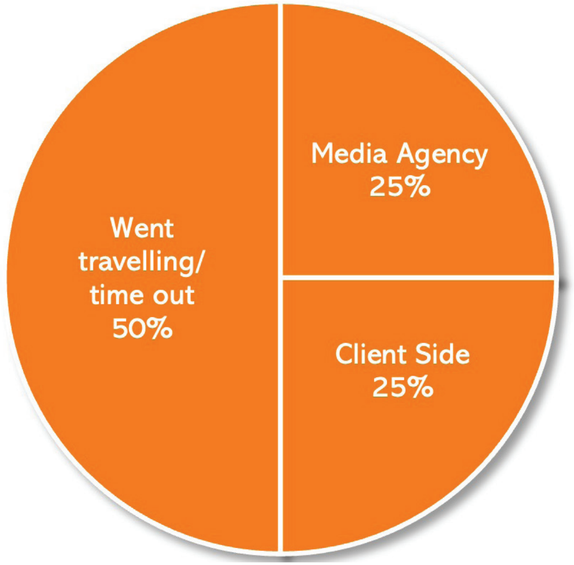
Where are C Suite/ Directors going?



Where are Client Services & Project Management going?

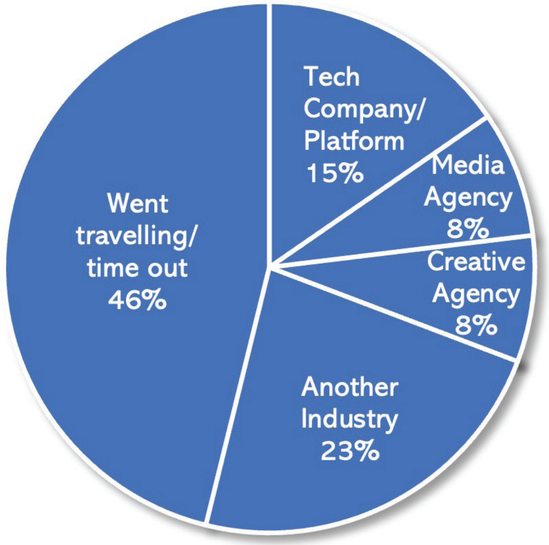


Where are Event Management going?

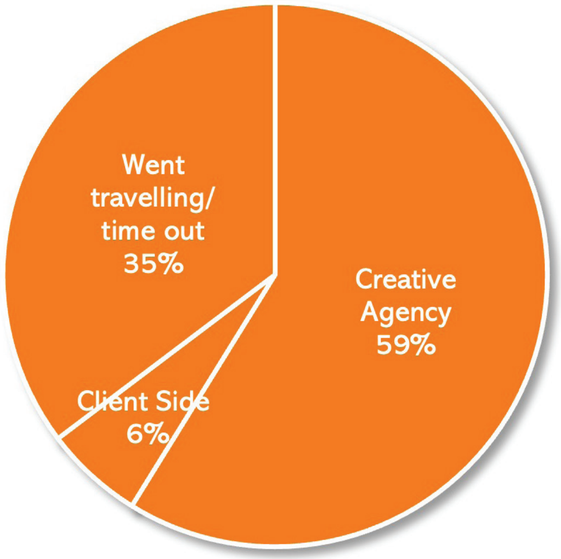


Where are specific skills going?

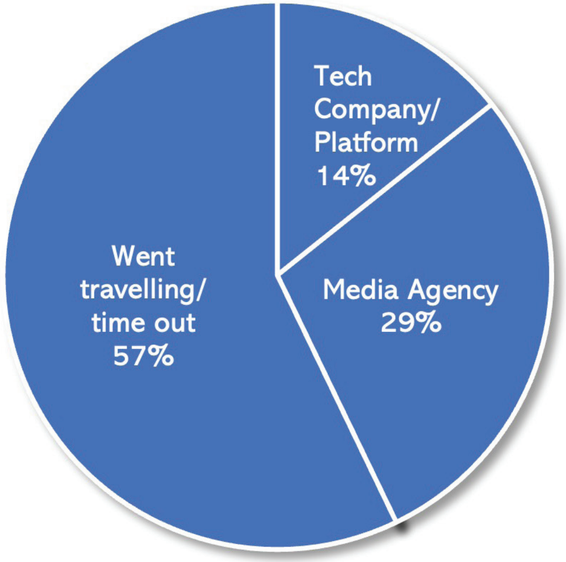
Where are Digital & Social Specialist Services going?



Where are Creative Services going?



Where are Media Planning going?

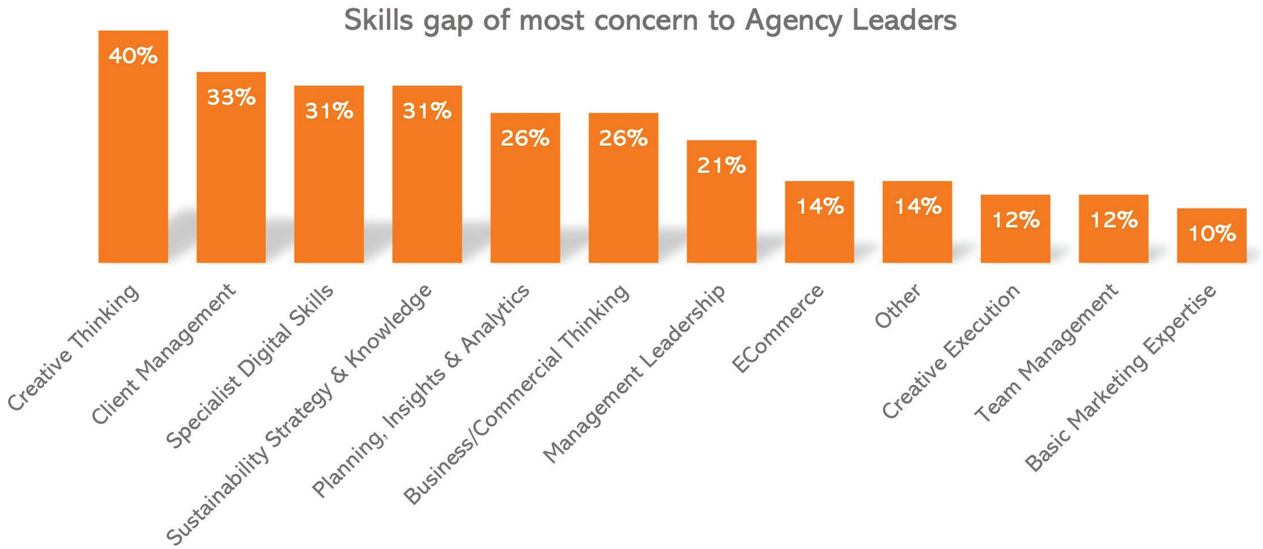


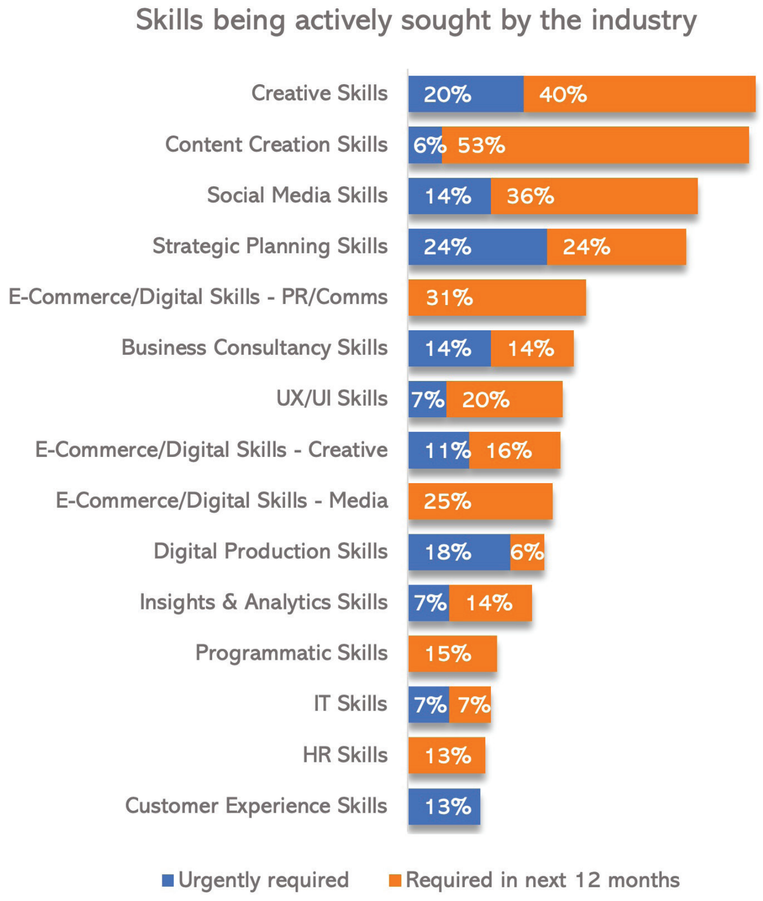
Skills Gap

The industry is still actively recruiting for creative skills, with content creation skills a close second priority. Strategic planning skills are required most urgently, as well as creative and digital production skills.

Other roles that were listed as a priority last year, including social media and strategic planning skills remain in high demand this year.

This is mirrored in the Leaders Sentiment Survey, with the highest percentage of respondents most concerned about a skills gap in creative thinking. Leaders have also identified key skills gaps in client management, digital skills, sustainability strategy and knowledge.





Which vacancies are businesses currently looking to fill?

The largest number of vacancies companies are currently trying to fill are in client services and project management roles, with digital and social specialist services and media planning also focus areas for hiring efforts at the moment.

Businesses are not currently hiring to fill non-executive board and other executive management roles, as well research and insights and data analytics roles.

DIVERSITY, EQUALITY & INCLUSION

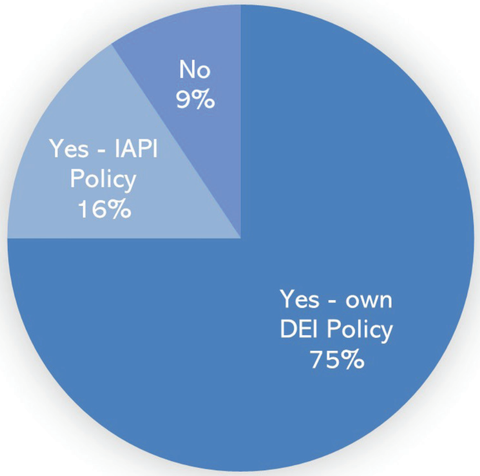
Priorities

91% of respondents have their own DEI Policy in place or use the IAPI DEI Policy developed for all members, and the same number see DEI as a priority for their agency.

While it appears that clients are not actively seeking their agencies to have a fully inclusive and diverse workforce, agencies believe that it is very important for their agency culture and will lead to better creativity.

It is worth noting that there is also a belief that reflecting the full diversity within Irish society is necessary to relate to the whole population.

Do you have a Diversity & Inclusion Policy in place?



Please rank the following statements in order of priority
1=Most Important; 6=Least Important

Gender Balance

Females still dominate the workforce by 12% overall.

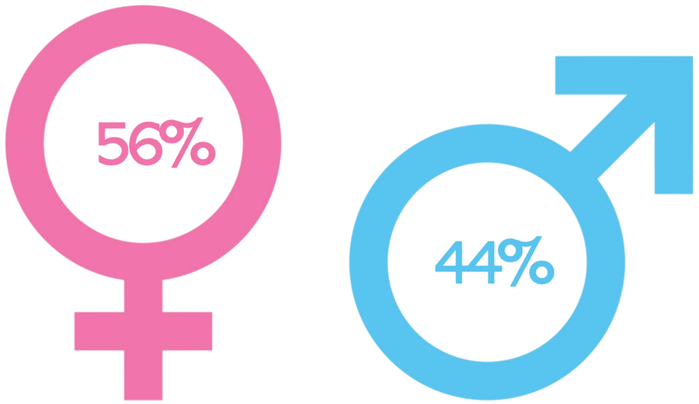
With more females in Executive Management (an almost a 2:1 ratio), the goal to reach gender equality in the Boardroom looks highly feasible.

However, with 41% of females at C Suite or Board Director level in 2023, this is down two percentage points from last year.

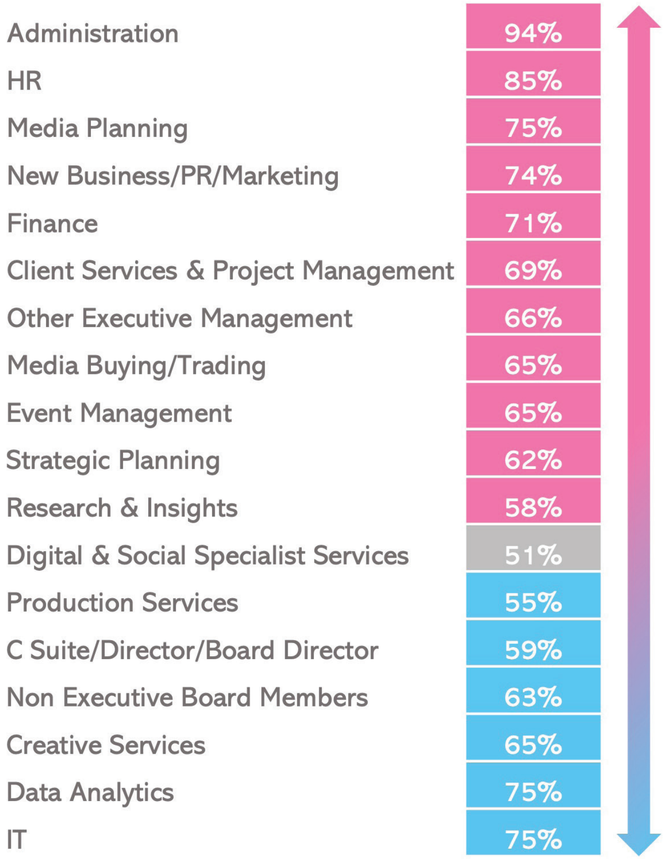
We need to seek parity at every level. Females over-index in two-thirds of agency departments, while Creative, Data Analytics and IT roles are still heavily dominated by males.

The industry needs to look at their talent attraction to ensure this is balanced out over the next few years.

Gender split across the industry



Gender split by Department



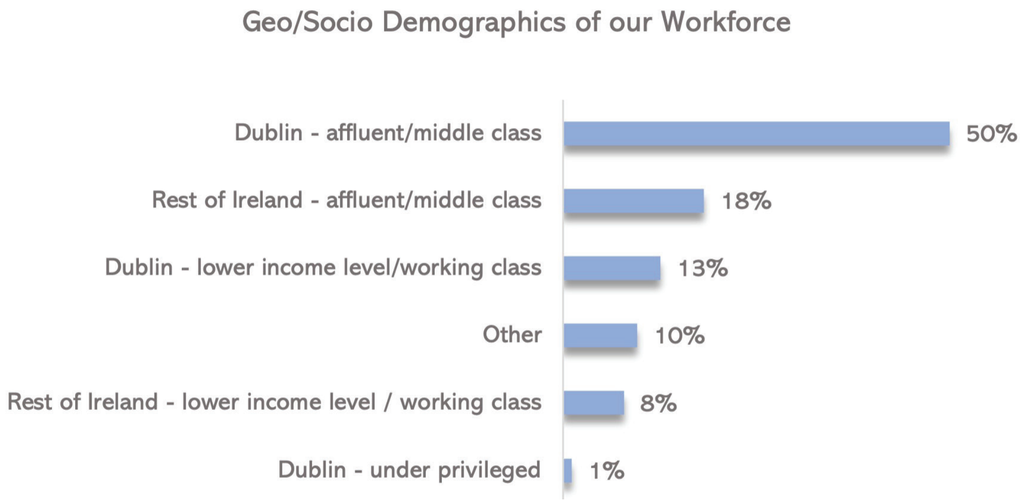
Beyond gender, how diverse is the industry?

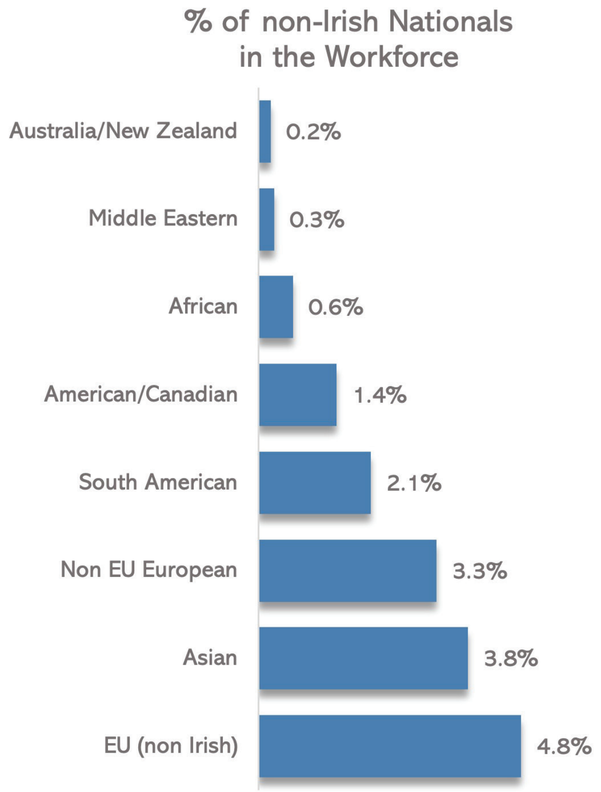
The industry showed a marginal improvement in attracting non-Irish to its workforce, with 16.6% non nationals now employed. This is slightly below the overall percentage of non-Irish workers according to the 2022 Irish Census (18.5%).

Of note too, is that only 4% of the workforce have a disability, compared to 13.5% recorded to have a disability within the Irish population.

However, the vast majority are still from the affluent middle class, reflecting the need for greater social demographic diversity.

The age diversity of the workforce is not as well balanced as it could be with only 15% of the workforce over 46 years old, while 68% are under 35. The sector needs to address this in order to retain the wisdom and experience required for a fully diverse workforce.



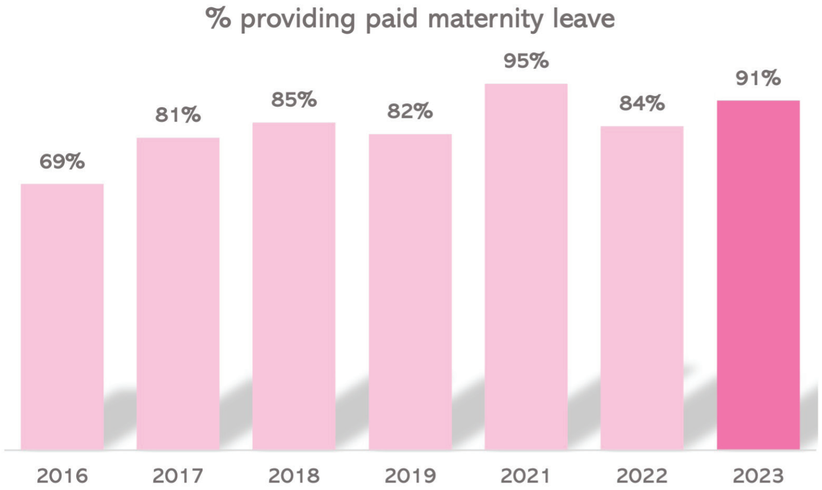


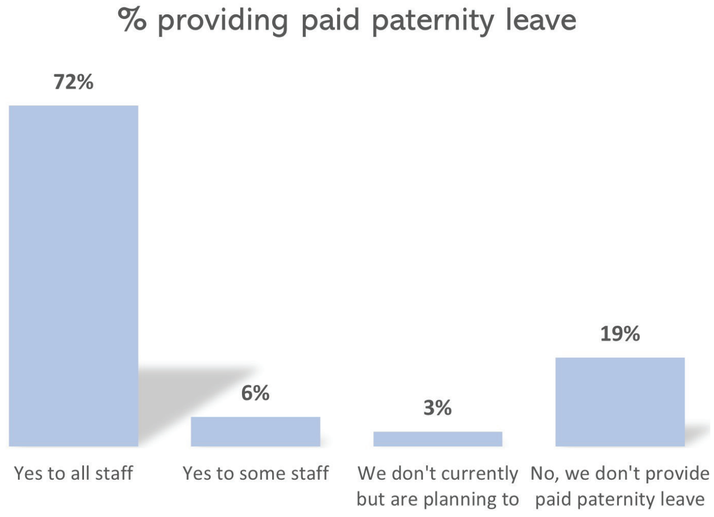
Maternity and Paternity Pay

The 2023 figures estimate an increase in the percentage of IAPI agencies providing paid maternity leave.

Where maternity leave is paid, on average, 79% of salary is paid in Maternity inclusive of social welfare.

Where paternity leave is paid, on average 88% of salary is paid in Paternity inclusive of social welfare and on average 12 days of paid paternity leave are provided.



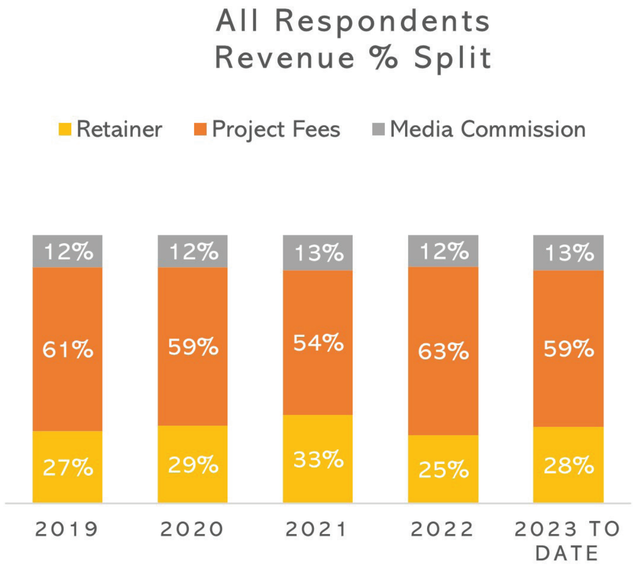


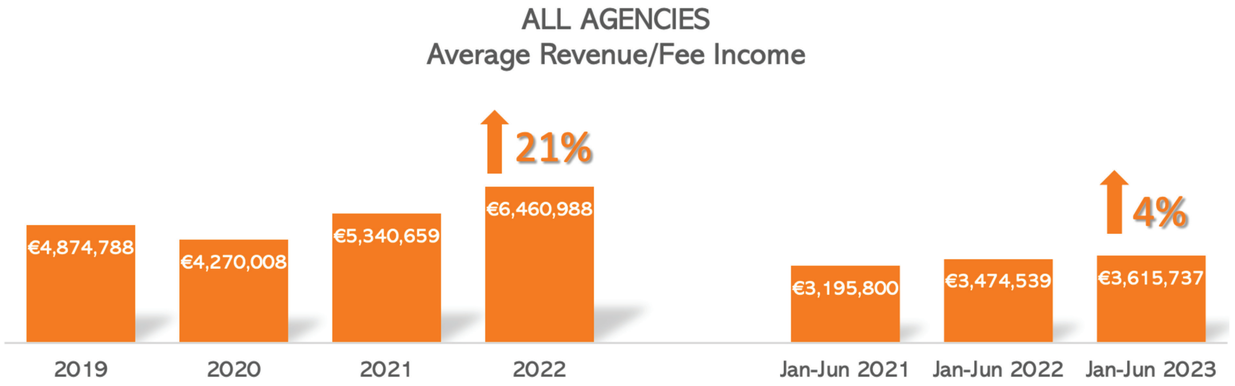
COMMERCIAL PERFORMANCE

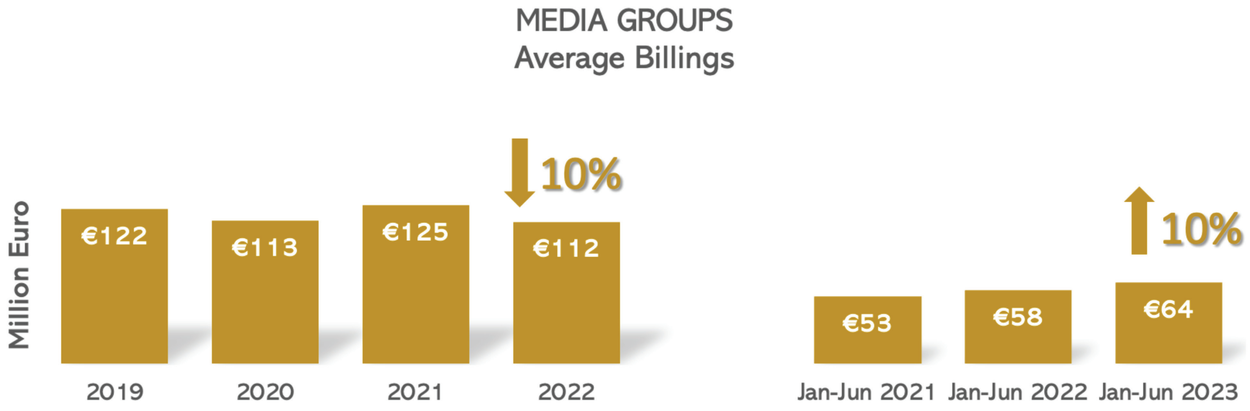
Average Revenue and Media Billings

2022 showed substantial increases in the average Revenue reported by IAPI members (up by 21%). However, average Media billings by group fell by 10%.

Comparing Jan-Jun 2022 vs. Jan-Jun 2023, is again showing an average increase of 10% on Revenue and an increase of 4% in Media Billings.

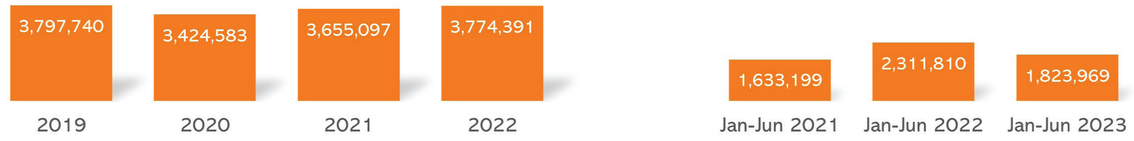




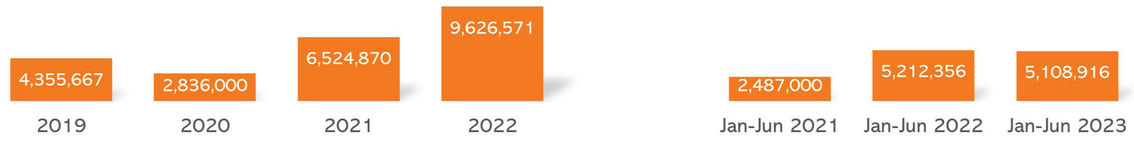


Average Revenue by Agency Type

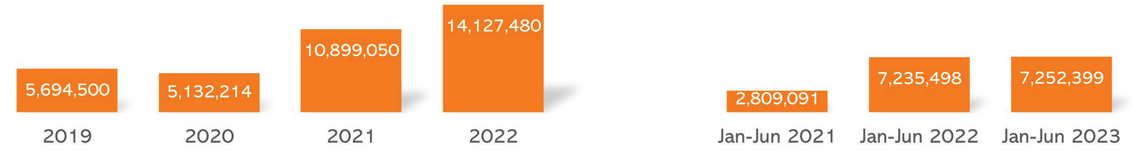
Indpt Creative/Branding – Average revenue/fee income



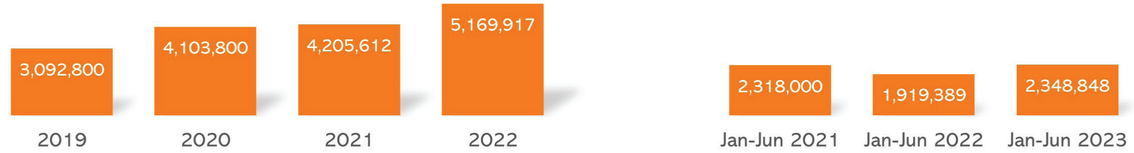
Events – Average revenue/fee income



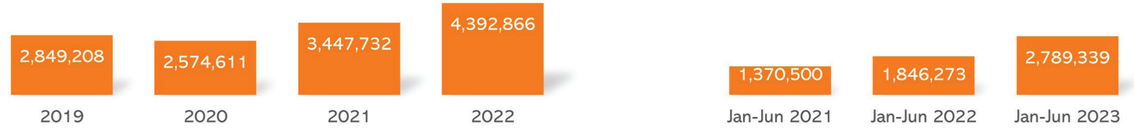
Media – Aver revenue/fee income



Networked Creative – Average revenue/fee income



PR – Average revenue/fee income

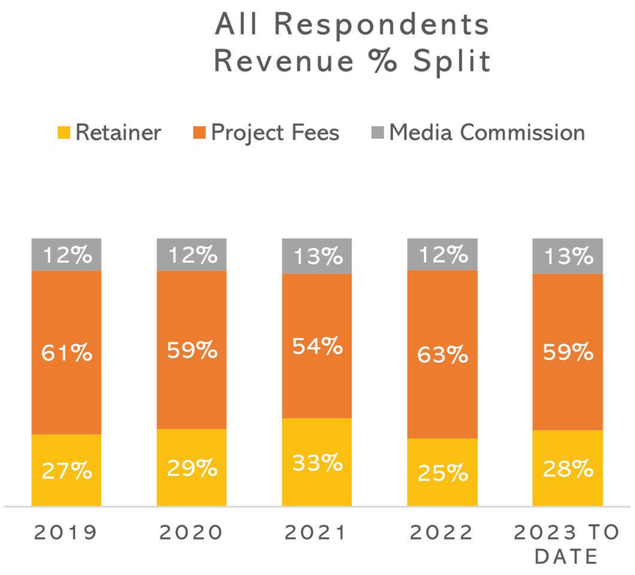


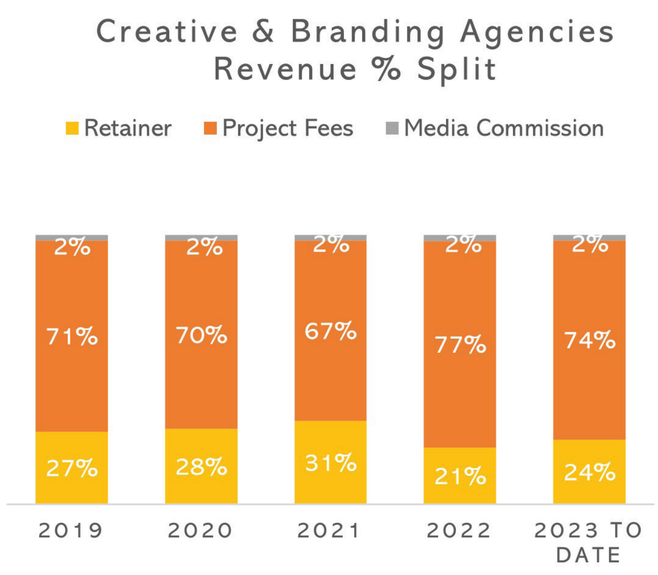
Revenue Breakdown

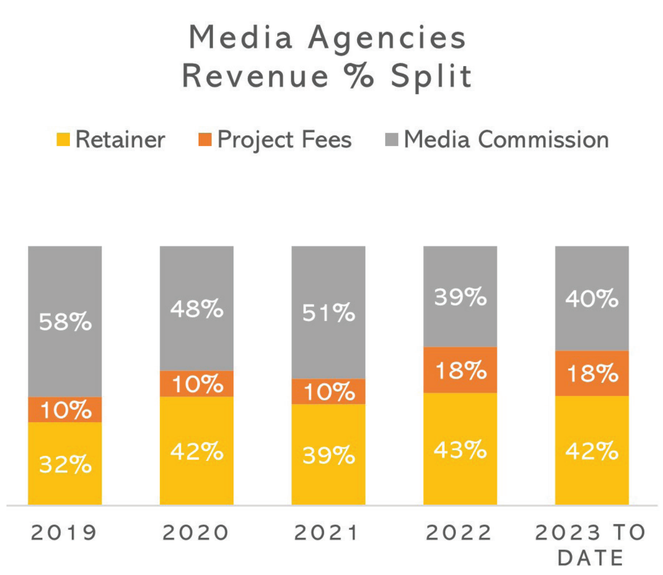
On average respondents are reporting that retainer fees have increased again since the dip in 2022 but are still not at the levels of 2021.

For media agencies, the trend continues with retainer fees once again contributing more than media commission as a percentage of agencies' revenue.

Over the past two years, Creative agencies' retainer fees as a percentage of the total revenue have declined, with project fees continuing to make up the largest portion of their revenue.







Profits, Predictions & Challenges

The vast majority of respondents predict an increase in revenue for 2023 compared to 2022, with only 9 respondents predicting a decline in revenue year-on-year.

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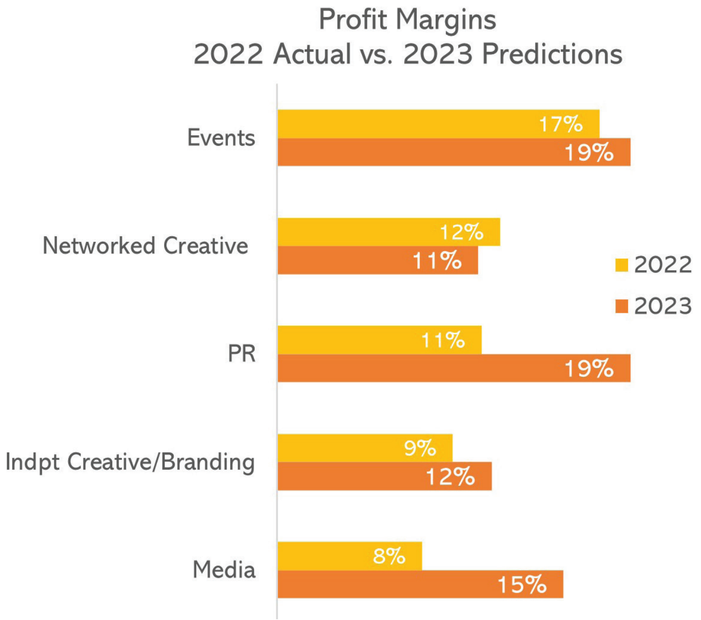
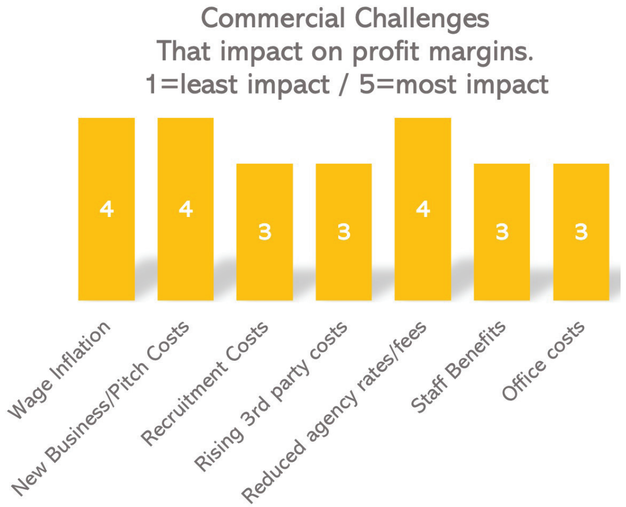
All bar two respondents predict a profitable year for 2023. On average, 2022 profitability was at 11% across all respondents with a predicted profitability of 13% for 2023.

It is clear to see the toll the Economic Downturn and Cost of Living crisis have had on the industry, with Wage Inflation stated as the commercial challenge with the largest impact on profit margins.

Staff costs as a percentage of Revenue remain extremely high, at an average of 59% across all agency types. These are notably highest for Networked Creative agencies.



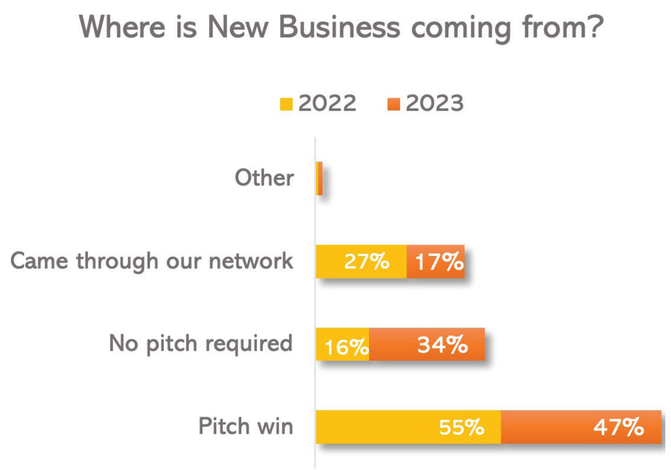


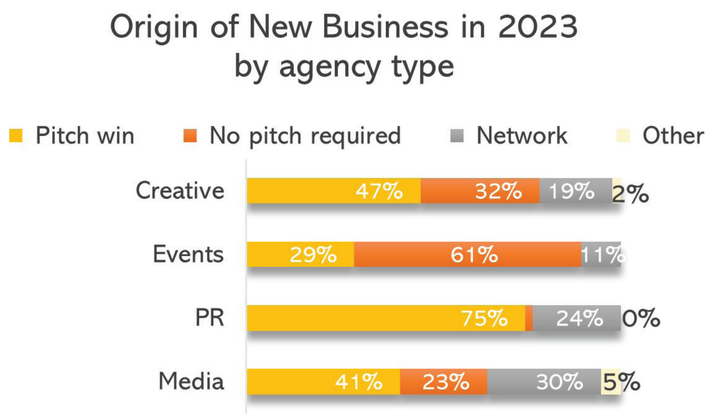
Where is new business coming from?

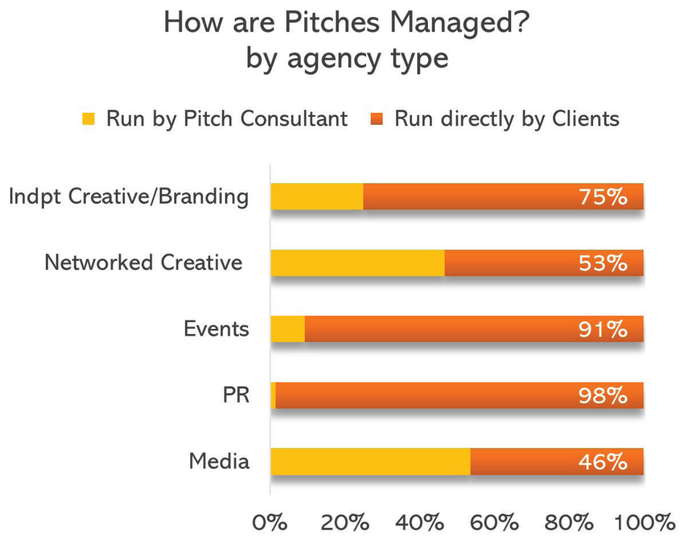
There has been an increase in pitching across the industry in 2023, with the number of pitches almost doubling. There has mostly been a substantial increase in new business that did not require an agency pitch.

All agencies reported a reduction in the proportion of new business coming from within their networks, with Events agencies in particular seeing huge increases in the proportion of new business acquired without a pitch.

In terms of pitch management, just under one third of all pitches for 2023 were run by pitch consultants with the remaining 72% run directly by clients.





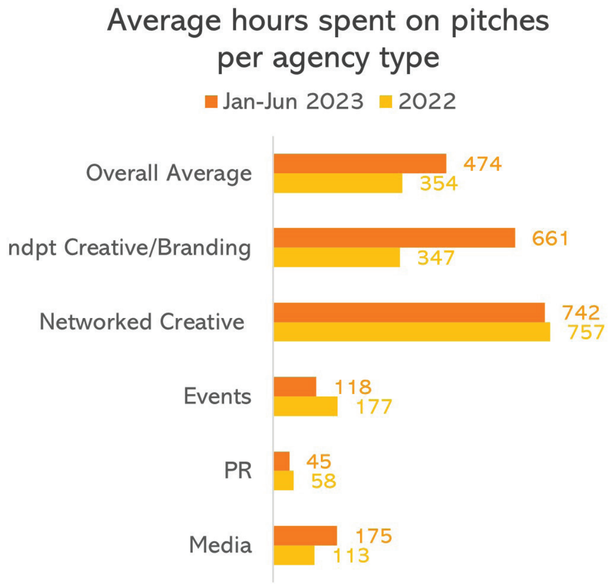


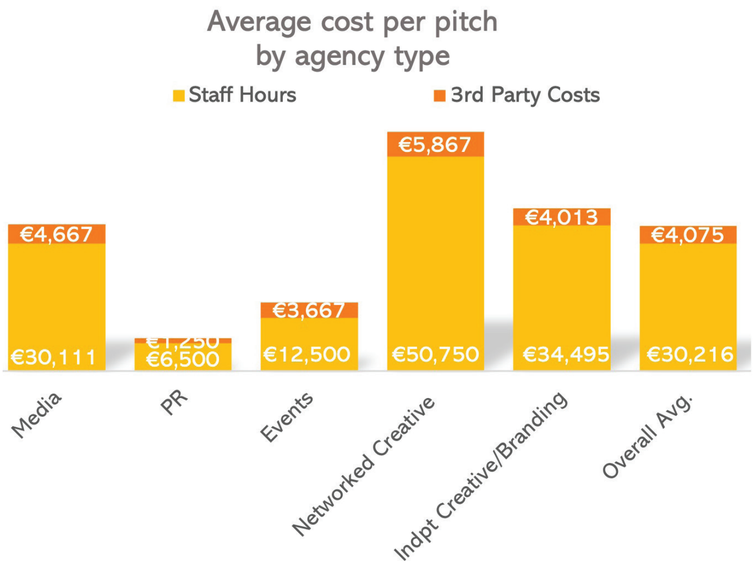
The cost and time spent Pitching

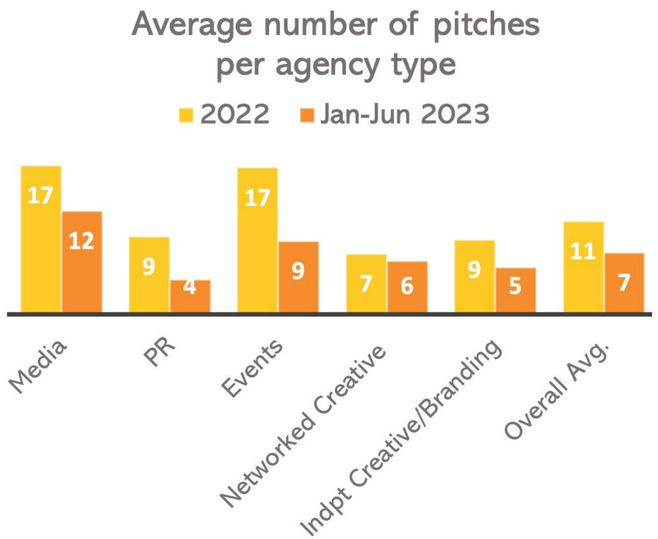
At an average of 354 hours per pitch, this amounts to a staggering volume of speculative work from agencies, the equivalent of 10 FTEs or working years.

The cost of pitching to the industry is also considerable and estimated at over **€10m in 2022.** In addition to this, the average cost of €34,291 per pitch was double that in 2021, which showed a cost of €11,715 per pitch.

Based on the average number of pitches per agency cited by respondents, it is estimated that 1035 pitch processes were undertaken by IAPI members in 2022 and 518 pitches were undertaken up to end June 2023.







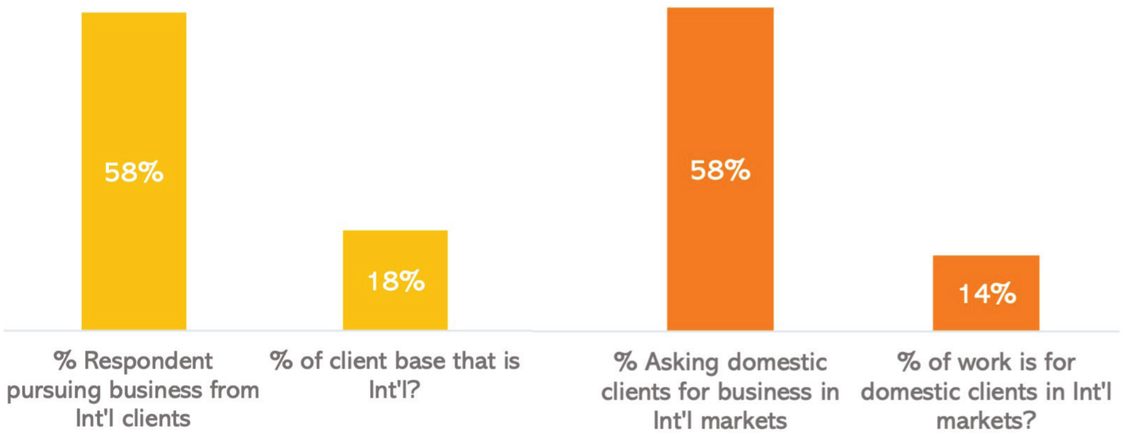
International Reach

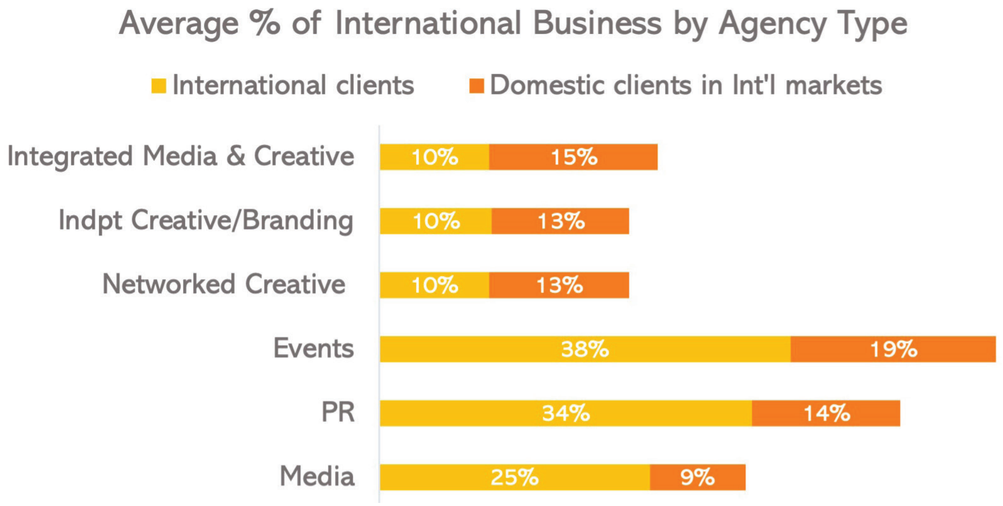
On average 38% of business for respondents is either from International clients or from domestic clients in international markets.

This is a 7% increase from last year and continues the ongoing trend of remote work for international clients which we have seen in the wake of COVID-19.

This is especially true for Event agencies, where over half (56%) of their business is International, with a third of Internationally based clients.

PR and Communication agencies are also seeing growth in this area with 48% of international work.



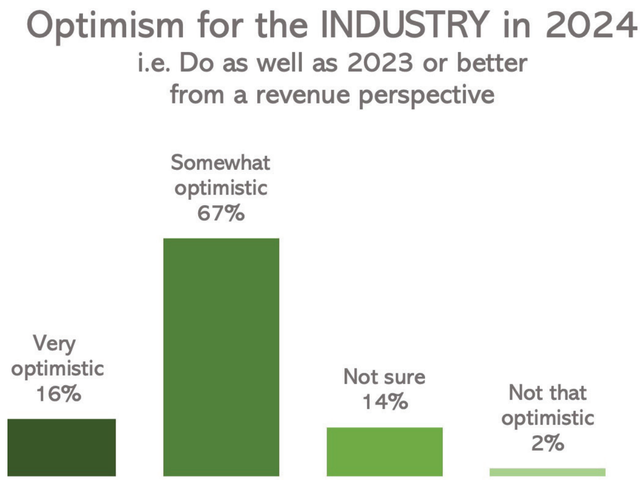


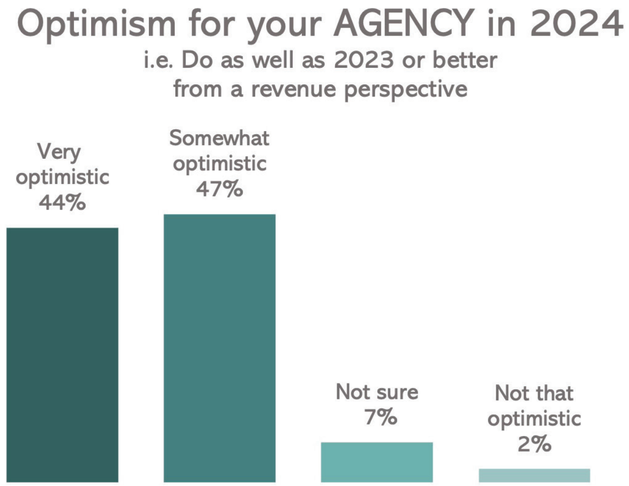
LEADERS SENTIMENT

Levels of Optimism

As we have noted before, Leaders tend to be much more optimistic about their own agency's future than the industry as a whole, with 9 out of 10 leaders stating that their agency will do as well, if not better in 2024.

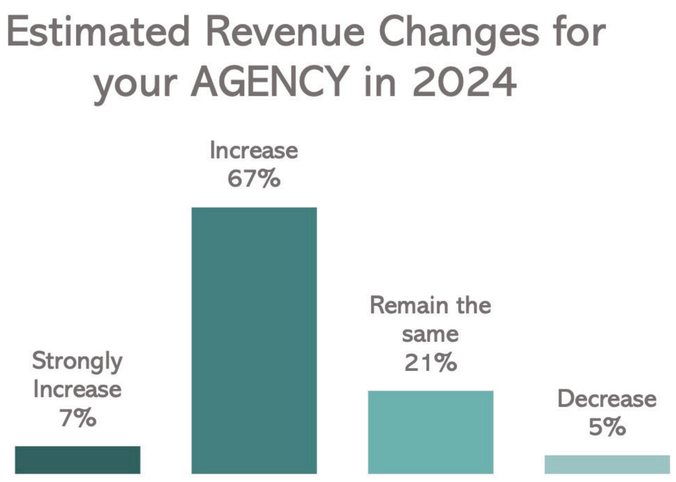
However it is encouraging that 20% more leaders are optimistic about the industry in 2024, than they were about 2023.

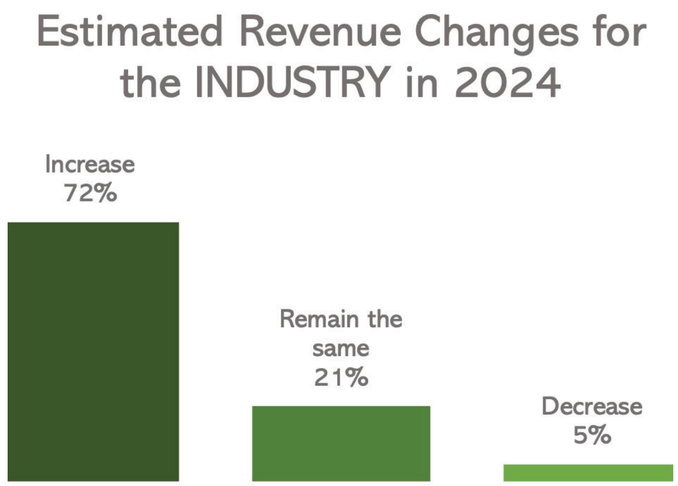




Revenue Predictions

It is encouraging that, even with the uncertainty of the current economic backdrop, on average 74% see their revenue increasing next year and only 5% see it decreasing.





Trends and Opportunities

There are both positive and negative trends being reported by leaders across client marketing departments.

Of most concern is clients' increasing conservatism and caution regarding the type of content being released. This is leading to reduced innovation and freedom for agencies.

Increasing client demands alongside lower client spending is also proving a major challenge for agencies. It is interesting that while some agencies expect a reduction in client spend, others anticipate higher spending from clients.

International growth and new business are the main opportunities agencies will be pursuing in 2024, reflecting the increase in international business reported this year which we noted previously.

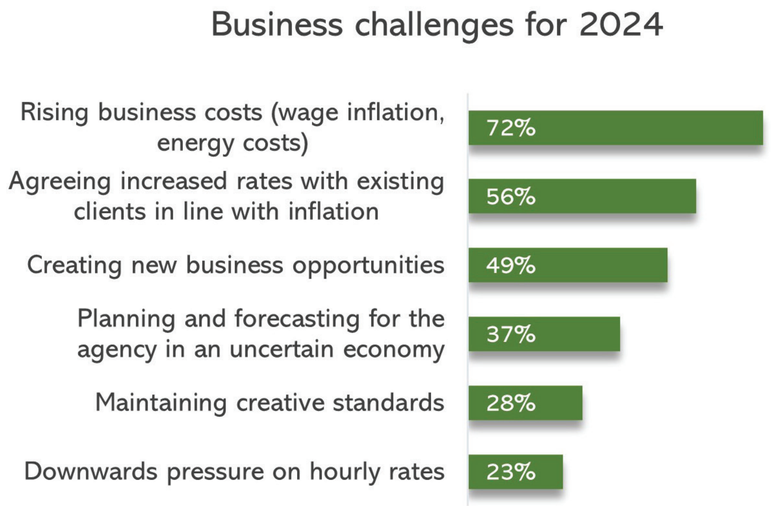
Challenges Ahead

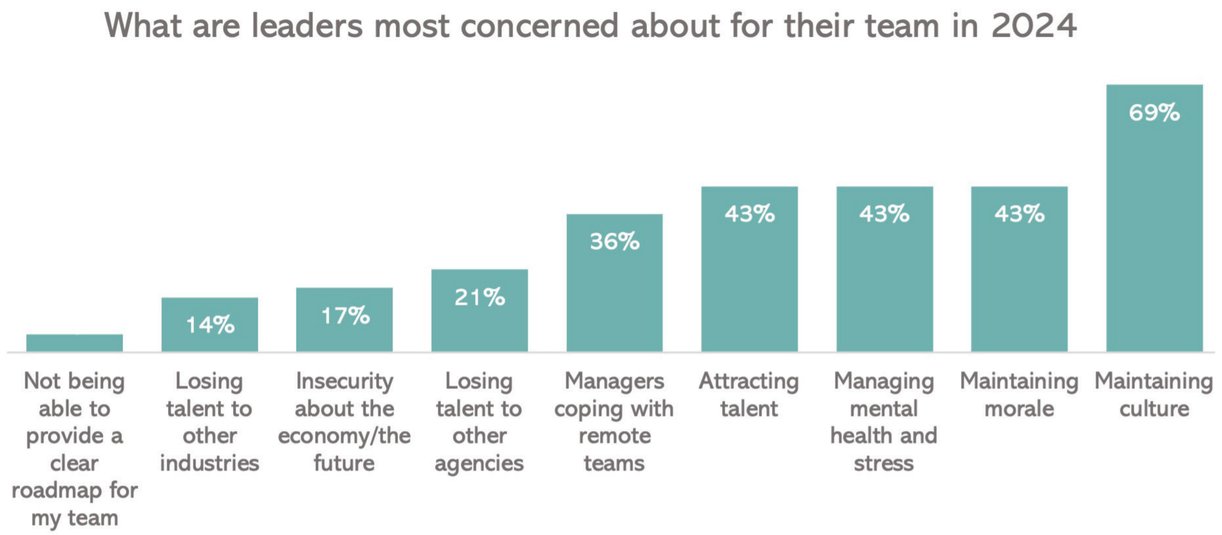
Reflecting rising inflation across the country, Leaders are most concerned about rising salary and energy costs.

Wage inflation was recorded in 2022 at 7%, 3 points above the national average at the time and agency leaders are still adjusting for this huge increase on staff costs.

As far as concerns for their team in 2023, Leaders are still primarily concerned with maintaining agency culture. Managing mental health and stress levels is also becoming increasingly important for leaders, likely reflecting widespread reports of stress and burnout across the industry.

On a positive note, concern surrounding the insecurity of the economy or the future fell dramatically from 44% last year to 17% this year, reflecting a promising outlook for 2024.





Predictions for Working Patterns & Office Space

The Industry has adapted well to hybrid working across all agency types.

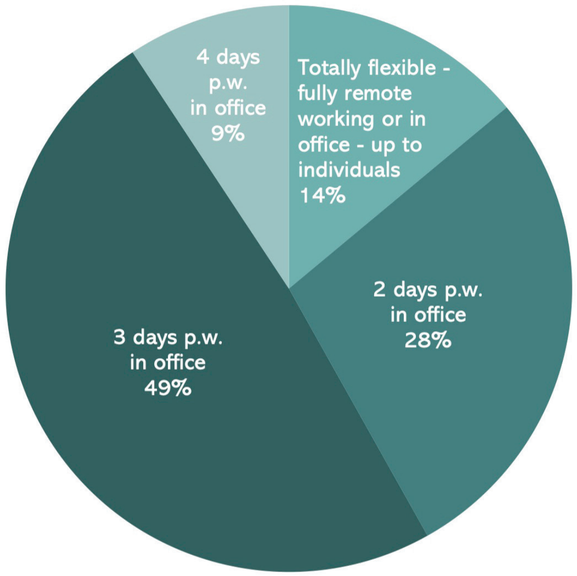
The majority of IAPI members (86%) are working a hybrid model of 1-3 mandatory days in the office, with the remaining days working from home. This shows a 15% increase in hybrid working from last year.

Less than 10% of agencies have introduced more than 3 mandatory office days per week.

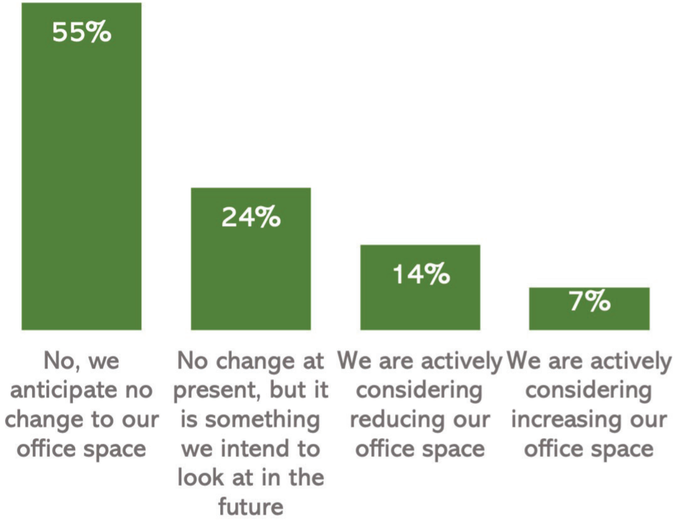
Despite the majority of IAPI members, not having full offices on any one day, only 14% of agencies are actively considering reducing their space.

However, with 1 In 4 respondents suggesting they intend to look at this issue, it may become a future trend.

In your opinion, what will the working pattern look like for your agency in 2024?



Do you anticipate your physical office size will change in the near future?



Views on Sustainability

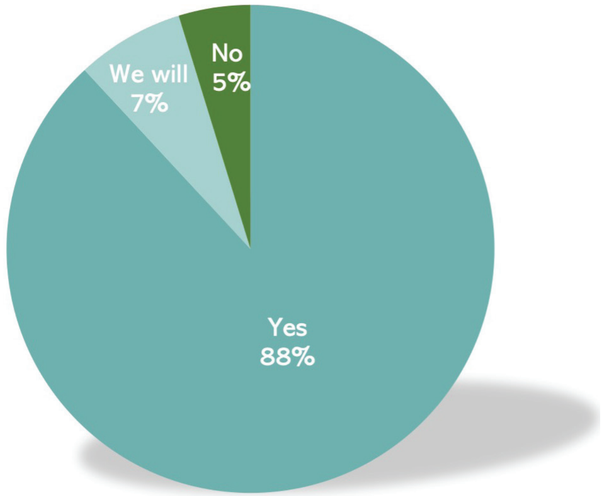
Ad Net Zero is the global initiative that is the advertising response to the climate crisis. It is a full collaboration across the advertising and marketing community in Ireland, supported by IAPI, AAI, MII, IAB Ireland and CPI.

95% of Respondents are already or are about to become an Ad Net Zero Supporter.

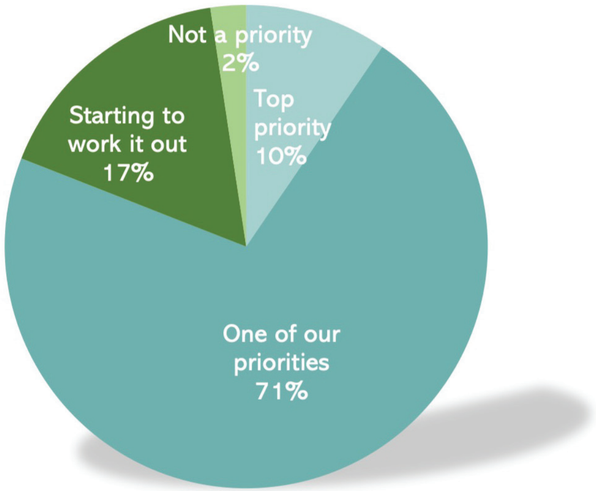
81% of respondents, state that Sustainability is a priority for their agency. However, there are still a minority who do not see it as a priority for their agency.

According to respondents, 1 in 3 client briefs now have sustainability built into the brief and 77% stated their belief that Sustainability is now a priority for clients.

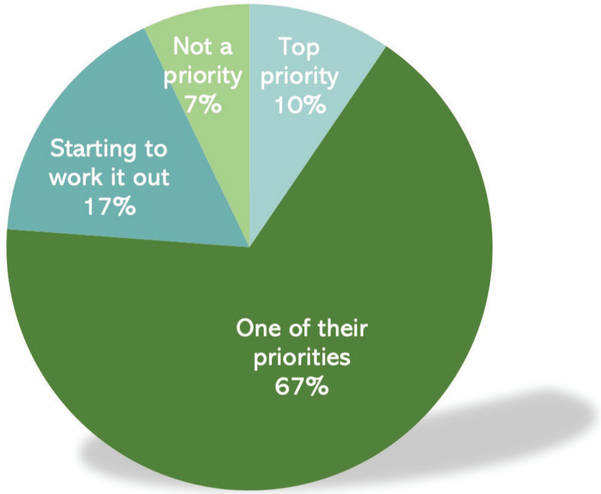
Have you signed up as a Supporter of Ad Net Zero?



How much of a priority is Sustainability for your agency?
(lowering your carbon footprint)

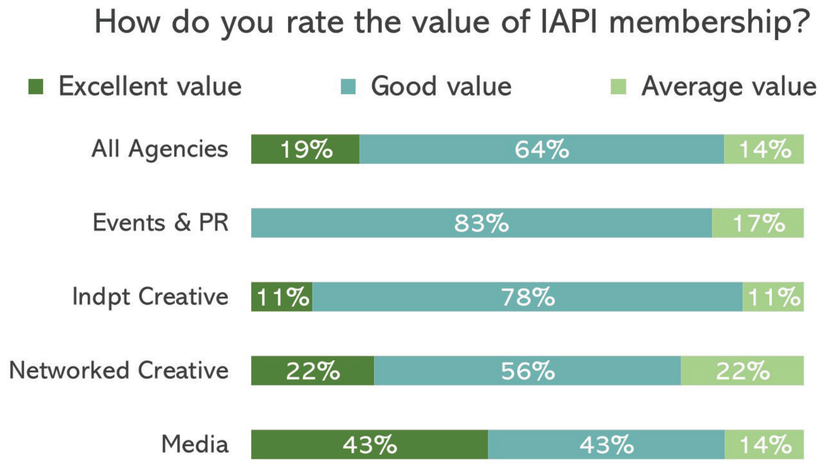


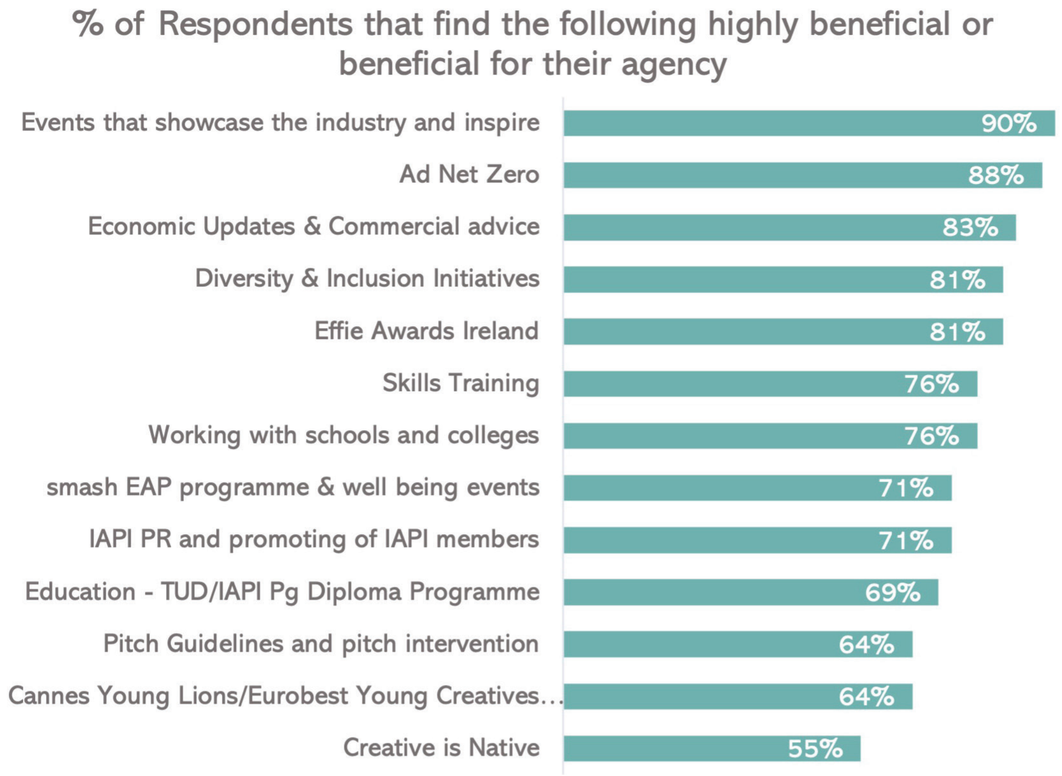
How much of a priority is Sustainability for your clients?
(lowering their carbon footprint)



The Value of IAPI membership

Over 8 in 10 respondents perceive IAPI membership as Excellent or Good value, however there is still room for improvement, especially with Networked Creative agencies.



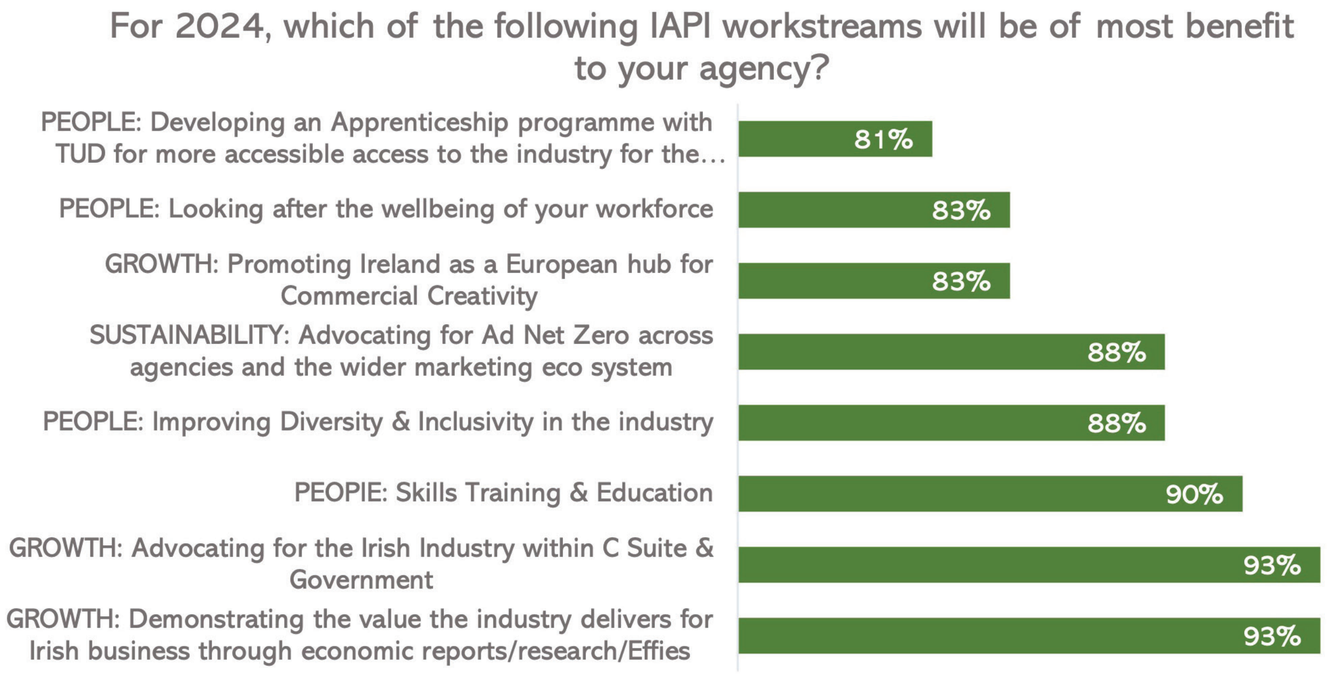


Benefits of an IAPI Membership

For the first time, IAPI events are seen as the most beneficial offering, likely reflecting a general eagerness to attend in-person and live events following the end of the COVID-19 pandemic.

While some initiatives were deemed more beneficial than others, all IAPI initiatives were deemed beneficial by at least half of respondents.

It is clear that members need support from IAPI in demonstrating the value of the industry. This will always be the case but is even more so now as we move into an uncertain economy.

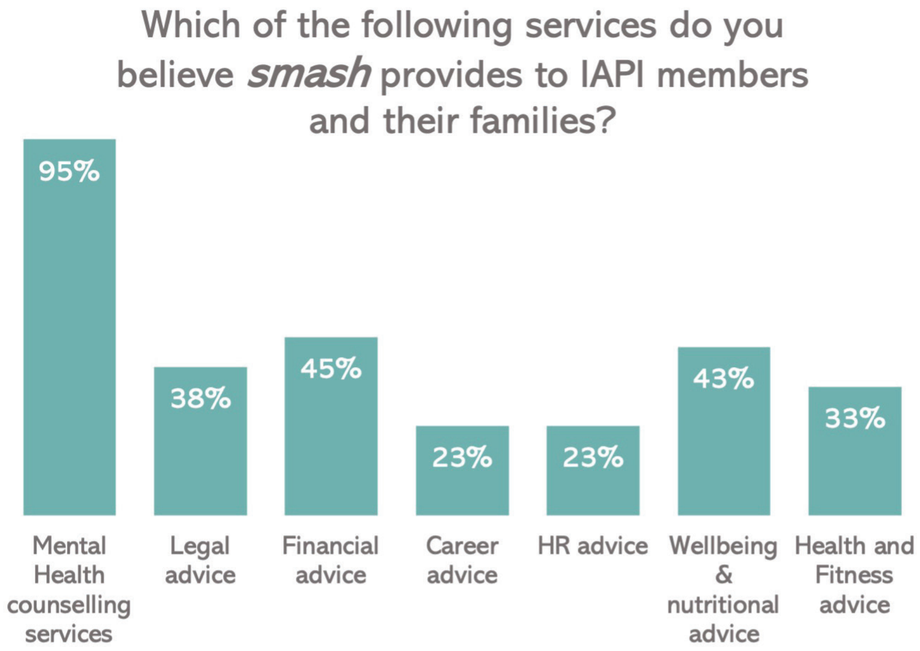


smash - the Employment Assistance Programme for IAPI members

Smash is the Employee Assistance Programme, funded by TABS (The Advertising Benevolent Society), and is provided by IAPI to all its members.

95% of leaders have heard of smash, with over three quarters encouraging employees to take up its services.

While the majority understand that it looks after the mental wellbeing of IAPI members and their families, there is more limited understanding of the additional support services on offer through the programme.



CENSUS 2023

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