

2020 2021

HEALTH OF THE ADVERTISING INDUSTRY REPORT

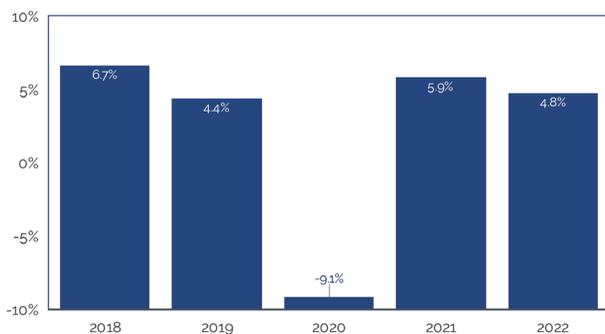
2020 Changed Everything

According to Statista, the United States was the world's largest spender in advertising, spending over \$242 billion in 2019 alone. Most experts projected continued growth into 2020 and beyond, however the global pandemic changed everything. Overnight advertising spend dropped significantly. In Q1 of 2020, the International Advertising Bureau (IAB) surveyed 400 buy-side decision-makers to determine how COVID impacted their plans for the remainder of the year. Almost 24% of respondents indicated that they had paused all media buys through Q2, and another 46% said they had adjusted their ad spend.

This seems fitting, since consumer behavior also changed overnight. Gone were the sports, cinemas, gyms, bars, restaurants, and more. Restrictions were put in place and everyone was forced into lockdown. Advertisers needed to pivot and adjust their strategies so that they were in-line with where consumers were – online and on television. Weekend and weekday television trends blurred while social media, gaming and digital shopping soared.

COVID impacted consumer spend across a number of industries with travel and tourism, brick and mortar retail, restaurants and automotive hit the hardest. Without consumers spending, many businesses had to prioritize survival over brand-building.

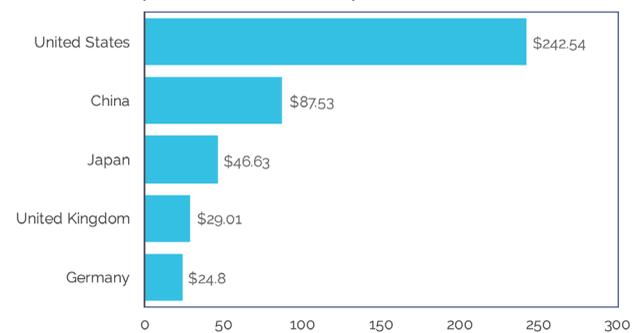
Growth of ad spending worldwide from 2018-2022



Source: Zenith (2020)

Ad spending in the world's largest ad markets in 2019

(in billion U.S. dollars)



Source: Statista (2019)

Advertising in the United States

So what impact does all of this have on the industry as a whole? Currently there are more than 2.1 million professionals in the advertising and public relations industries in the United States and hiring demand is high. Gender diversity is equal, and the average compensation is \$78,318 across all professions. The top geographies for this talent are Los Angeles, New York City, Chicago, and San Francisco.



24%

of advertising surveyed
paused media buys through
Q2 2020 because of the
COVID-19 outbreak

Nationally, growth seems to be in-line with the continued shift to digital advertising. Content specialists, social media managers, digital marketing specialists, and social media marketing specialists were among the fastest growing titles in the industry. Founders and co-founders also saw significant growth, which supports the trend for startups increasing in difficult economic times.

The fastest growing skills reflect the same trend. Content marketing, analytical skills, Instagram, Google Analytics, data analytics, and Google ads were all among the fastest growing skills. Notably, storytelling and brand awareness also made the list, pointing to the way marketers have shifted brand building in an era of uncertainty and consumer confusion.

Professionals in this industry tend to be educated; 73% of professionals hold a Bachelor's degree while 13% hold a Master's Degree, 7% hold an MBA, and 2% hold a Ph.D. The top five employer value propositions that professionals in advertising and public relations weigh the most are: excellent compensation and benefits (68%), good work-life balance (63%), colleagues and culture that inspire employees to do their best (46%), open and effective management (43%), and flexible work arrangements (41%).



Publicis Groupe's Zenith
expects US ad spending
to rise 3.2% to
\$237
BILLION IN 2021
following a 5.4% drop
in 2020

Advertising in the Louisville Metropolitan Statistical Area

When we compare how the Louisville MSA ranks against the national trend, we see that Louisville has just over 8,000 professionals, a 1% decline from 12 months prior. Gender diversity is near equal (51% female), and the average compensation is a bit lower at \$62,489 than the national trend, although significantly higher than the average of all jobs in the MSA (\$32,999 per capita income; \$61,172 median household income).

The top five employers of this talent are Doe-Anderson (125 professionals, an increase of 1% over the last 12 months), Scoppechio (125 professionals, a decline of 18% in the last 12 months), Accent Marketing (90 professionals, no growth or decline over the last 12 months), Power Agency (88 professionals, an 8% decline over the last 12 months), and SGS & Co (83 professionals, a 7% decrease in the last 12 months). Louisville agencies pull over one-third of talent locally, with the University of Louisville, University of Kentucky, Western Kentucky University, Indiana University Southeast, Bellarmine University, Sullivan University, Jefferson Community College (JCC), Indiana University Bloomington, Eastern Kentucky University, and Murray State University producing more than 37% of all professionals.

Fastest growing skill sets for advertising professional

(percentage change in the number of professionals with this skill compared to the number of professionals one year prior)

Skills	1 Yr Growth ▾
Content Marketing	22%
Analytical Skills	21%
Instagram	17%
Google Analytics	12%
Google Ads	11%
Data Analysis	11%

Source: LinkedIn Talent Insights

Top Five Employers of Advertising Talent in Louisville

(percentage change in the number of professionals employed by this agency compared to the number one year prior)

Agency	Professionals Employed	1 Yr Change
Doe Anderson	125	+1%
Scoppechio	125	-18%
Accent Marketing	90	0%
Power Agency	88	-8%
SGS & Co	83	-7%

Source: LinkedIn Talent Insights

In the Louisville MSA, growth also seems to mirror some of what we see nationally, with an emphasis on digital titles: Social Media Coordinators, Content Writers, Social Media Marketing Specialists, or Digital Marketing Consultants. However, the fastest growing title in these industries is Chief Marketing Officer, which saw an increase of 19 professionals and 36% growth in the last 12 months. Also growing quickly are Directors of Business Development, Marketing Assistants, Senior Copywriters, and Production Specialists.

When we look at the fastest growing skills, digital skills again represent the bulk of growth: Google Ads, analytical skills, content strategy, Google Analytics, customer relationship management, and data analysis. However, finance was the fastest growing skill, with 174 professionals adding that in the last 12 months (an 18% increase).

Education in Louisville is right in-line with the national trend, with 73% of professionals holding a Bachelor's degree, 11% holding a Master's Degree, 8% holding an MBA, and 1% holding a Ph.D. This is significantly higher than the MSA for all populations, which reports 18% of professionals 25 and older holding a Bachelor's degree, 8% holding a Master's Degree, and 1% holding a Ph.D.

Regional Comparison

But stacking ourselves up against the United States as a whole is only part of the picture. To fully understand how we compare, we need to look at other communities in our region. We performed this identical analysis for Cincinnati, OH, Columbus, OH, Indianapolis, IN, and Nashville, TN to see where we fit relative to our peer cities.

Top geographies for this talent



Source: LinkedIn Talent Insights

OVER
2.1M
advertising and
public relations
professionals in the
United States

Cincinnati, OH:



In contrast to the Louisville MSA, Cincinnati has significantly more advertising professionals, with 15,708. Gender diversity remains relatively equal, with 52% female and 48% male. When it comes to compensation, however, Cincinnati surpasses Louisville with an average compensation of \$72,312. While this figure is still lower than the average for the U.S., it's also significantly higher than the Louisville MSA, despite a similar cost of living expense.

Like Louisville, Cincinnati agencies pull talent locally. The bulk of professionals come from the University of Cincinnati, Miami of Ohio University, Northern Kentucky University, Xavier University, and Ohio University, though it should be noted that the University of Kentucky is within the top ten universities from which Cincinnati pulls advertising talent.

In Cincinnati, the titles that are fastest growing include Social Media Manager, Operations Manager, Marketing Assistant, Digital Marketing Consultant, Communications Specialist, Strategist, and Marketing Intern. This suggests that the Cincinnati marketplace is putting emphasis on the talent pipeline in two areas - in both the senior and long-term focus, and interns, the pathway to grow future talent.

Looking at fastest growing skills, we see some similarities with Louisville, notably with analytical skills, Google Ads, and financial education, but there has also been an increase in digital marketing, creative problem solving, and events.

Education in Cincinnati is on par with both the national trend and Louisville, with 73% of professionals holding a Bachelor's degree, 11% holding a Master's Degree, 8% holding an MBA, and 1% holding a Ph.D.

Columbus, OH:



When we turn our attention to Columbus, Ohio, they employ relatively the same number of advertising professionals that Cincinnati does, with 14,940. Gender diversity is almost equal with 51% of professionals identifying as female. Average compensation, however, is significantly lower than Cincinnati (albeit still higher than Louisville) at \$66,590. This is concerning as Louisville agencies attempting to relocate talent from this area will be at a significant disadvantage when it comes to compensation for work.

When it comes to fresh talent, like Cincinnati, Columbus agencies pull locally, from the Ohio State University, Ohio University, Columbus State Community College, Franklin University and the OSU Fisher College of Business. An interesting differentiator here is that the bulk of the degree programs are in marketing, with business and administration and communication studies representing almost as many marketing professionals. Journalism and graphic design degree programs are the least represented in the top fields of study.

By far, the fastest growing title among Columbus agencies is founder. 411 professionals in the Columbus marketplace identified themselves as founder in the industry during the designated period. The next closest was sales specialist (135), followed by marketing manager (112), digital marketing specialist, copywriter, account coordinator, sales director, and managing director. Should a significant number of these founders be successful, severe competition should be anticipated.

When it comes to the fastest growing skills in this market, content strategy and finance top the list, with web analytics, events, Instagram, brand awareness, creative problem solving, analytical skills, and content marketing coming in fairly equally.

Education in Columbus slightly outperforms Louisville and Cincinnati, with 75% of professionals holding a Bachelor's degree, 12% holding a Master's Degree, and 2% holding a Ph.D., however, just 6% hold an MBA.



Indianapolis, IN:

Much like our Cincinnati and Columbus counterparts, Indianapolis' agency professionals are nearly double those of the Louisville MSA, with 14,144 professionals. Like all of the regions we have seen thus far, gender equity is nearly equal, with 51% of professionals identifying as male. Average compensation in Indianapolis is lower than that of Louisville, at \$60,132.

Similar to Columbus and Cincinnati, local universities are producing the bulk of the talent for Indianapolis, with Indiana University Bloomington, Ball State University, Indiana University - Purdue University Indianapolis, Purdue University, and Ivy Tech producing the most talent. Similar to Columbus, most of the talent being produced falls under the marketing field (37%), with business administration and management, journalism, public relations/image management and communication studies rounding out the top five.

The fastest growing talent among agencies in Indianapolis is consultant, however, a few titles crowd the top of the list, and those include freelance writer, marketing coordinator, and digital marketing specialist. After those four, a large gap exists and the others are fairly equally distributed and concentrated heavily in general marketing, which makes sense given the local talent the city is producing at the university level: marketing intern, marketer, digital strategist, marketing representative, marketing assistant, and artist.

If we look at the fastest-growing skills for talent in Indianapolis, digital marketing is the leader by far, with 2,890 individuals reporting that as a new skill. Continuing with the trend toward digital, search engine optimization (SEO), Google Analytics, events, Google Ads, and data analysts are next in line.

Education in Indianapolis for bachelor degrees outperforms averages for all of the previous regions we have looked at as well as the national average, with 77% of professionals holding a Bachelor's degree. Masters degrees took a bit of a dip at 10%, and 1% hold a Ph.D., whereas 6% hold an MBA.

Nashville, TN:



The largest of the markets we reviewed, Nashville currently has 16,079 advertising professionals and maintains a similar gender breakdown as the other peer regions. Interestingly, the average compensation for advertising professionals in Nashville is \$62,290, which is lower than averages seen in Louisville, Columbus, and Cincinnati.

Despite attracting many new residents from all across the country, the bulk of advertising professionals come from universities that are close in proximity to Nashville. Middle Tennessee State University, Belmont University, the University of Tennessee, Knoxville, Lipscomb University and Vanderbilt University are the top talent producers, however, Western Kentucky University produced 237 advertising professionals.

The fastest growing title among advertising professionals in Nashville is partner, followed by marketing coordinator, member, chief marketing officer, publicist, sales director, and associate. The fastest growing skills are fairly evenly distributed with Google Analytics, events, Instagram, web analytics, video editing, data analytics, brand awareness, content marketing, and storytelling making up the bulk of skill growth in this region.

Education in Nashville for bachelor degrees ties Indianapolis with outperforming averages for all other regions and the national average, with 77% of professionals holding a Bachelor's degree. The population that holds a Masters degree is 11%, 1% hold a Ph.D., and 6% hold an MBA.

Diversity, Equity & Inclusion



The Louisville MSA has a total diversity percentage of 8.6% broken down as follows: 89.8% of Advertising and Marketing professionals identify as White, 4.3% identify as Black or African American, 1.8% identify as Hispanic or Latino, and 2.6% identify as American Indian or Alaska Native, Asian, or Two or More Races. Comparatively, 85.4% of Advertising and Marketing professionals in the United States identify as White, while 6.6% identify as Black or African American, 6% identify as Asian, and 7.9% identify as Hispanic or Latino.

Analysis & Recommendations

While the health of the Louisville MSA Advertising and Marketing industries is largely in-line with national trends, there's ample room for improvement. From an employer perspective, we encourage employers to continue to seek out and hire diverse talent. The advertising industry often focuses on getting into the minds and hearts of consumers. If all voices do not have representation in the room, how can we do that? If all perspectives are the same, you run the risk of alienating many.

The lack of diversity in the Louisville advertising community must be proactively and intentionally solved. This means a commitment from our industry leadership to increase diverse hires and set specific goals for their businesses on inclusion metrics, proactively attract talent from Black-owned agencies out-of-market and Historically Black Colleges and Universities (HBCUs), set and achieve specific metrics around supplier diversification, increase diverse participation on boards and committees, implement internal and external mentoring policies and practices for Black employees, create an inclusive culture within your organization, and educate yourselves and your staff about the historical systemic racism that has plagued our community and nation, and how to avoid it in the future.

There are a number of community resources where you can learn how to improve your diversity, equity, and inclusion efforts. Please visit aafloouisville.org/get-involved/diversity-and-inclusion to see a list of partners who can help. Further resources also include the Greater Louisville Inc© Racial Equity Pledge and Toolkit, which can be found at greaterlouisville.com/equitytoolkit.



While it is helpful to see how our peer regions stack up against one another and against Louisville, it's important to provide some context around comparable cost of living. Each year communities are scored on a variety of items to develop an index to be able to identify comparable costs of living. Metrics like groceries, housing, utilities, transportation, health care and miscellaneous costs (e.g., the cost of a haircut) are measured across the United States. Those are indexed for all communities and the average for the U.S. is 100. Communities that index below 100 are considered to have a lower cost of living that is lower than the national average; those who index above 100 have a higher cost of living than the national average. The cost of living index puts a framework around communities being able to compare salaries so you can understand how far your dollar will go in each community.

According to the most recent annual cost of living analysis, Louisville has a composite index score of 94.1, while Cincinnati comes in at 93.3, Columbus at 91.3, Indianapolis at 91.1, and Nashville at 96.6. While all of our peer cities are below the national average for cost of living, there are a few insights we can take from looking at the comparison:

- With the exception of Nashville, all of our peer cities have lower costs of living than the Louisville MSA.
- Both Cincinnati and Columbus have significantly higher average salaries for advertising professionals, \$72,312 and \$66,590 respectively, and lower costs of living. Employers who intend to pull talent from these markets will want to give serious consideration to increasing wages.
- While Indianapolis pays marginally less than Louisville on average, their cost of living is significantly lower, which may lead to a lack of interest pulling from that market.
- Because Nashville has a higher cost of living than Louisville and a lower average salary, there may be opportunities to pull talent from this market.

In terms of recruitment of new graduates, the Louisville MSA does a great job looking within the state of Kentucky, however, with Indiana schools graduating a significant amount of marketing talent, coupled with Louisville's higher wages, agencies may find targeting those educational institutions successful. Similarly, the universities that produce talent in Tennessee may find the lower salaries and higher cost of living in Nashville undesirable upon graduation. In addition to these regions, we also recommend agencies target HBCUs in an effort to increase industry diversity.

In Conclusion

The health of the Marketing and Advertising industry in Louisville is generally in-line with national trends, but there is always room for improvement. Although industry professionals are highly educated compared to the MSA for all populations, Louisville MSA saw a 1% decline in professionals and the average compensation is a bit lower than the national trend, while Louisville also holds a higher cost of living compared to the majority of our peer cities. During the pandemic, advertisers and marketing professionals were able to pivot their strategies to align with where their consumers were and digital trends continued to drive learning and skill development with industry professionals. Although Louisville MSA provides a competitive market, there is ample opportunity to diversify our workforce and to cultivate a more inclusive environment within our local industry. AAF-Louisville is committed to providing the resources needed to improve and protect the advertising industry in Louisville, and to support our local professionals to the full capacity we can. For more information on our efforts, or to learn how you can become more involved in the local advertising industry, please visit aaflouisville.org.

