



## 'The Perfect Storm' ... The New Zealand Advertising Industry 'People' Crisis

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I have been in the advertising industry for too many years to remember, having been in senior media management for just under 40 years and in recruitment to the industry for the last 8 years. Whilst in recruitment there has never been the perfect balance of vacancies and candidates to fill them, candidates, particularly great candidates, have always been in the minority. Adding to this, is the relative size, or lack of size of the talent pool which is growing smaller as international markets beckon once more and a growing number of people forsaking the industry for other pastures less demanding and stressful.

Offsetting this has been the advantage of having been in the industry for a long period of time, knowing the market and the people within it and being able to connect.

We are emerging from the biggest disruption to our industry ever, larger than previous global financial crises and other disruptions to our businesses over the years. The advertising industry experienced the largest revenue decline in recorded history in 2020 and with it most likely the largest drop in employment numbers.

### **The perfect storm:**

Covid and the effects of revenue declines saw wholesale redundancies and quite possibly an over-reaction given that the industry had never experienced wholesale lockdowns and over-compensated to protect rapidly declining revenue.

A market that recovered much more quickly than anticipated and agencies and media owners being 'caught-short, particularly as the upturn occurred just before the Christmas break in 2020. We have seen the media market return to levels greater than 2019 (15.6% revenue growth) and certainly a huge increase over Covid-2020 (+30.6%). We haven't seen the availability of people looking for roles at anything like those increases... in fact, with a considerable number of people leaving the industry permanently, the recruitment 'pool' has most likely declined as international returnees have fallen to a 'trickle' in 2022.

With an element of 'fear' still prevalent, particularly with younger employees, there is an attitude of 'better the devil I know'. Job security after two years of uncertainty has seen employees staying put. I think that after two years of Zoom/Teams/Meets communications, where younger staff have been too afraid of speaking up with senior agency and client management on the calls, plus not having someone more senior at the next desk to ask questions, there is a chunk of the market which has put its head down.

Agency 'Poaching' is rife with 'silly money' offered and horse trading becoming prevalent where people resigning have been offered major increases to stay.

The world is opening-up and we are already seeing younger employees heading off on the traditional 'OE'. Internally, whilst immigration is opening up in July, potential employers now have to register for internationals wanting to come to New Zealand, so a further potential roadblock in a market where there is some hesitancy around work visas linked to an employer. Historically digital, programmatic and search candidates have been sourced from Asia, but there is no guarantee this market will open-up fully any time soon.

And finally, the communications sector has embraced 'flexible working' conditions with agencies in particular coming out with quite innovative working conditions... so retention is starting to have a positive effect (along with retention salary increases), but this doesn't do anything for the available talent pool for the flood of vacancies across the sector.

There are reportedly 300+ vacancies currently across Communications Council members, mainly at the junior/intermediate levels, but senior candidates are getting harder to source as well. Direct 'shoulder-tapping' only exacerbates the problem via the 'revolving chairs' reality with each 'revolve' costing more in overhead salary increases.

### What can be done to alleviate the situation?

#### Short-Medium term:

- **Employee retention policies** are critical to retaining quality employees. A strong retention drive should be proactive rather than reactive in having to fight a rearguard action to retain staff. It might cost in the short term, but the long-term benefits will far outweigh any negatives in a tight employment market.
- Agencies need to have a more open mind about **rigid salary bands** often dictated to by regional/global finance. The current environment is a 'buyers' market and agencies need to understand that. Inflexibility will not work.
- Look at **optimising flexibility** by offering reduced hours to offset high salary requirements via pro-rated salary levels.
- **Don't get hooked into the 'Poaching' game!** If you make direct approaches to other agency staff in this environment, all you are doing is promoting dollar signs to the employee. By the direct approach, you are attracting talent for all the wrong reasons... financial reward as opposed to career development, job satisfaction etc. We are hearing horror stories about the salary increases being offered, particularly to junior-intermediate staff. The issue with this, is the expectation of increased performance beyond current experience levels to justify the salary increases with the resulting 'tears' that follow. Recruitment agencies aren't allowed to 'poach', but some agencies think it is fine to put out the dollar signs.
- Broaden the talent pool by swallowing the age-old... **'they need to have specific media agency experience' excuse** and take seriously the quality and transferrable skills that some candidates have, whether via the media owner sector or client-side. This is particularly so of digital candidates who may have solid digital marketing experience, but who are passed over because of the so-called lack of agency experience mindset. The reality is that often this mindset is what prevents fresh approaches and thinking.
- **Throw away the Job Description.** Yes, these are important when candidates are considering positions. It acts as a guideline as to the experience and skills-sets required, but agencies tend to use it as the 'bible' when it comes to the twenty+ position criteria spelled out on the JD. All too often a candidate with fifteen of the twenty is not deemed to have the necessary qualifications to be appointed. Compromise is needed; maybe consider writing the job description around the candidates rather than fitting the candidates to the role!
- **The 'elephant in the room'... ethnicity!** We hear all too often that the candidate 'doesn't quite fit our culture... isn't quite what we are looking for'. We know the reasons, particularly when feedback is minimal and vague. The industry needs to get over itself... yes, there may be some areas where ethnicity issues are relevant (language etc.), but the industry needs to become more immersive given the ever-changing demography of New Zealand.

- **The second ‘elephant’... ageism!** Agencies need to look beyond the ‘20-30 year old-somethings’ who dominate agency numbers. Fifty is the new forty and sixty is the new fifty... how often do we hear this, yet when it comes to agencies, value perceptions of mature employees are frustratingly low. The industry has lost and continues to lose people with enormous experience who have a lot to offer.
- **Training budgets** are one of the first things to go in trying times. It’s time to put training much higher up the ‘must-haves’ in overhead budget allocations. The bulk of vacancies we have are in the intermediate areas, which indicates that there isn’t enough young talent coming through from the junior account executive/account manager ranks to take up the intermediate roles. Promotion from within is cheaper and promotes a strong internal culture. The Communications Council and the Internet Advertising Bureau have in the past run various training programmes for junior-intermediate advertising agency levels and key agency groups also run their own in-house training activity. But training needs to be placed at the top of the retention agenda. Training is also an issue with media owners. My view would be that ThinkTV, MPA, NPA and The Radio Bureau should combine to develop a series of media sales training programmes.
- **Make remote working a separate consideration than ‘working from home’** where an employee may be half an hour away from the office. I could start a digital agency just from people who choose to live away from the main urban areas, but who can be just as effective as someone working at the office. There are agencies with senior management living in another city or in one case living in another country. There are people living in the likes of Queenstown and Wanaka who work remotely. Yes, there may be compromises, but compromise is here to stay when it comes to recruiting strong talent.
- **Change the thinking around international candidates.** All too often an agency will miss out on great talent because of a perception that offshore candidates come with a set of difficulties... namely the rules around work visas. There is often a misconception here. Employers don’t have to ‘sponsor’ candidates to a role. The word ‘Sponsor’ gives the wrong impression. Often visas are attached to a company, but the process of changing a visa for a different agency position is very straightforward and not overly taxing timing-wise. Using a recruitment consultancy takes a lot of the responsibility away agencies and the process is even smoother where a candidate has an immigration consultant working with them. The international candidate market is starting to gain momentum... historically digitally based candidates have been sourced from the likes of India, Singapore and Hong Kong and can take pressure off the lack of local talent. Companies do however, need to be aware of the new immigration requirements which require registration for international appointments.

### **Long Term:**

**Increase the talent pool.** A concerted all-industry effort to target the academic institutions is needed to generate interest in the communications industry and accelerate the numbers looking to join the industry. The communications industry is exciting, varied and can appeal to wide and eclectic personality types, but are they aware that we exist as a viable career option?

- **Priority one – secondary schools.** Getting to students in their final secondary school years before they consider their university subject matter. The objective – to put communications as a potential target for relevant university qualification; raise awareness of advertising as a relevant career choice.
- **Priority two – Tertiary sector.** There are elements of the industry engaged with tertiary institutions already, but these are ad-hoc with a few exceptions where agencies have specific graduate programmes operating each year with key universities. This is where an industry-

generated recruitment programme is required to provide an all-encompassing awareness and lead generation activity aimed at students. A centralised commitment that would be required by all parties.

But the most important element of this would be an industry-wide employment guarantee of at least a year's work-experience (fully paid!) within an agency programme that exposed grads to the various work opportunities that exist throughout the various internal agency disciplines.

Probably controversial, but an issue to face, is that of possible job-bonding scheme whereby graduates are bonded to an agency for a minimum period of employment to offset the costs of training/investment. All too often an agency will invest in young talent, only to lose them at the point where the investment is entering into a 'pay-back' period of productivity.

Central to this will be to prioritise ethnicity considerations and place emphasis behind a Māori and Pasifika recruitment programme designed to encourage young people within these ethnic groups to consider the communications industry as a career choice.

As this article was being written, a meeting with the Communications Council has outlined the basics of a substantial programme of talent development that is being developed on behalf of the industry. Cooperation and input from the industry to this is encouraged.

To conclude, given the demand issues of finding talent the industry is currently facing, it needs to move decisively and quickly to address the issues. Whilst the immediate threat of an economic downturn is very real which may reduce the immediate pressure on the talent zmarket, the wider issue that needs to be addressed is by necessity more long-term. Are we actively involved as an industry in ensuring that the available talent is fit for purpose to satisfy the changing face of the market?

The industry can no longer rely on the smart people coming in from major international markets... New Zealand is less of a destination of choice within the post 'covid' related period where we have been labelled the 'hermit' kingdom.

The future lies in the hands of an industry willing to cooperate and work together to build a local talent base for the long-term.