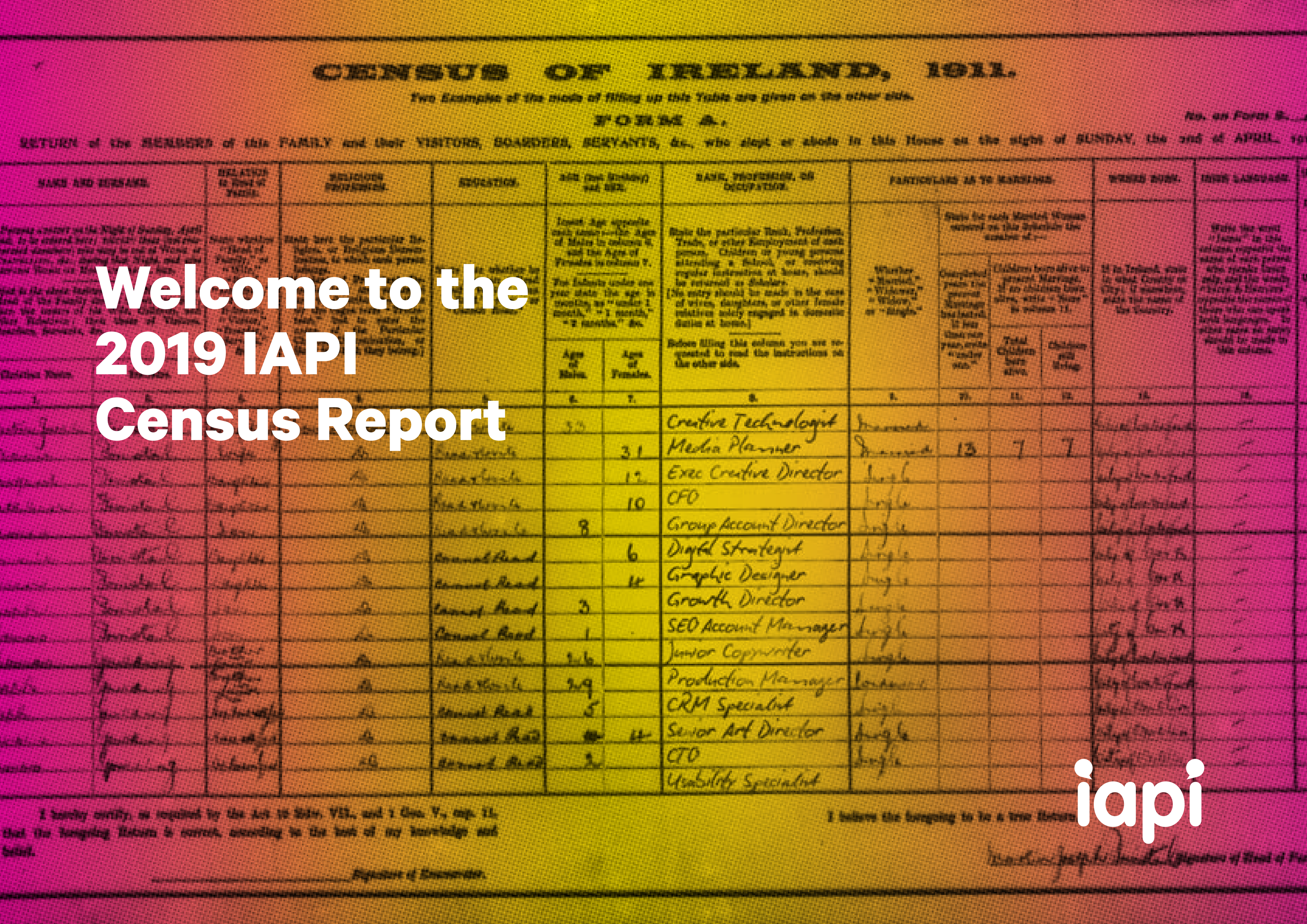
Welcome to the 2019 IAPI Census Report


CENSUS OF IRELAND, 1911.

Two Examples of the mode of filling up this Table are given on the other side.

FORM A.

RETURN of the MEMBERS of this FAMILY and their VISITORS, BOARDERS, SERVANTS, &c., who slept or abode in this House on the night of SUNDAY, the 2nd of APRIL, 19[illegible]

Creative Technologist
Media Planner
Exec Creative Director
CFO
Group Account Director
Digital Strategist
Graphic Designer
Growth Director
SEO Account Manager
Junior Copywriter
Production Manager
CRM Specialist
Senior Art Director
CTO
Usability Specialist

I hereby certify, as required by the Act 10 Edw. VII., and 1 Geo. V., cap. 11, that the foregoing Return is correct, according to the best of my knowledge and belief.

Signature of Enumerator.

I believe the foregoing to be a true Return.

Signature of Head of Family.

iapi

“We’ve advanced in many of our key areas of focus since 2018, and, in talking to other agency leaders, significant progress has been made by IAPI members in future proofing the industry. I believe IAPI’s strategic focus should continue to be a key enabler for our membership to transform and grow their business both domestically and internationally”

Jimmy Murphy,
President IAPI & Director, Publicis Dublin

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Section 1

Introduction

78% response rate

About IAPI

IAPI is the trade body that represents and promotes the commercial creativity and communications industry in Ireland.

Our purpose is to firmly position our industry as a fundamental engine of Ireland's future growth.

We do this by:

- Positioning Ireland as a global centre of excellence for commercial creativity and media planning.
- Empowering our members to grow the value of their business.
- Elevating the industry through driving world class professional standards.
- Advocating for the interests of our members at Corporate Board, Government and international levels.
- Fostering a culture of strategic leadership, creativity and innovation within our members.
- Delivering first class training and education across a multi-discipline industry.
- Broadening the strength and appeal of our industry to attract world class talent.
- Promoting diversity and inclusion as a strategic and economic imperative.

Every year we commission Amárach Research to conduct a survey of our members to capture key industry data. The research also captured insights, trends and forecasts from senior stakeholders in our member organisations. This is now the Go-to-Guide for information for an industry that is worth at least €1bn to the Irish Economy and is estimated to employ 5,500 people, both directly and indirectly.

amárach research

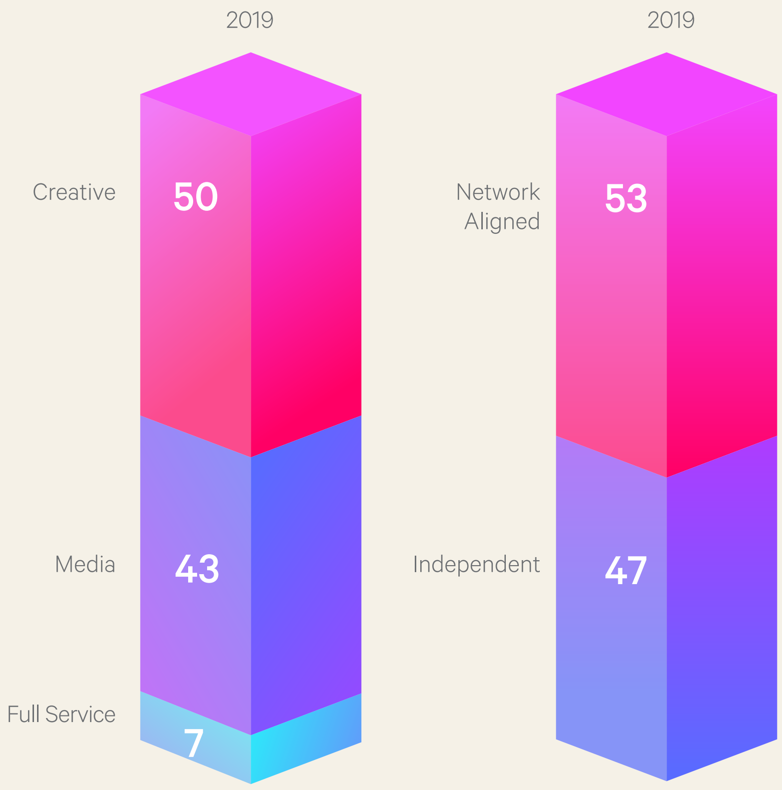
Participation

We had a 78% response rate to this year's survey. Of the 51 agencies invited to participate data was submitted by 40 members – 23 Creative agencies (including 2 full service) and 17 Media agencies – representing over 1,800 employees.

The survey was conducted online and the fieldwork took place between the end of May and the start of June 2019.

We'd like to thank all the Agency Leaders with special thanks to the Financial Directors for their support in providing such detailed and invaluable information.

Profile of Sample – Agency Type



Q1a What type of advertising agency do you represent?

Q1b Is your agency network aligned or independent?

Base: All participating IAPI member companie

Participating members

IAPI members who particpated in the 2019 Census
(Exludes confidential particpants)

Section 2

Talent

Hiring up by 42%

Section 2: Talent

Key Findings

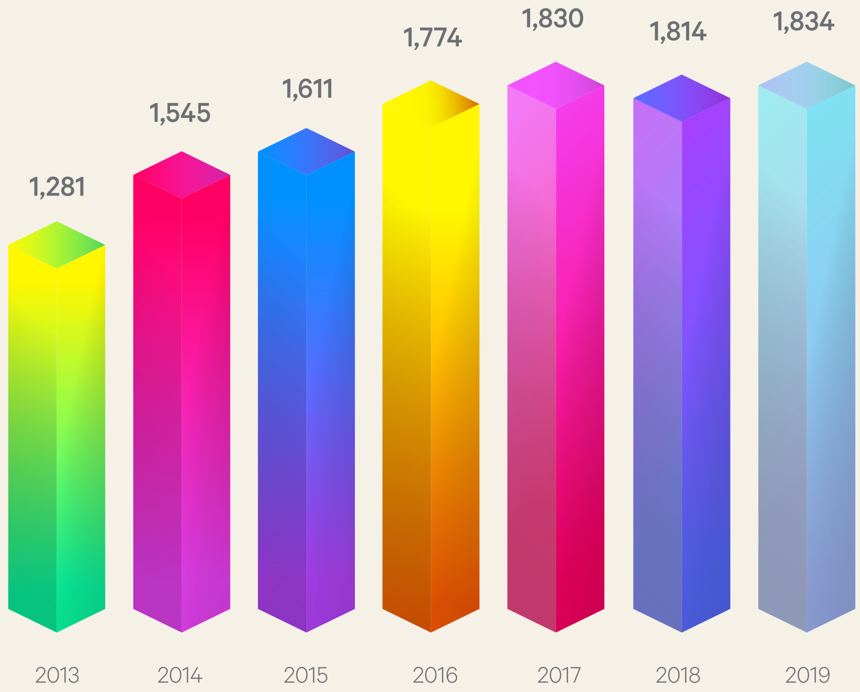
2018 saw more staff movement in the industry with hiring up by 42% in 2018 vs. 2017. These hires have been predominantly sourced from outside the industry as the figures show only a 17% uplift in staff attrition compared to 2017.

The increase of 20% in average staff numbers within Media can mostly be attributed to consolidation, however, they have also been active in hiring new staff over the past year. The increase in both participation and staff numbers within Creative is in part due to natural growth but also reflects the broadening nature of IAPI's membership with new communications & experiential agency members taking part this year representing the growth of their creative services.

There remains some key skills shortage with one third of respondents still citing skills gaps predominantly in strategic and digital skills. The digital skills shortage, especially in UX/UI, motion graphics and SEO skills, highlights the ongoing battle for talent with the FAANGs.

Strategic planning continues to be the single biggest talent gap in our industry. This year there has been considerable movement amongst key figures with some leaving the industry altogether and agencies are looking abroad for talent to boost their strategic capabilities.

Total Staff Employed by Agencies that Responded



The sector grew by 20% in 2019 in terms of average staff numbers

*Please note: Figures for 2019 include employee numbers from organisations that did not complete the full survey.

**Please note: Freelance staff not included.

Average number of full and part time staff employed

	Media		Creative		Total	
	No. Agencies	Aver Staff Numbers	No. Agencies	Aver Staff Numbers	No. Agencies	Aver Staff Numbers
2019	19	138	23	48	42	56
2018	22	115	20	40	42	56
2017	18	42	28	39	46	40
2016	21	32	29	34	50	47

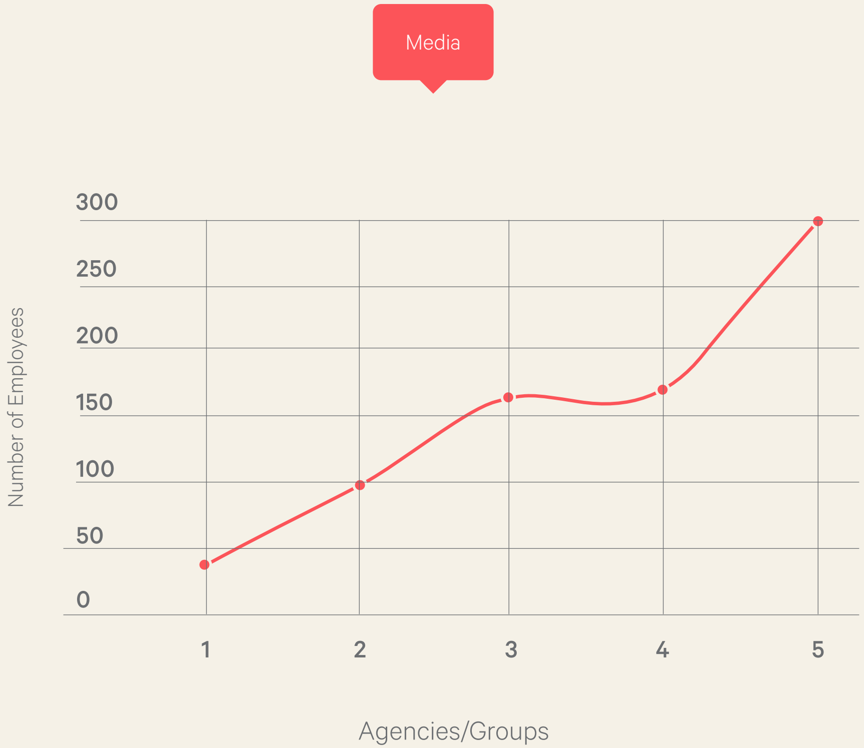
The sector grew by 20% in 2018 in terms of average staff members.

*Please note: Figures for 2019 include employee numbers from organisations that did not complete the full survey.
*Creative and Full Service agencies have been combined under the heading 'Creative' for analysis purposes.

Base: All participating IAPI member companies

Number of Full-Time Employees in Creative Agencies and in Media Agencies

64% of Creative Agencies/Groups have less than 50 staff



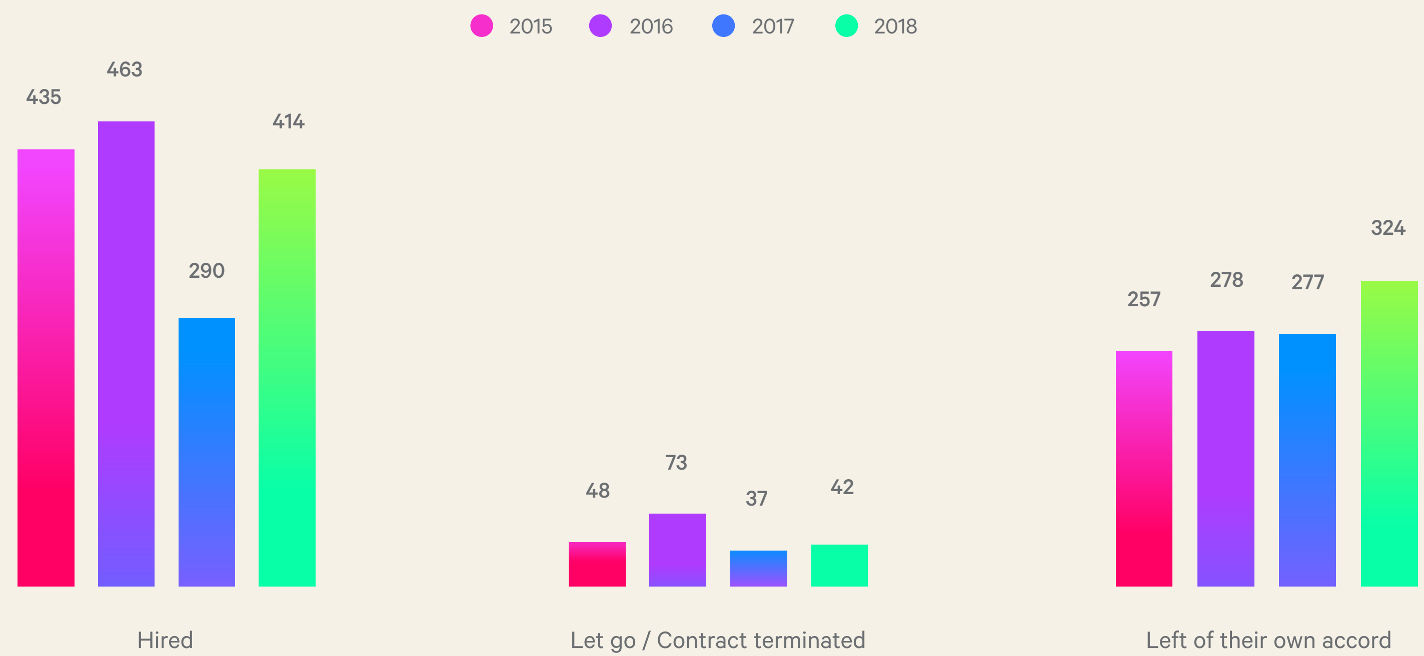
20% of Media Agencies/Groups have less than 50 staff.

*Creative and Full Service agencies have been combined under the heading 'Creative' for analysis purposes.

Q3 What is the total number of staff employed in your agency?

All participating IAPI member companies

Level of Staff Churn for Y/E 2018



	Hired 2015	Hired 2016	Hired 2017	Hired 2018	Let go 2015	Let go 2016	Let go 2017	Let go 2018	Left 2015	Left 2016	Left 2017	Left 2018
Creative	246	230	150	193	38	54	18	29	158	157	116	145
Media	189	233	140	221	10	19	19	13	99	121	161	179

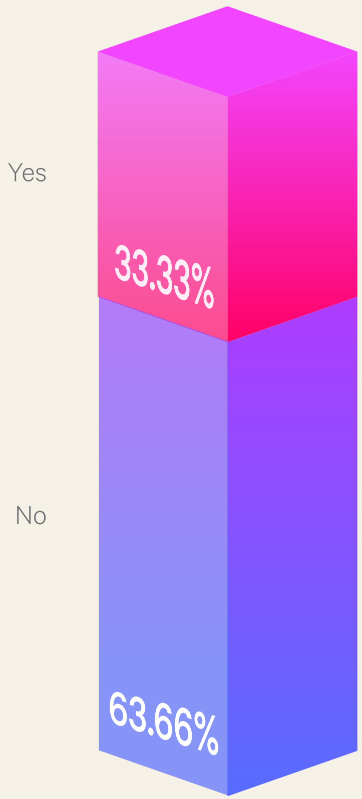
*Creative and Full Service agencies have been combined under the heading 'Creative' for analysis purposes.

Q5 In the year ending December 2017, how many of your staff were ......

All participating IAPI member companies

Skills Gaps in Workforce

Skills Gaps



Areas of Skills Gaps

- Digital Skills
- Digital Strategy
- Creative Strategy
- SEO
- UI/UX Skills
- Motion Graphics
- HR, IT
- Planning

Q4f Does your organisation have any significant gaps in the range of skills supplied by your current workforce?

Q4g What areas of business are most affected by these skills gaps or shortages?

Base: All IAPI member companies

% Breakdown of Staff by Department - Creative & Media

	Creative %	Media %
Chair/ CEO/ MD/ Managing Partner/Board Director	5	4
Other Executive Management	5	4
Account Management	26	9
New Business/ Marketing/ PR	1	0
Account/Strategic Planning	5	4
Research/Information	2	2
Media Planning and Buying	1	35
Search/SEO	0	7
Media Research	0	*
Other Media	0	16
Creative	26	3
Project Management	1	1
Digital (e.g. Programmers/ Web Designers)	0	3
TV/Cinema/Radio Production	4	0
Production Administration	1	*
Financial staff	5	6
Human Resources/ Training	1	1
IT	1	1
PA/ Secretaries	2	1
All other staff	14	3

Q4a Please provide your breakdown of staff by each of the following departments

Base: All IAPI member companies

% Breakdown of Staff by Department - Creative & Media

	Creative		Media		Total	
	Number	%	Number	%	Total	%
Chair/ CEO/ MD/ Managing Partner/Board Director	41	5%	28	4%	69	4
Other Executive Management	45	5%	31	4%	76	5
Account Management	219	25%	70	9%	289	18
New Business/ Marketing/ PR	11	1%	1	*	12	1
Account/Strategic Planning	38	4%	27	4%	64	4
Research/Information	15	2%	12	2%	27	2
Media Planning and Buying including programmatic	7	1%	267	35%	274	17
Search/SEO	1	*	58	7%	59	4
Media Research	4	*	3	*	7	*
Other Media	1	*	118	16%	119	7
Creative- (e.g. Copywriters/Art Directors/Digital/Design etc)	219	25%	19	3%	238	14
Project Management	12	1%	6	1%	18	1
Digital (e.g. Programmers/ Web Designers/Production/ Project Management etc)	51	6%	25	3%	76	4
TV/Cinema/Radio Production	33	4%	0	0	33	2
Production Administration	10	1%	0	0	10	1
Financial staff (e.g. Financial Controller/ Payroll/ Cashiers)	44	5%	47	6%	91	5
Human Resources/ Training	6	1%	11	1%	17	1
IT	5	1%	7	1%	12	1
PA/ Secretaries	19	2%	10	1%	29	2
All other staff	111	11%	19	3%	130	7

- Total Staff (1651)*
- Creative (892)
- Media (759)

*Base: All participating IAPI member companies

Section 3

Diversity

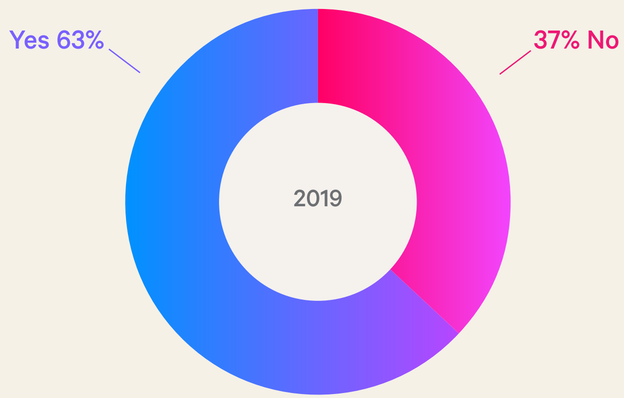
5% increase in female board directors

Section 3: Diversity

Key Findings

- Of significance is the increase from 28% last year to 33% in 2019 of female Board Directors across the IAPI membership. This is very encouraging and reflects the focus our industry has put on promoting females at the most senior level.
  - The percentage of females within Executive Management roles including Board positions has increased hugely from 37% in 2017 to 43%.
  - Females do continue to under index within creative roles however, only taking 35% of those positions vs. 65% males.
  - Within HR & Finance, females take the majority of roles, whereas IT and Digital are dominated by males.
  - Overall the gender balance across all roles and levels within the industry has remained static over the past 6 years with a small 3% increase in females now representing 54% of the total workforce.
- In terms of overall diversity, 13% of our workforce are foreign nationals which, although an increase on last year, still needs improving if we are to truly reflect the society we are marketing to.
- The age profile of our industry continues to get younger with 47% of the workforce under 30 vs. 43% last year.
  - This year we've seen an increase in under 21s in the workforce, taking a significant 11% of all roles within creative agencies and 6% across all respondents.

Presence of a Diversity Policy



Q7 Does your organisation have a diversity policy in place?

Base: All participating IAPI member companies

% Breakdown of Staff by Department – Gender

	Male		Female		Total	
	Number	%	Number	%	Total	%
Chair/ CEO/ MD/ Managing Partner/Board Director	69	9%	42	5%	111	6%
Other Executive Management	39	5%	38	4%	77	5%
Account Management	86	11%	202	22%	288	17%
New Business/ Marketing/ PR	1	*	10	1%	11	1%
Account/Strategic Planning	30	4%	34	4%	64	4%
Research/Information	8	1%	19	2%	27	1%
Media Planning and Buying including programmatic	105	14%	164	18%	269	16%
Search/SEO	34	4%	25	3%	59	4%
Media Research	3	*	5	1%	8	*
Other Media	52	7%	75	8%	127	7%
Creative- (e.g. Copywriters/Art Directors/Digital/Design etc)	153	20%	85	9%	238	14%
Project Management	11	1%	7	1%	18	1%
Digital (e.g. Programmers/ Web Designers/Production/ Project Management etc)	54	7%	22	2%	76	5%
TV/Cinema/Radio Production	15	2%	17	2%	32	2%
Production Administration	6	1%	4	*	10	*
Financial staff (e.g. Financial Controller/ Payroll/ Cashiers)	24	3%	67	7%	91	5%
Human Resources/ Training	1	*	16	2%	17	1%
IT	11	1%	1	*	12	1%
PA/ Secretaries	0	*	29	3%	29	2%
All other staff	67	10%	63	6%	130	8%

- Total Staff (1616)
- Male (763)
- Female (853)

Q4a Please provide your breakdown of staff by each of the following departments

Base: All IAPI member companies providing gender breakdown

2019 Gender Breakdown of Industry Staff

Roles with significant gender bias

ALL STAFF

46% Male 54% Female

CHAIR / CEO / MD / DIR

62% Male 38% Female

CREATIVE ROLES

64% Male 36% Female

ACCOUNT MANAGERS

30% Male 70% Female

MEDIA BUYERS /PLANNERS

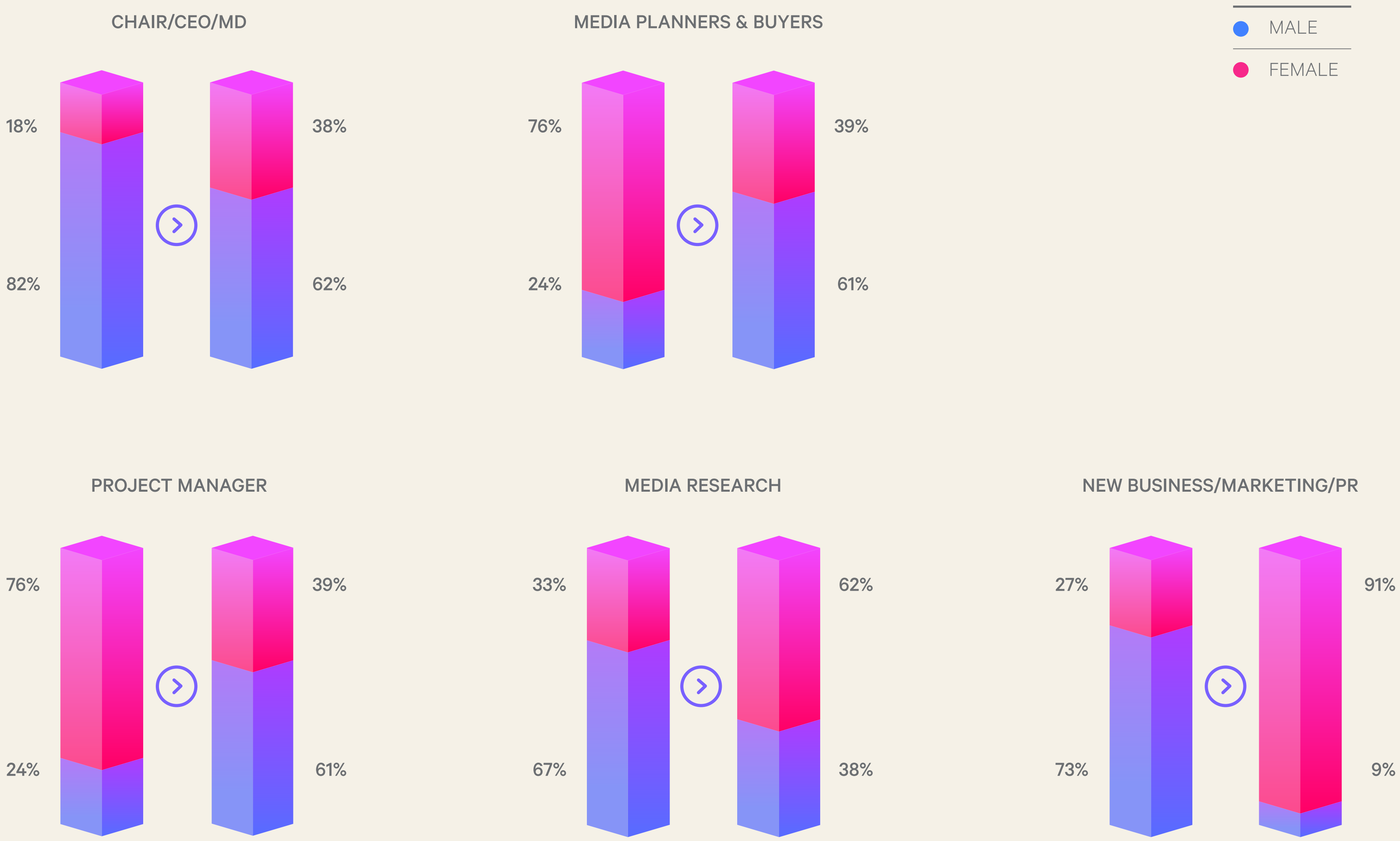
39% Male 61% Female

PROJECT MANAGERS

61% Male 39% Female

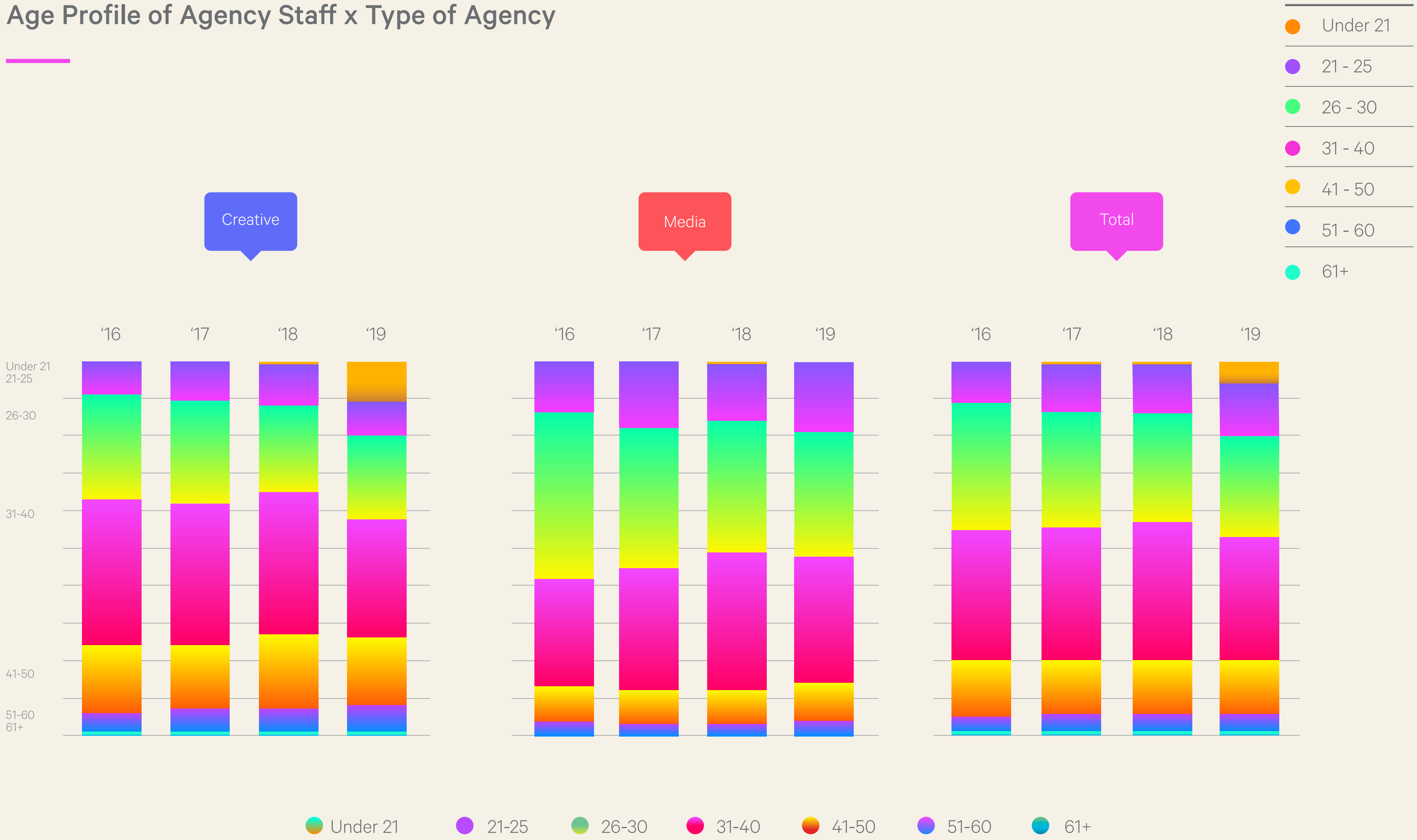
Base: All IAPI member companies providing gender breakdown

Positions with significant shift in gender split over last 4 years



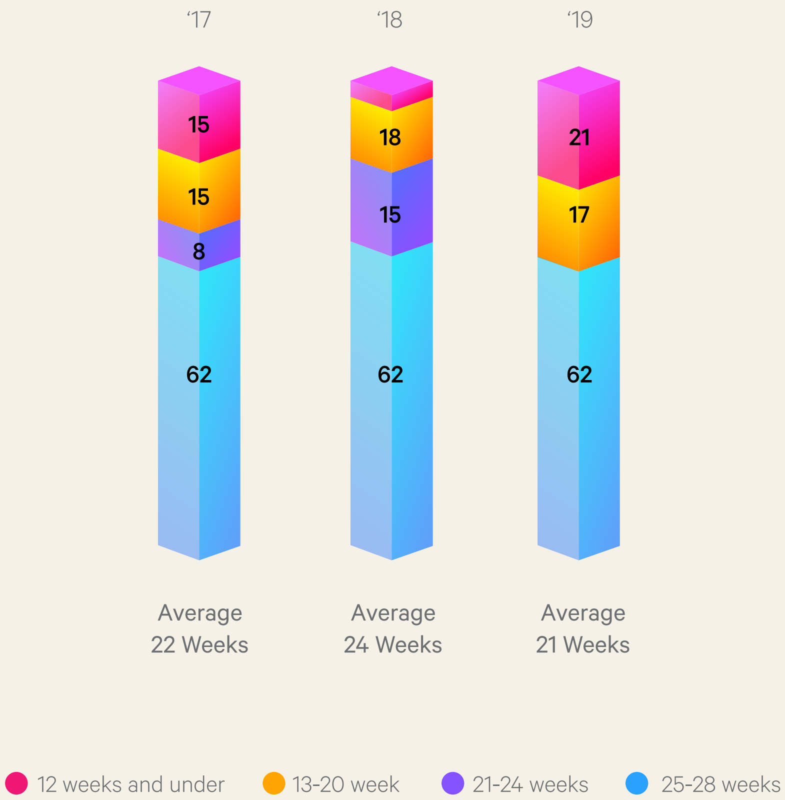
Base: All IAPI member companies providing gender breakdown

Age Profile of Agency Staff x Type of Agency



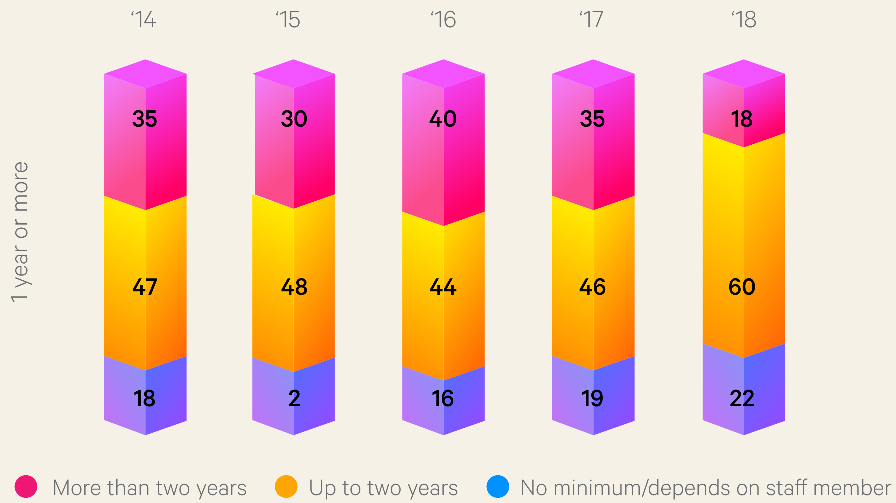
Base: All participating IAPI member companies

Duration of Paid Maternity Leave



Q31b How many weeks maternity pay do you usually pay for?

Duration of Employment for Paid Maternity Leave



Q31c What is the minimum employment duration that applies before a staff member qualifies for paid maternity leave?

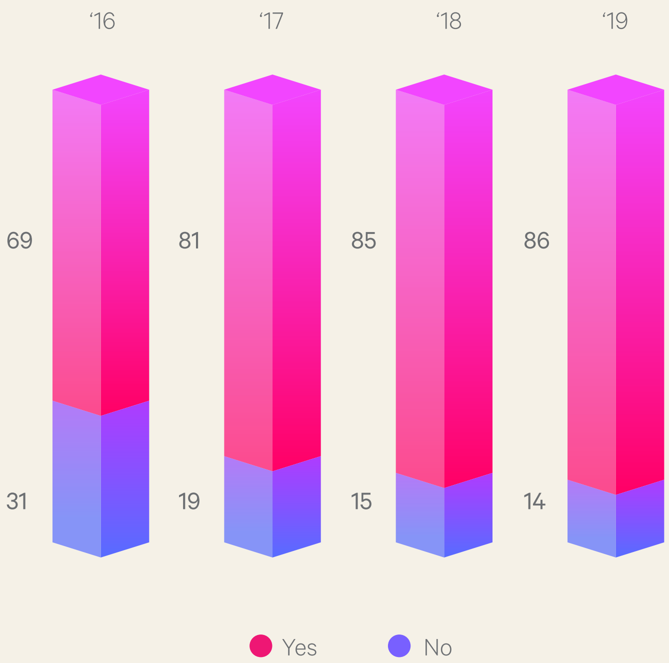
Base: All who provide Paid Maternity Leave – 23

Maternity & Paternity Policies & Benefits

- The average for paid maternity leave has decreased a little to an average of 21 weeks vs. 24 weeks last year. On a more positive note, maternity benefits are kicking in earlier in tenure with 82% of respondents offering maternity benefits up to 2 years employment vs. 65% Last year.
- Paid paternity leave continues to be available in three quarters of respondents.

Maternity Benefits within IAPI Member Agencies

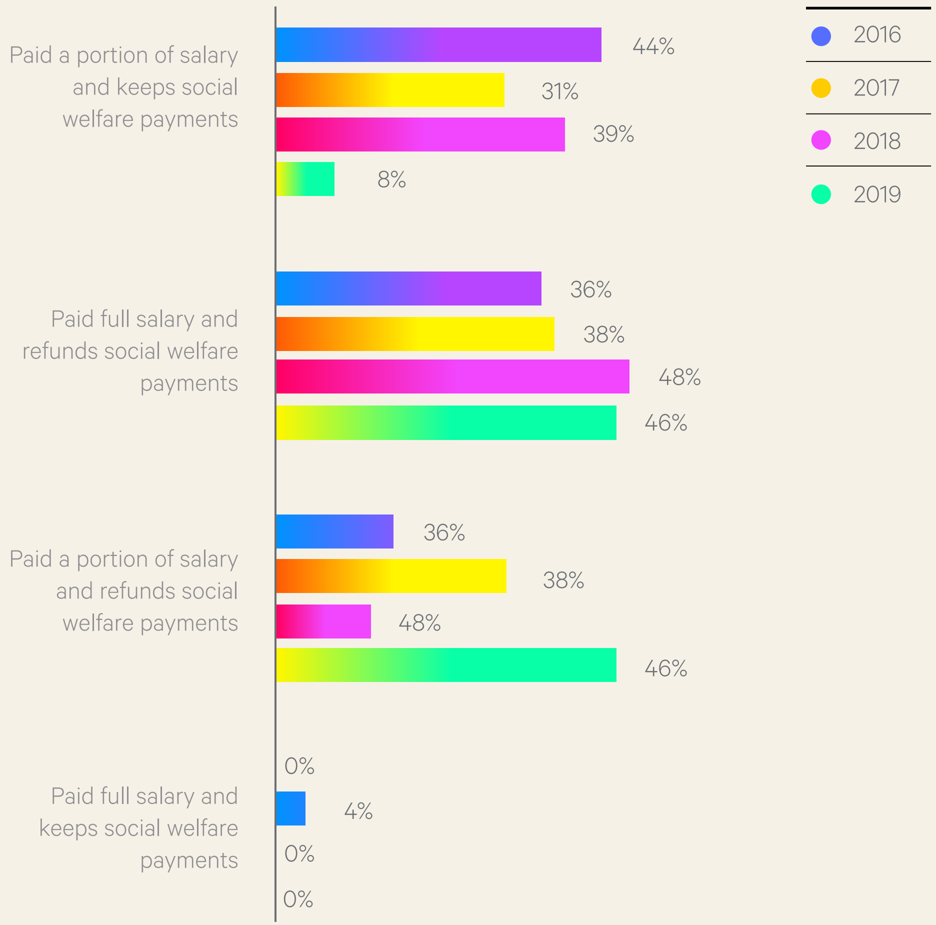
Incidence of providing paid maternity leave



Q29/31a Which of the following best describes how you implement paid maternity leave?

Base: All participating IAPI member companies

How is paid maternity leave implemented?*

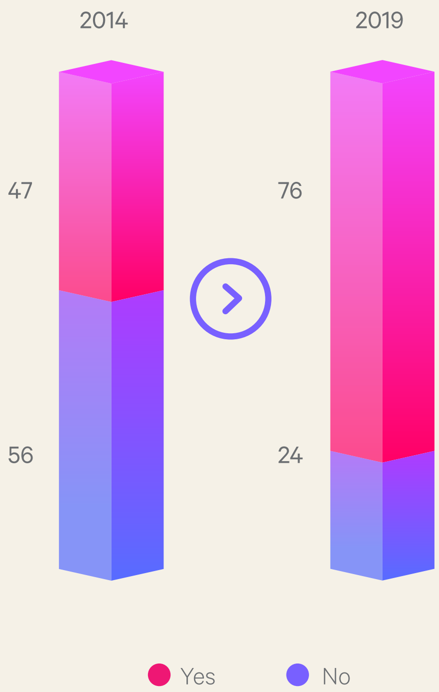


Q29/31a Which of the following best describes how you implement paid maternity leave?

Base: All who offer paid maternity leave

Incidence & Duration of Paid Paternity Leave

Changes over the last 5 years



Total Number of days provided

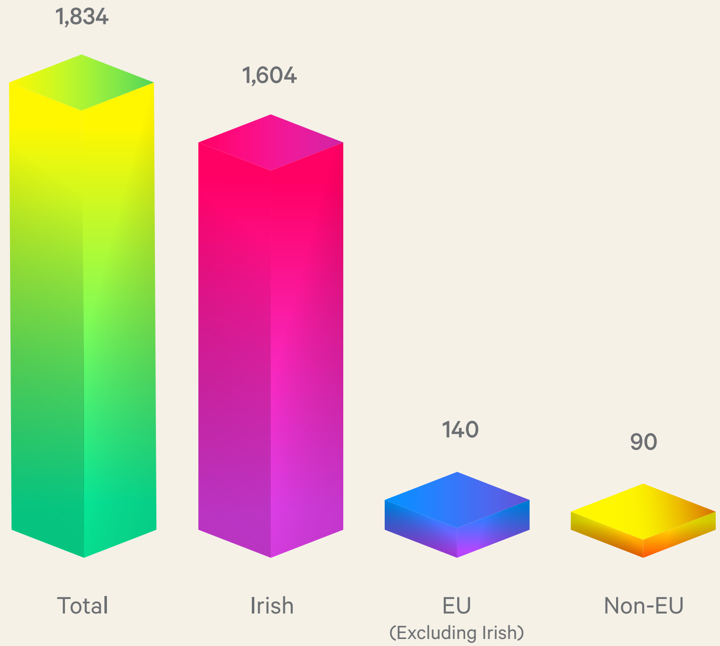
	2014*	2019*
Up to 3 days	7%	0%
4-5 days	43%	15%
6-10 days	36%	60%
11-15 days	7%	10%
15+ days	-	15%
Not specified	7%	N/A

* Caution small base

Q32 How many days paid paternity leave do you provide to staff?

Base: All who provide Paid Paternity Leave – 20

Employee Breakdown x Nationality



Base: All participating IAPI member companies

Section 4

Commercials

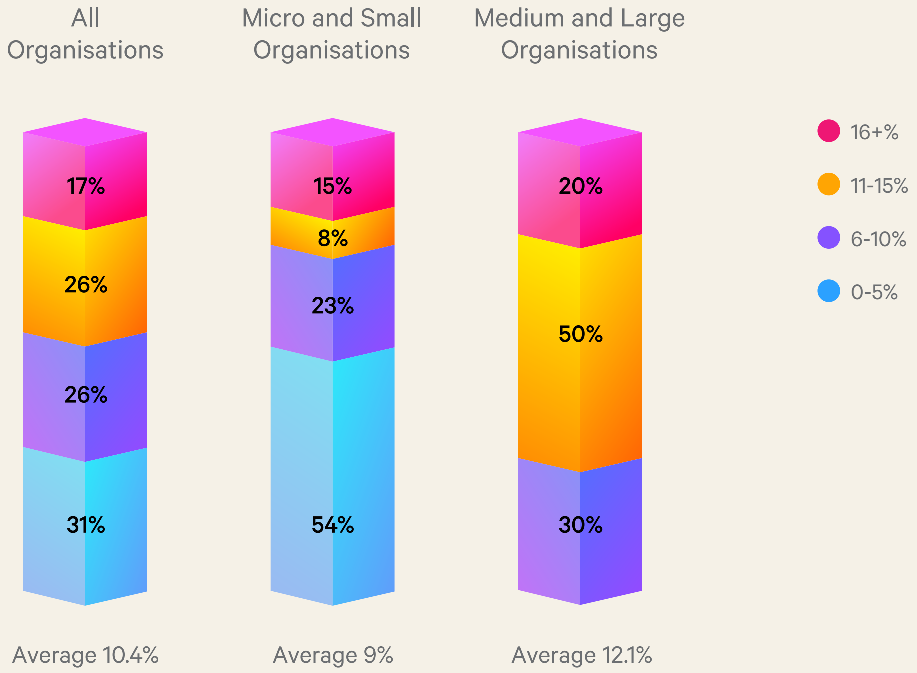
Profit Margins back to double digits.

Section 4: Commercials

Key Findings

- Commercials for the industry in 2018 were definitely more positive overall than in 2017 with operating profit margins back up to 10.4% from 9.8% in 2017.
- Gross income and media billings increased marginally between 2017 and 2018 for the industry reflecting the increased levels of activity seen last year.
  - The average and total creative income increased by 3.6% YOY
  - There was less of an increase in media billing with both the average and total increasing by 1.1% YOY
- International business did not increase between 2017 and 2018 among respondents.
- The balance of project vs. retainer fees income continues to creep up in favour of projects – 36% vs. 33% last year
  - However, it is heartening to see media agencies increase their retained fees to on average 60% of revenues vs. 31% two years ago.
- Pitching continues to be a major drain on resources and funds albeit the average number of hours spent on pitches remaining similar to the previous year
  - 3rd party costs averaged nearly €50,000 per pitch for media agencies and nearly €40,000 for creative agencies.
  - Respondents calculated that pitching in 2018 averaged €190,000 in staff costs
  - The astonishing fact is that on average, agency staff spend 53 hours per pitch and they do this on average, 11 times a year
- The cost of award entries, employee training and recruitment continues to be a sizeable investment for the industry totalling on average over €80,000 per annum.

Operating Profit Margin

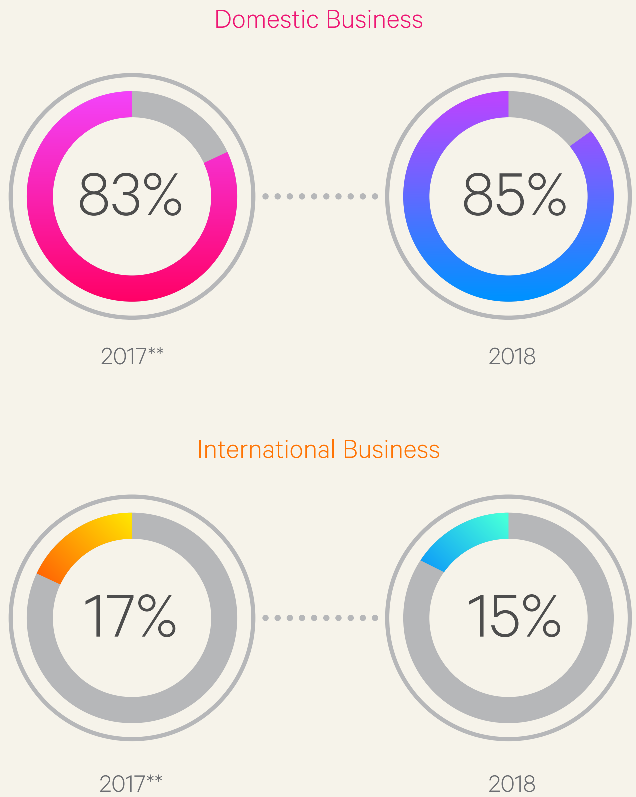


	Average €			Total €		
	2017*	2018	%	2017*	2018	%
Gross Creative Income	€3,395,180	€3,395,180	+3.6	€64,508,427	€66,822,466	+3.6
Media Billings	€41,372,000	€41,828,933	+1.1	€620,580,000	€627,434,000	+1.1

*Please note: 2017 data collected as part of 2019 study. Data collected in studies from previous years excluded due to update in questionnaire and to ensure consistency in comparability of results.

Base: 20 creative agencies (20 creative and 2 full service), 5 media

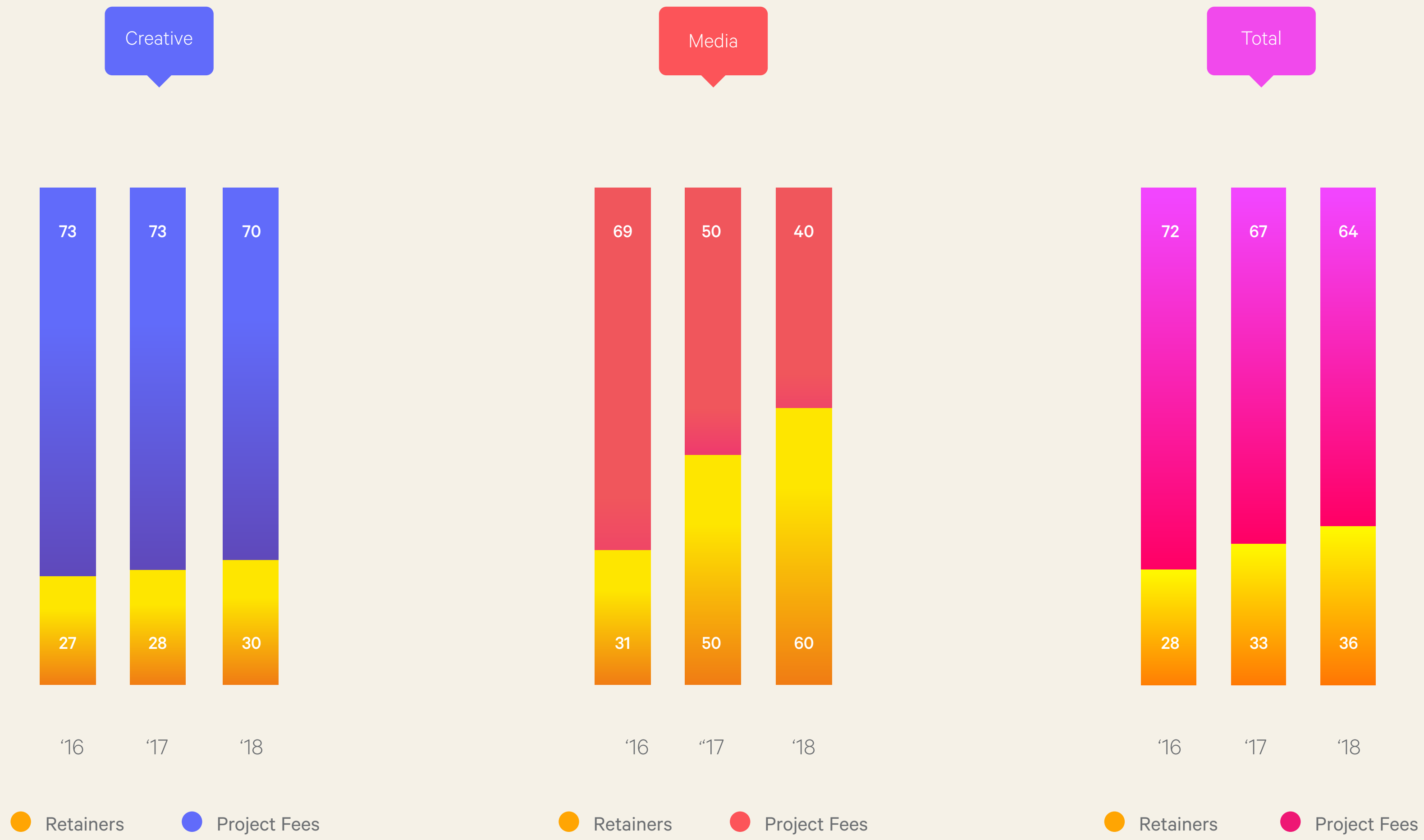
International Vs. Domestic split of company income provided



*Please note: 2017 data collected as part of 2019 study.
**Please note: 2017 data collected as part of 2018 study.

Base: all IAPI agencies which provided income/billings data for each year

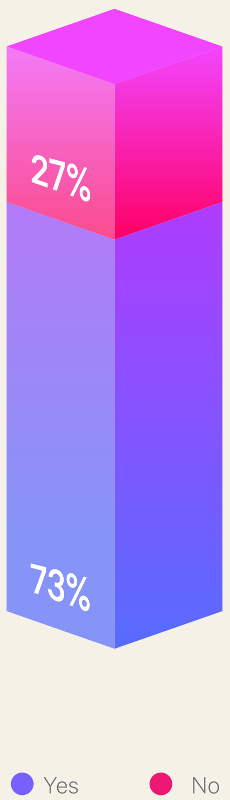
% Income Breakdown for 2018



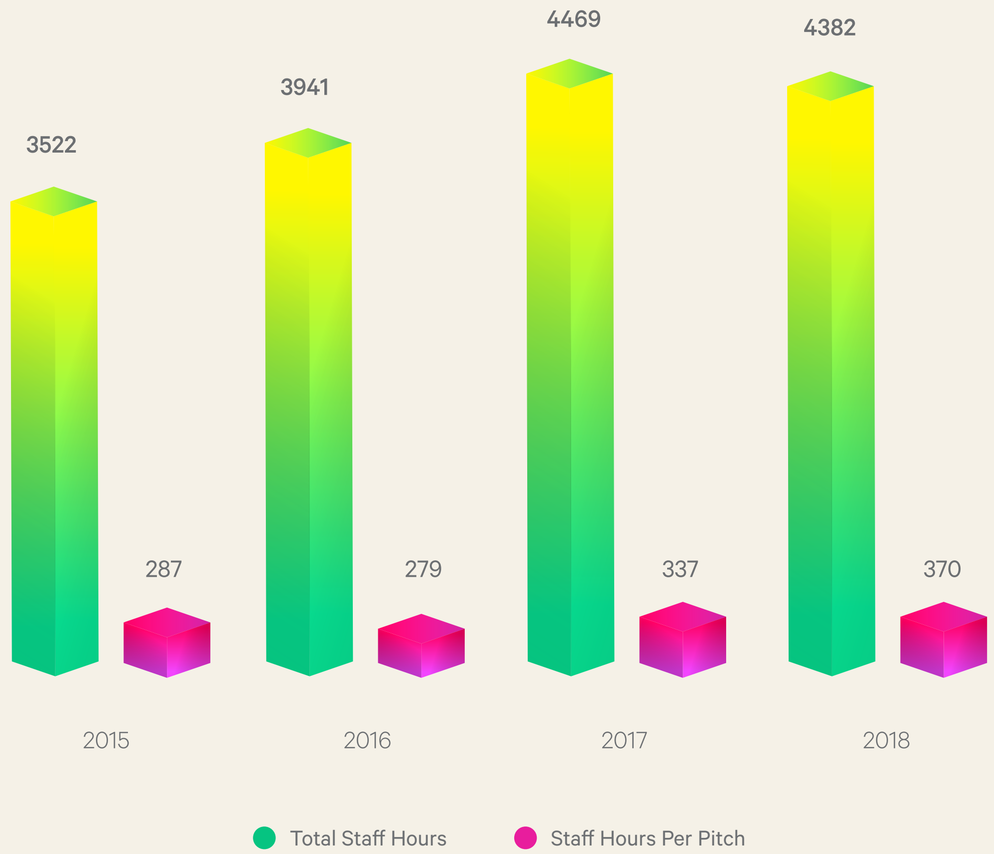
Q26 What percentage of your total income for 2018 was derived from the following revenue models?

Incidence and Duration of Pitching

Track Time Pitching



Total and average number of hours spent on Pitching

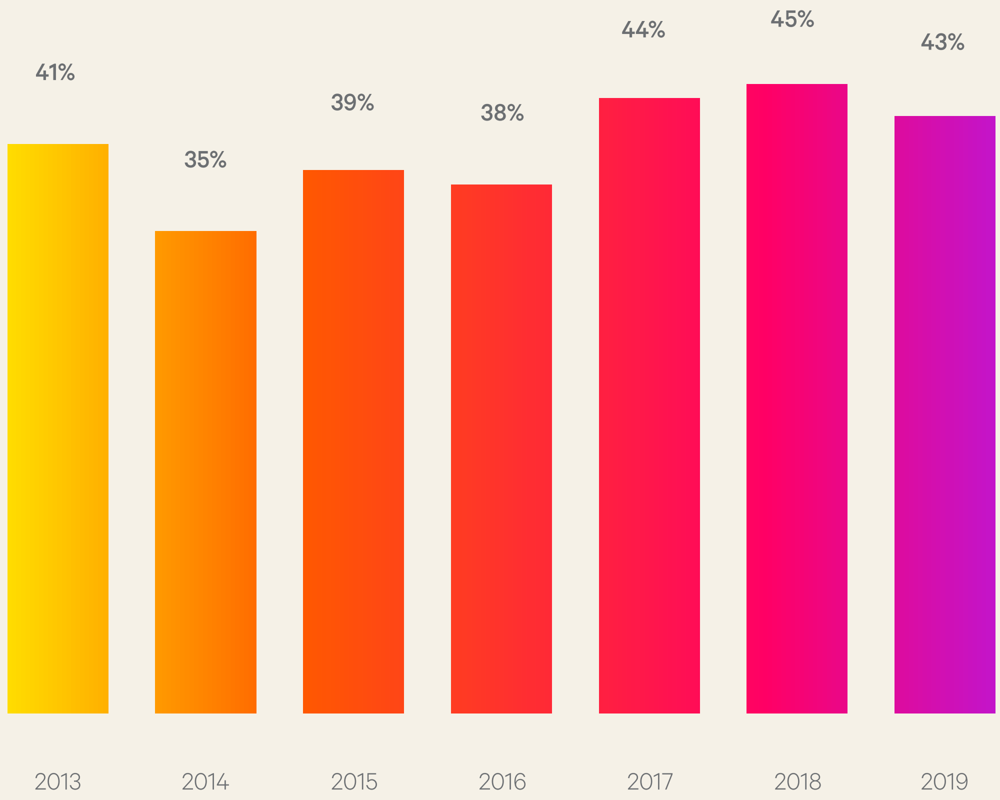


Base: IAPI member companies

Average Third Party Costs & Hourly/Staff Costs when Pitching

Third Party Costs	Staff Costs
Creative €37,134	Creative €184,289
Media €47,000	Media €218,333
Overall Avg. €38,479	Overall Avg. €189,395

Average % of Clients Using a Procurement Department



Base: All participating IAPI member companies

Section 5

Looking to the future

Brexit uncertainty contributing to a cautious outlook.

Section 6: The Future

Key Findings

- The continued political and economic uncertainty caused by Brexit is once again impacting our members view of the industry's future with over half anticipating no change in turnover figures this year.
  - In fact, even fewer members (27% vs. 41% in 2018) see an increase in industry turnover this year.
  - Although it is worth noting that no respondents expect a decline in revenues this year.
- Members are more optimistic about their own organisations however, with no-one anticipating a decline in their business and nearly half anticipating growth. Interestingly, this reflects confidence in their own agency but not with the collective industry.
- Despite the expressed talent and skills shortage, only a third of respondents anticipate their staff levels to increase this year vs. over half last year.
- Growth from international business continues to trend with over half of respondents stating they intend to pursue new global accounts and 27% aiming to increase existing global accounts.

Perceived challenges:

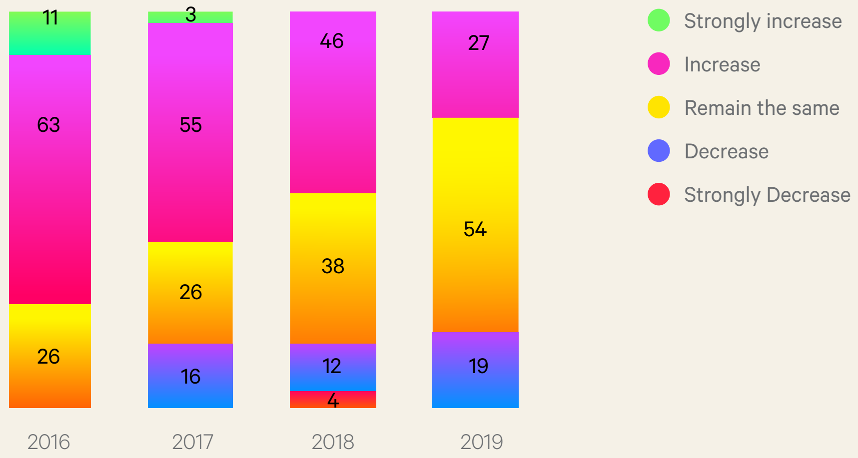
- These are similar for both Creative and Media agencies, chiefly being staff retention, reduced marketing budgets, clients in-housing services and staff wage demands
- For Media agencies, competition from FAANGs, clients moving digital buying in-house and increasing client expectations appear to be the biggest challenges.
- For Creative agencies, Brexit and achieving volume growth are seen as considerable challenges.

Opportunities for the industry:

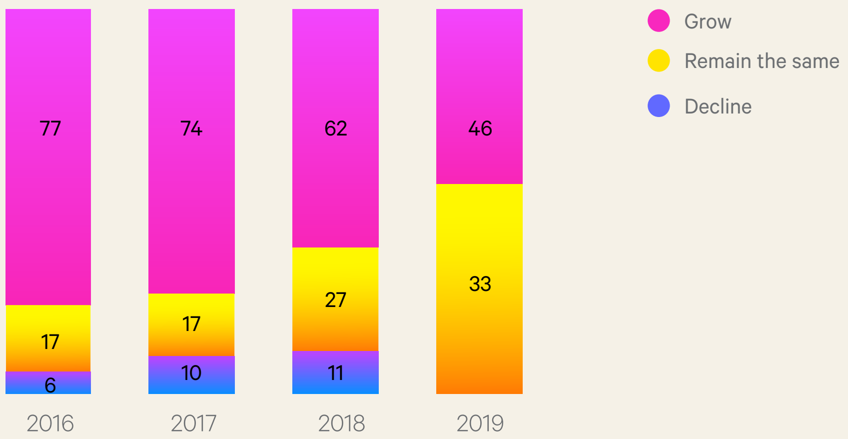
- Diversification of services and investing in new areas of expertise are high on the list.
- The trend towards integrated media and creative is seen as key opportunity by media agencies.
- Creative agencies continue to see in-house production as an opportunity as well as further global business.

- In-housing is seen as a continued trend (and threat to our industry) and is probably here to stay. However, the scale of the Irish market is certainly to our advantage here as the majority of clients would not be of sufficient size to justify a permanent, in-housed solution.

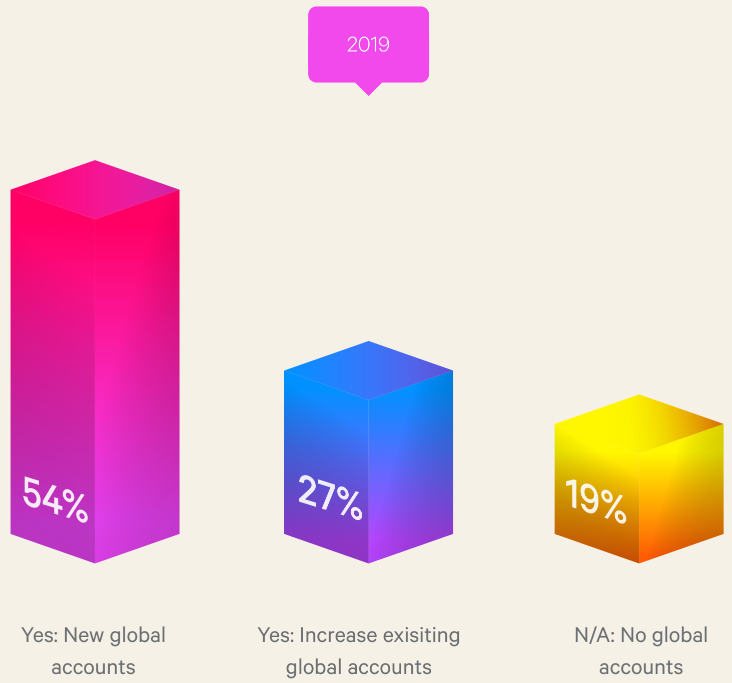
Estimated Turnover Changes for the Industry in the Year Ahead



Forecasts for Own Agency

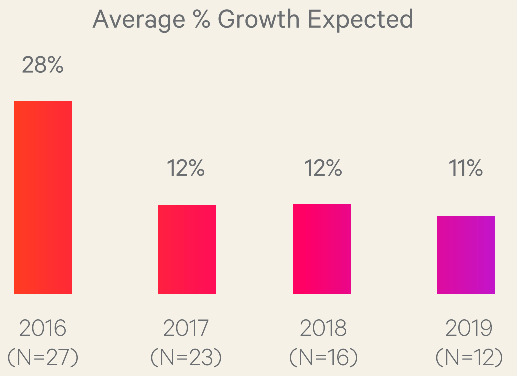


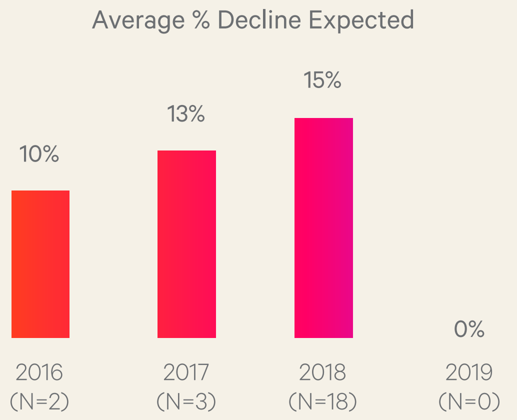
Intent to Pursue Global Accounts and Clients



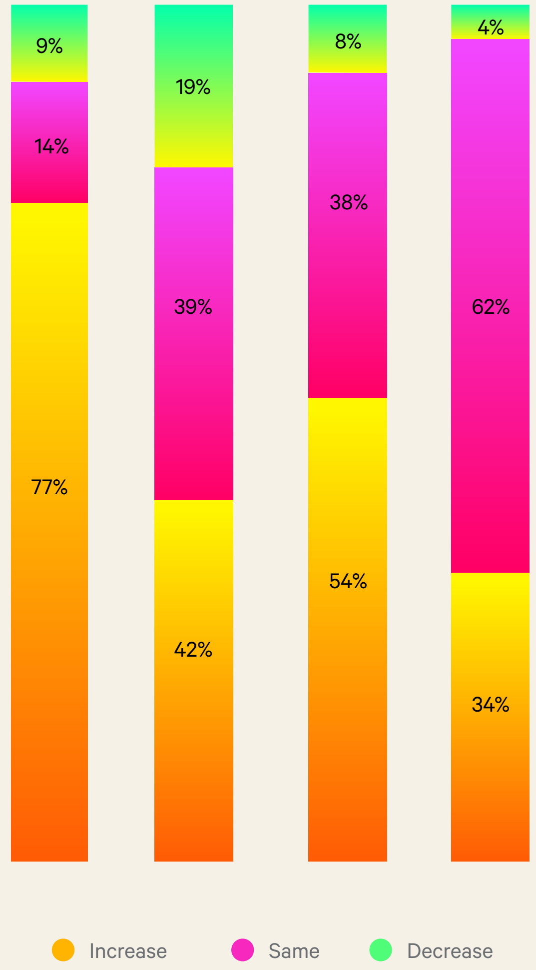
Base: All participating IAPI member companies

Expected Levels of Growth/Decline in 2019



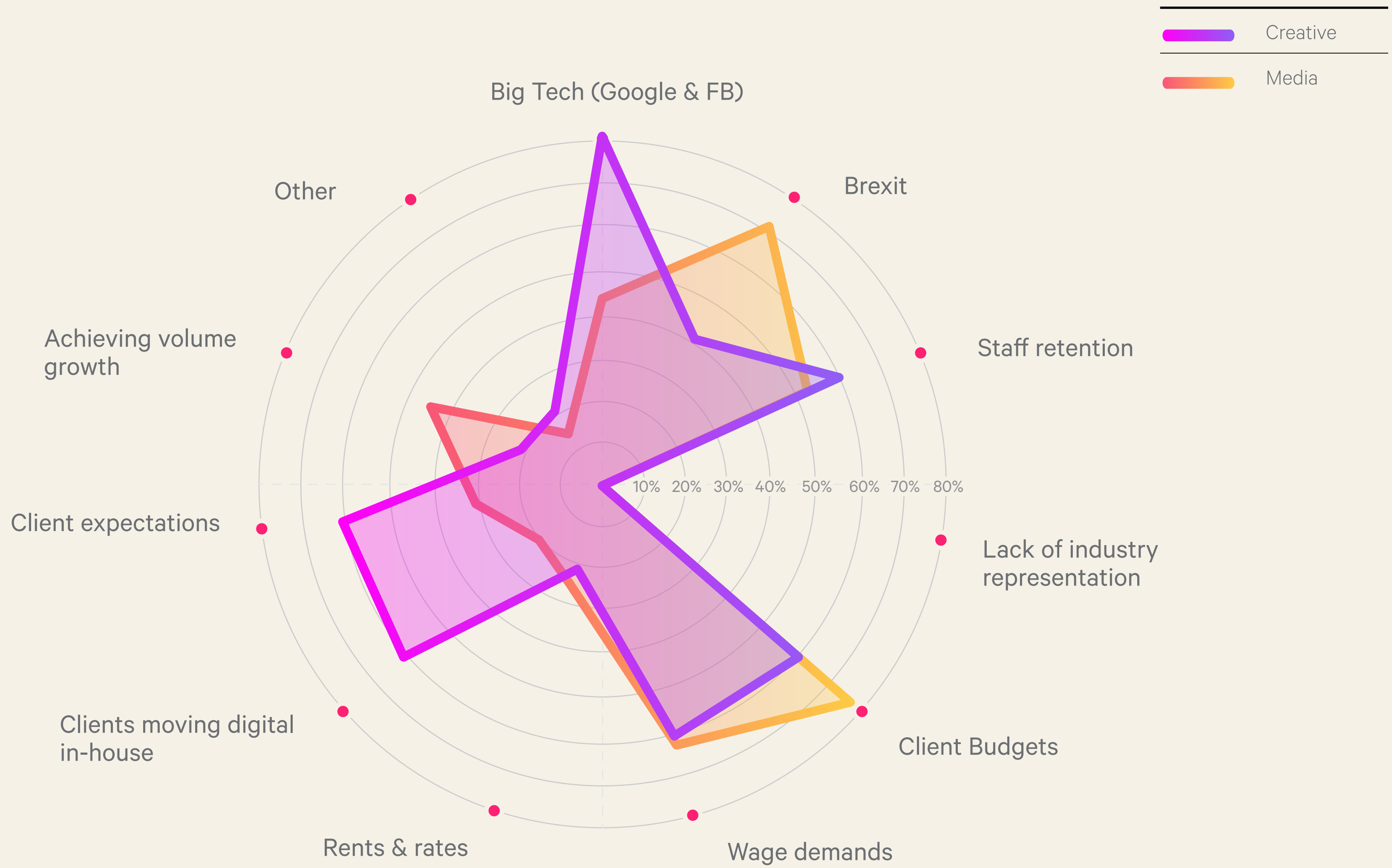


Anticipated staff hires for 2019



Base: All participating IAPI member companies

Main Agency Challenges in 2019



Q17 What do you see as the main challenge for your agency in 2019?

Perceived Agency Opportunities 2019

Creative

Media

Consolidation of all marketing services under on roof

Investing in new areas of expertise

Diversification from core media planning and buying into content, digital partnerships, data projects and research

International growth

Diversification

Development of CX and in-house production services that we can sell on to our existing client base

Widening of services offered

Growing existing accounts

Organic growth in new & existing digital channels

Growth in GB market

Compete and win further global business

Q18 And what are the main opportunities for your agency in 2019?

Emerging Trends

Creative

Media

Cost pressures; Disruption to their industry; Growth pressures

Brexit-related restraint and tighter budgets

Movement of certain services in house

Clients are increasingly taking creative work in house (studio & social in particular)

Tighter budgets

More creative and production work being moved in house by clients

Increased involvement of Procurement, shorter contract lengths, resistance to moving away from the hourly cost model, more services being brought in-house, greater focus on Content

Tightening of budgets, demands for more reporting and more for less

In housing

More in house being done especially with social media aspects of advertising.

More for less. A squeeze on pricing and fees. Digital in-housing.

Q19 What trends or emerging changes in client behaviour has your agency observed over the last 2-3 years?

A final word

It's no secret that our industry has suffered in recent years from a myriad of negative market forces including reputational damage; lack of confidence; losing consumer and client trust; erosion of C suite access in favour of consultancies; and general lack of pride among ourselves for the work we do. There has also been a reduction in spend and with A+P spend moving to search vs creative solutions and digital production, it has created false expectations of the investment required for quality creative execution.

Some of our members have already started a change and reframing programme to combat these negative forces, however, there's still a lot of work to do across the industry as a whole. Two of our strategic imperatives over the next 3-5 years are aimed at reversing this trend within the Irish market and demonstrating the enormous value of what we do with our key stakeholders, chiefly our clients.

1. Reframe the Narrative for C Suite in Ireland

The first strategic initiative is aimed at overcoming the language and cultural barrier between the C Suite (particularly in the financial functions or where the CEO/MD has come from a financial background). For example, IAPI are co-hosting an event with the Institute of Directors in August entitled "Putting brand at the heart of your financial strategy".

Seminars like these will continue to form a key part of the IAPI calendar in order to promote the value of our work in a financial context and actively seek participation from the CFO community.

In addition, we have provided (and will continue to provide) education and training to our members to reframe their narrative and help them to innovate their offering and services. We need to engage more with the CFO community both in negotiating with procurement and helping their marketing clients position campaigns and brand strategies within a more commercial context.

2. Promote Ireland as a Centre of Excellence

This second initiative is specifically rooted in IAPI's Purpose: "To firmly establish the industry as a vital part of Ireland's future growth engine".

IAPI's ambition is to execute a Corporate Communications strategy over the next 5 years that positions Ireland as a viable centre of excellence for our industry. We believe that this initiative, communicated to the right audiences with the right messaging will:

- Provide us with a single-minded and motivating message for our industry
- Unite us with a common purpose
- Provide us with a unique proposition with which to promote the Irish Industry at home and abroad
- And help us to achieve double digit growth for our members within 3 years.

The creative platform for this initiative is demonstrated with the first of a series of creative executions "Ireland – Where Creative is Native" and we must thank Bonfire Ltd for this specific execution.

Charley Stoney
CEO IAPI

iapi

TITLE
Newgrange Passage Tomb.

BRIEF
Promote worship and fear.

INSIGHT
Nothing puts the fear of a God into a Neolithic farmer like a spellbinding astronomical alignment.

SOLUTION
Experiential activation.

CAMPAIGN SUMMARY
Team built an impressive chamber where local dignitaries and influencers could experience the Winter Solstice.
The campaign was such a WOM success that the strategy was later used in other markets including Stonehenge and the Great Pyramids of Egypt.

IRELAND
WHERE CREATIVE IS NATIVE

iapi

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