



Select Committee on Communications

Corrected oral evidence: The Advertising Industry

Tuesday 31 October 2017

4.35 pm

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Members present: Lord Gilbert of Panteg (The Chairman); Baroness Benjamin; Baroness Bertin; Baroness Bonham-Carter of Yarnbury; The Lord Bishop of Chelmsford; Viscount Colville of Culross; Lord Gordon of Strathblane; Baroness McIntosh of Hudnall; Baroness Quin; Baroness Stowell of Beeston.

Evidence Session No. 4

Heard in Public

Questions 29 - 41

Witnesses

I: Rahul Batra, Managing Partner, Hudson McKenzie; Alex Lubar, Chief Executive Officer, McCann London; Robert Stone, Group Head of Talent, McCann Worldgroup.

USE OF THE TRANSCRIPT

This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of witnesses

Rahul Batra, Alex Lubar and Robert Stone.

Q29 **The Chairman:** As we return to our inquiry on the advertising industry, let me welcome and thank our witnesses for taking the time to come and give evidence to us today as part of that inquiry. Alex Lubar, Robert Stone and Rahul Batra are talking to us today. Can I just remind the witnesses we will be taking a transcript and the proceedings are being broadcast online? There is a possibility of a Division sometime in the next hour or so. If that happens, we will briefly adjourn the meeting and come back to you.

Today we are focusing on skills, which has become an emerging and key theme of our inquiry into this incredible global industry, in which the UK is an incredibly powerful player. Between you, you have a huge amount of expertise to offer us in that area. Before I invite Members of the Committee to ask you questions, can I ask you to say a few words to introduce yourselves and your organisations? Then we will take questions.

Rahul Batra: My name is Rahul Batra. I am the managing partner at Hudson McKenzie solicitors. We specialise in immigration and we do both UK and global immigration. Today I am here to discuss how Brexit and immigration will affect the advertising industry, because we have a specialism in this sector. I am here to raise my points.

Robert Stone: Thank you for your time this afternoon. It is a great honour to be here. I am Robert Stone. I am the group head of talent for McCann Worldgroup. I have been with the business for three and a half years, as well as being a resident of this country for three and a half years. My role is essentially to oversee all talent strategies across our network.

Alex Lubar: Good afternoon. Thank you very much for inviting us here today. I am the CEO of McCann London. We are part of a 25,000-person agency network. London is in fact the second most important office after our global hub, New York, which is our HQ. We deal with all kinds of issues in terms of the immigration of people across our businesses, so I am excited to share those points of view with you.

Q30 **Baroness Benjamin:** Welcome. There is so much advertising around on the television, in the cinema and everywhere you go. How will a young person approach this, if they go to see the careers officer? Will they point them in the direction of a talent manager? What are the duties of a talent manager within the advertising agency? I am intrigued.

Robert Stone: I can outline what my role is within our agency and then follow on from there. My role is to oversee all talent strategies within our agency, whether that is talent attraction, learning and development, talent management or diversity and inclusion. Those all fall under my umbrella. Traditionally, in the past, if you were going through university or things such as that, advertising was probably not a traditional career

like other industries. That is changing and, as our industry is evolving, yes, that is probably the first contact: coming and speaking to a talent manager. From there, we will assess those people's skills. Across the multiple disciplines we have within our agency, we will then coach and nurture them in those directions.

Baroness Benjamin: I was going to ask you that question. At what level do they come in? Do they come in at school-leaving level, graduate level, or do they have to have some experience to come in and become a talent manager?

Robert Stone: To become a talent manager, there are multiple routes you can go down. Mine was that I studied HR. I have always been involved within the people and talent communities. That was my natural progression into the role. However, across different companies it can change. You can just be part of the business, have a strong emphasis on and interest in talent, and evolve into more of a talent management role. There are multiple different angles to how you become a talent manager.

Baroness Benjamin: Would you train somebody who came into the agency to become talent manager as a full-blown manager? A young person would question how they would become a talent manager and what they needed to do: "Do I have to have some sort of experience beforehand? Do I have to have A-levels? Do I have to have a degree?"

Robert Stone: Once again, there are multiple different angles. Within that talent umbrella, there could be someone who is a specialist in recruitment. There could be someone who is more of a specialist in learning and development. There could be people who are more on the talent management side of things. There are multiple ways you can come into the industry. Traditionally, many people have come through the HR route, if they have studied that. However, we now have a much more diverse way of approaching how we recruit. With the apprenticeship levy that started earlier this year, we are looking at ways we can leverage it and do apprenticeship programmes. There are multiple ways you can get into it. You do not have to be a graduate from a university.

Baroness Benjamin: I am glad you said apprenticeships. What sort of role would you be offering to a young person, if they wanted to take up the apprenticeship scheme? How do you evaluate the experience that the young people have? Do they just make the coffee or write things on a piece of paper? That is what they end up doing in a lot of apprenticeships, so I want to know what exactly you would do if you came in as an apprentice. Would you, at the end of it, think, "Hey, I want to go back and be Robert. I want to go and do his job"? How much do you give to the young person when they come into your agency?

Alex Lubar: Let me say one thing, and then I can hand it over to Robert. It is absolutely in our interest to inspire these individuals when they come into our agency so they turn round and say, "I want to be a Robert; I want to be a Rahul; I want to be an Alex. I want to pursue a career in this particular field". We look to put these apprentices into any one of the

major disciplines we have within the organisation, so they can be trained on the creative development side, production side, business side or strategic development side. There are several options.

Robert Stone: To your point, they are not coming in to make the coffees and things like that. If they are within our creative departments, they are working on live briefs from the day they walk in the door. They are getting the same experience as people who are seasoned with 10 or 20 years within our industry. We genuinely believe in investing in and nurturing these junior talents. We will give them that experience straight away.

The Chairman: We will take a pause there, if you will forgive us. We will vote and come back in a few moments.

The Committee suspended for a Division in the House.

Q31 **Baroness McIntosh of Hudnall:** I should probably preface this by saying that I originally come from the theatre, where the term "talent" has not a specific but quite ambiguous meaning, as I think it does in other areas of the creative industries. The first thing I want to ask you is this: when you talked about talent, listening to you, I thought you were just talking about people. Why do you choose to describe them as talent? Is everybody talent, or only some people?

Alex Lubar: Certainly everybody is talent.

Baroness McIntosh of Hudnall: I do not know if everybody has talent. When you talk about the talent, you do not talk about it the way, for example, that the BBC or the media talking about the BBC talk about it.

Alex Lubar: It is not in regards to one specific group. It would be referencing all the people within our business. As we were just discussing, one of the most powerful aspects of our business is diversity and having diverse talent across the spectrum of different positions and employment within the industry, because we are a creative industry. We get the greatest amount of creative output of the highest quality when we have a convergence of many different types of talent, whether that is a mixture of international talent, of cultural talent or of individuals with different socioeconomic backgrounds. It is that melting pot that creates the greatest possible output.

Baroness McIntosh of Hudnall: When you are out there looking for the next tranche of people you want to employ, how widely do you look? When you are trying to diversify and enrich this pool of people you like working with, how do you ensure you have looked everywhere you might find them? What barriers do you put in the way of somebody who might want to come into your industry?

Alex Lubar: The short answer is that we look everywhere. It will depend very much on the position we are trying to fill but, similar to the way you would bring in a university class and look for a real spread of different qualities and talents within the community that you are building, we want

a community that is as mixed as possible. In terms of where we find that talent, Rob, you could talk to that.

Robert Stone: We are truly global. We will look everywhere. We are very fortunate, being a large network agency, that we basically have resource in all corners of the planet. The short answer is that we genuinely look everywhere.

Alex Lubar: As an international agency with a major London office, 60% of our clients are either globally hubbed or have regional European hubs out of our London office. Those clients will often come to us and say, "We want a team that is mixed background. We want a team that in some way mirrors the consumers we are asking you to support". In the case of certain of our clients that have European hubs, with major business in France, Germany or Italy, they like us to have a mixture of Europeans on the team.

Baroness McIntosh of Hudnall: We are going to come on to the international bit of it. I want to log this. Do not answer it; I will get in trouble. It is whether home-grown, as in UK-grown, people are able to compete on equal terms with the people you are looking at internationally. Maybe you should save the answer.

Q32 **The Lord Bishop of Chelmsford:** Do answer that one, because that is the question we are getting into here. Some of the witnesses we have already spoken to have suggested that the reason you may be looking for talent and to fill posts from an international market is not necessarily because there is a skills gap in this country but because you are looking for the best, and an international mix is a good and better way of doing things. It will be good to hear you comment on that and specifically on whether there is a skills gap in the UK. Are UK graduates in your experience less skilled than people from other countries, particularly when it comes to the growing shift to digital media?

Alex Lubar: I will say a couple of words and then, Rob, jump in. There is absolutely not a skills gap on the part of the UK workforce. We draw from the UK as much as, if not more than, any of the other major markets. The difference is the cultural background that the individual may have. It is not necessarily a question of skills. We would say it is much more a question of the cultural exposure and experience that those individuals may have. On the digital side, there is innately a skills gap every single day in digital, because of the speed at which digital changes, but if you have a culture with the attitude and interest in evolving, you train, educate and get up to speed as quickly as the new changes come into the office.

Robert Stone: Further to that, as Alex mentioned previously, there is not a skills gap; we are truly trying to replicate what our clients' needs are. Sixty per cent of those being international clients, as Alex said, we need people who are multilingual. That might be a skill gap we are facing: most people are not multilingual in the UK. In regard of digital or

advertising, there is not a skill gap, but there may be in languages and things like that.

Alex Lubar: We are a consumer insights-driven business. If we are going into a market that our team members or collective have never experienced, it becomes very difficult for us to garner insights about that particular market. Certainly we can outsource, but we would rather have that talent within the agency.

The Lord Bishop of Chelmsford: The point you make about being multilingual is interesting, but sadly not surprising. Are there other such things that you notice when recruiting from the UK, as opposed to other regions?

Robert Stone: If I am being honest, that is the biggest gap we are facing at the moment. It is difficult to find home-grown talent that is fluent at a business level to work with our French or German clients. That really is the biggest barrier we find.

Q33 **Baroness Bertin:** I am pleased to hear you say that you do not think there is an enormous skills gap. There is a bit of a confused message because some of the people we have spoken to have suggested that perhaps there is. Following up on those points, do you think the industry could work more with academia to make sure we are not all operating in different silos and that, therefore, we have the best workforce in this country, as we go forward in the next decades into new areas? We do not know what they may be.

Alex Lubar: Yes, absolutely. There is no downside to working more with academia. We tend to have very good relationships with creative or art colleges—for example, Saint Martins, which is pretty close to us. What would you say, Rob, about that?

Robert Stone: As Alex said, there is no harm in that, but I truly believe that we are creating a very diverse workforce. We are hiring people from non-traditional backgrounds, which is really interesting. For example, we have recently hired someone from the police force as a project manager. That is where it is really interesting: we are in an industry where things are changing at such a fast pace. It is more about the thinking and creativity than the fundamentals or the education part. That also comes in when we are talking about apprenticeships and training, which relates to how we would like them to work for us. There are two sides to that, if I am being honest.

Baroness Bertin: If I could put it another way, what do you think the impact to your industry would be if the pipeline of international talent was cut off or somehow restricted, particularly in the context of Brexit, as we see it or as we do not?

Alex Lubar: It is a major issue. It is a major issue in the sense that, as we have said before, our clients are asking us to have international talent on our teams. The work that we do for our clients tends to grow and contract at a very fast pace. If we are not able to service these accounts

at speed, it certainly puts us in a difficult position. That is why it is much easier to draw on European talent than on talent outside the EU, where we have a more complicated system in terms of getting these guys into the office.

Baroness Bertin: Particularly on the foreign workers coming in, is their profile quite different? Is it tier 1, 2 or 3? Generally speaking, do you go for a specific profile or is it quite broad?

Robert Stone: It is quite broad, yes.

Alex Lubar: There is a huge amount of movement within our industry. In 2016, within our agency, 80% of the talent we brought in had five-plus years' experience, with only 20% being graduates or under. This year, we are tracking for 46% of the talent we are bringing in to be graduate or under. There are cycles of seniority of the individuals we bring in. This means we have to be looking at every single level all the time. We are not focused on just one group.

Q34 **Baroness Stowell of Beeston:** On cultural exposure and the kind of requests you are getting from your clients, one thing that struck me, listening to what you have said, is the way in which political events are occurring, whether it is in the States, here or across Europe. When you say "cultural exposure", what are you saying? There are people who would not necessarily be automatically associated with a career in advertising, but, as you say, you are in an audience-insight business. You have a whole landscape of people in different parts of the UK here who would be invaluable, I would have thought, to the way in which your businesses are marketing to people who feel very much misunderstood. Do you think in that respect as well?

Alex Lubar: Absolutely, yes. We draw talent from a lot of different places and, even at a fairly senior level, you may not be drawing talent directly from the industry. We may say that we are looking for someone with an academic background or with a theatre background in terms of what we may be trying to do.

Baroness Stowell of Beeston: I mean the people who are causing the disruption that is impacting your clients' businesses. How do we get some of the people who are causing the disruption to be part of the insights that shape the way in which they then market back into a consumer base, which is not necessarily how we thought it was before?

Alex Lubar: Part of that is having offices outside London, frankly. We have offices in Manchester and Birmingham; we have smaller offices in Milton Keynes and a series of other places. Having groups within our organisation that are out there in the field allows them to have much more exposure to those communities. There is also a real impetus on our part to bring in individuals who have had different experiences, come from different backgrounds and can therefore enlighten us about some of those topics.

Q35 **Baroness Quin:** Given your concerns about access to international talent

and the current uncertainty, do you expect London to remain the second hub after New York?

Robert Stone: That is something about the uncertainty that is quite concerning. At the moment, London is debatably on a par with New York as a place where people in our industry want to work. We have the luxury of amazing access to all this talent across the EU. If we go down the path I have personally gone through, with the tier 2 process, we might be losing these talents to places where our industries are well developed, such as the States. Australia and APAC are very developed in advertising and marketing. We could be losing out on people who wanted to have London, England or the UK as a home but are starting to look at other markets.

Alex Lubar: We have an enormous number of people who come back to London. Personally, I spent 20 years in London and 20 years in the States. I returned a couple of years ago. I would not have come back to London if it was not a major international community. There is a lot of attraction to London, the city itself and the international nature of the city for all these international people we hire.

Rahul Batra: The classic example is the tier 4 scheme, which is the student visa for the UK. We had something called a post-study visa a few years ago. When you came as a student, you could work two years after that with any employer and gain some experience. Ever since that has been scrapped, the numbers have dwindled and people do not want to come here any more. They would rather go to the US or even European countries. They will do their studies there because they get some experience after that. If the UK loses its global competitiveness in the market, people will not see it as a golden opportunity any more. They will want to go somewhere else, such as Amsterdam, Sydney, Paris or New York. These are global hubs for advertising. You would lose out on all that talent.

Alex Lubar: Our most proximate threat is Amsterdam. That is the closest version of a regional hub within Europe where talent would go.

The Chairman: That is interesting. It brings us on nicely to our next question.

Q36 **Viscount Colville of Culross:** You have talked about tier 1 and tier 2 visas. In fact, you have had to go through the process. If you could, explain to us how the present visa system for non-EU nationals works and how it affects the advertising industry. What would happen if that self-same visa system was extended to EU citizens trying to work in the advertising industry here? Rahul, perhaps you could start.

Rahul Batra: The tier 1 and tier 2 visas are the dominant schemes for bringing talent to the UK. The tier 1 system is where you invest your own money, bring in money and start your own consultancy as a freelancer, but not everybody has £200,000 or £2 million lying in their bank account.

Most companies would just use the tier 2 scheme. With the tier 2 scheme, there is a subdivision, which is tier 2 general, where you advertise the post, try to find somebody locally from the UK and then bring someone from overseas. There is a tier 2 intracompany transfer, where firms, like theirs, that are global entities bring in staff from overseas, for short durations, to learn on the job, gain some experience and take it back to their country.

With the tier 2 ICT, you do not get indefinite leave to remain any more, so you are coming as a temporary assignee and going back. I do not see any reason why the Government should even think of stopping tier 2, because you are getting all that experience from overseas and building yourself as a global brand. A sector like this has the best possible reasons for needing to be global and bringing talent from overseas.

Viscount Colville of Culross: Is it quite a complicated system? There is a whole set of criteria that you have to abide by to get the tier 2 visa. It is already quite complicated. We all know now that a large percentage of the advertising industry in this country employs EU citizens. If it was extended to those citizens who wanted to come and work in advertising in this country, what sort of disruption to the industry would that cause?

Rahul Batra: With the tier 2 system, there is the restricted CoS when you want to bring somebody from overseas. You have an annual allocation of 18,600 visas for them. If, after Brexit, you were trying to put these people in the tier 2 scheme as well, they would fall under the same category. In the last two years, and for the past three months at a stretch, the subscription was oversubscribed month after month. Can you imagine these people put under the same bracket, going through the bureaucracy, the forms and all that stuff that is not going to help them? You are restricting those numbers, because it is 18,600 for all the non-EU nationals and, if you add all the EU nationals to that, it is going to be oversubscribed every month.

Viscount Colville of Culross: One of the criteria is that there is a shortage occupation list. Apparently the graphic designers are on that list. Yours is an incredibly fast-moving industry. The technical requirements are changing all the time, particularly as we move into digital. Is that shortage occupation list flexible enough? Does it respond quickly enough to the shortages in the industry? How could that be improved?

Rahul Batra: It is not at all flexible. I have been in this industry for more than 15 years. The shortage occupation lists in the past were very flexible and a lot of people could come under them. Now, if you look at the list, it says, "You have to bring in these people: they have to have this sort of experience in this particular sector and in this particular subsector". When you try to match something, it never happens. You do not have that skill set. It is very restrictive and it does not benefit the employers, especially in the IT sector. Initially, if there was an IT staff shortage, you could come in under that list and advertise the post. Now that list says, "They

must have this IT experience in the 2D and 3D animation sector". It is very, very restrictive.

Viscount Colville of Culross: How could that be improved? What could happen to make that system more flexible and responsive?

Rahul Batra: They should consult businesses in a proper manner, understand what the pain points are, where they see the talent and the gaps in the market, and then try to make it. I sit on the executive committee of the Home Office, and I have noticed that they call us, seek our views and then do what they want to do. It is not helping the businesses. The immigration skills charge was added this year, which is £1,000 per person per year. For a company of their size, that is a lot of money to spend. You are putting in an immigration skills charge already.

This health surcharge was added for intracompany transfers this year. Again, it is a huge cost for employers. You are taking all that money from the employers, saying that we want to improve our skill set in the UK with this money, but you are not helping them in any way if you are restricting the tier 2 visas and staff coming from overseas. It is shooting yourself in the foot.

Viscount Colville of Culross: My final question is about freelancers. Quite a number of freelancers are needed in the advertising industry, yet tier 2 seems to be geared towards permanent employees. Does there need to be more flexibility for freelance visas?

Rahul Batra: There is no freelancer visa; there are only tier 1 investor and tier 1 entrepreneur visas. An investor visa is when you have £2 million to invest in the UK. Somebody who has £2 million is not a freelancer; he is more like a businessman who wants to invest and have a nice time. The entrepreneur visa is when you have £200,000 to bring to the UK. Not everybody has that money. You cannot be a freelancer on a tier 2 visa unless you are an EU national. If Brexit happens—not if, but once Brexit happens—I do not see them coming either. You are restricting the entire market and focusing here.

Alex Lubar: You asked about the effect on business. Let us say we have to expand at great speed and we are not able to bring in the right talent to service a certain client business. The risk is that we have to service that business out of one of our offices in another market. That business is then not being done here in the UK, because we do not have the right people to do it.

Q37 **Baroness Bonham-Carter of Yarnbury:** It has been great to hear Robert and Alex speaking with such optimism and support about the diversity in your business. However, the IPA figures I have seen about one particular area, BAME, are not quite as rosy, particularly when it comes to more senior positions. This is something we were discussing with the BBC too. It is not just you; it seems to be a creative industries problem. Actually, it is not just a BAME issue. Women also seem to be underrepresented at the senior level and the creative level. In the film

industry, there are no female directors. This seems to be an odd element to your wonderful industry. How can you attract BAME and other underrepresented communities to the advertising industry? How should the industry both improve the diversity of its staff in that area and make sure they take up senior positions?

Robert Stone: It is a really interesting question. In my time with the business, I have been trying to figure this out. We have been partnering with these communities through a consultancy approach and with people in the industry to figure out what the barriers are. Interestingly enough, most of the time, before they even apply, they are underrepresented in the agencies. There is a barrier before even applying for jobs, they think. This is why we need to diversify our talent even more, so that we have true representation of people from all areas. That is one of the really interesting findings, and we are working to implement strategies around it.

To your other point around females, especially in the creative part of our business, we have partnered with another consultancy, Creative Equals, and have signed the pledge to have a 50:50 representation by 2020. I know a lot of other agencies within the market are doing that as well. There is a lot going on to try to resolve this problem at the moment.

Baroness Bonham-Carter of Yarnbury: It is recognised, in other words.

Alex Lubar: It is a major area of focus. To your point, it is an area of weakness. We absolutely want to get this right. We are making a lot of progress on the gender side. We have a long way to go on the BAME side. Frankly, as Rob said, the underrepresentation of that community within the agencies and the industry itself makes it unattractive. Having a lot of other diversity is still helpful. Having an international community and a mixed socioeconomic community is still additive.

Baroness Bonham-Carter of Yarnbury: Yes, I see that, but it is not enough.

Alex Lubar: It is not enough, absolutely.

Baroness Bonham-Carter of Yarnbury: You said that it is at the agency level where the BAME community seems to get held up. What exactly do you mean by that?

Robert Stone: They believe there is no representation of BAME in agencies at the moment. This is just their thought process before even applying. It is really interesting. Rather than lots of people applying for the advertising industry, we are seeing a huge representation on the production side of our industry. They say there are not as many barriers on that side of what we do. It is quite interesting that those are the main barriers we are facing.

Baroness Bonham-Carter of Yarnbury: Careers advice would be important.

Alex Lubar: Exactly, yes. There is self-selection, where they have pulled themselves out of the race when we would have wanted them to be very much within it.

Q38 **The Chairman:** Can I pick up on one particular point, Mr Lubar, that you have mentioned? You want to see a range of socioeconomic outcomes as well. How do you monitor that and make sure you are representative of the wider community, not just in terms of gender and BAME?

Alex Lubar: You have to be careful here, whether it is a mixture of levels of education—which do not always reflect socioeconomic background—whether it is a mixture of different regions of the country, or whether there are groups that have acknowledged they are in need of support, so we are trying to identify where there is room for them to come into the agency. Again, we are looking at all kinds of ways to create that mix. It is not as straightforward as my comment would suggest.

Robert Stone: I completely agree. The tools that we use are starting to get much more advanced. One of the governing bodies for our industry has partnered with a start-up that is able to recruit not just graduates but entry-level people from all different areas. That is not just around having a degree or things like that. It can truly represent where these people are coming from. As our technology starts to advance, we will be able to report on this too. That is a mega change that is happening.

The Chairman: I am very conscious that time is pressing and we had to take out 15 minutes for our division. I suggest that we extend for a maximum of 10 minutes now and take a couple of questions. If there are any outstanding issues we have not covered from the final questions, we will drop you a note and ask you to write to us.

Q39 **Lord Gordon of Strathblane:** Can I turn to a different aspect of the digital world: the change it can bring about in working practices? How far do virtual working, outsourcing and the lower barrier to entry for young entrepreneurs affect your agency?

Alex Lubar: We are a big fan of flexible working programmes. That can include virtual working. The reality is that, when you are in a people business, you need people to come together and spend time together. Virtual working has a place, but it needs to be contained.

Lord Gordon of Strathblane: That segues beautifully into my next point. Is physical adjacency vitally important or can you have a virtual relationship with people, so people will only meet each other in the ether, as it were?

Alex Lubar: I will let these guys jump in, but it is currently very difficult to replace that with the digital offering that we have.

Lord Gordon of Strathblane: Is the concept of clusters still important?

Alex Lubar: It is hugely important.

Lord Gordon of Strathblane: What can the Government do to

encourage clusters?

Rahul Batra: The Government are doing their bit. We work very closely with the DIT. You have London & Partners, but then you have the DIT. London & Partners is a London agency that would send to London any overseas client who wants to come to the UK, but the DIT would send them to clusters in Manchester, Nottingham, the east Midlands and the Derby area.

Lord Gordon of Strathblane: They still work.

Rahul Batra: Yes.

Lord Gordon of Strathblane: In the broadcast industry, television companies were compelled to put a certain amount of their programmes out to tender to independents. Would you welcome a general atmosphere in which you outsourced things to young entrepreneurs to get them off the ground?

Rahul Batra: Outsourcing can only play a certain part in the business. You cannot have everything outsourced and, as Alex said, you cannot replace that face-to-face and person-to-person interaction because it is so important. We are losing that with WhatsApp, Facebook and anything to do with media. We have lost that human touch, and it is important for any business to grow. If I go and see my client myself, it makes a huge difference to just calling them or sending them 40 emails. That does not help. If I go and see them once a month, that is what counts. It is important for any business to have people there. You have to outsource certain jobs, which is fine, because that is part of the business, but you cannot outsource everything and work on that basis.

Q40 **Baroness Quin:** I am thinking about the future of advertising and digital versus non-digital advertising. How do you see this developing? Is non-digital advertising going to keep losing out to digital? How do you see things developing in the future?

Alex Lubar: That is the billion dollar question. There is still a role for all kinds of mediums. We prefer to look at advertising and marketing through the lens of creating great narratives. Whatever medium we have to use to deliver that narrative is the medium that we use. Some of the traditional means and mediums of advertising are combined with digital now. We are still creating film content; we are just delivering in a different space. We are still using out-of-home; it just may be digital out-of-home. There is a constantly changing set of mediums we have to use, but we are very comfortable pursuing that. Still, there is a lot of space for traditional media.

Baroness Quin: Is the digital advertising market fair, open and competitive? In terms of regulatory or legislative measures, do you think it is a satisfactory situation?

Alex Lubar: This is a complicated question. A number of improvements could take place. We are seeing it play out in the news in a number of

areas at the moment. It is essential, in terms of delivering for our clients, that we are utterly transparent about the mediums that we use. It is impossible to do business unless you are totally transparent. The reality is that, because of the speed at which digital is changing all the time, you have to constantly evaluate new products in terms of their capabilities, functions and ability to deliver what they are claiming they can deliver. There is a constant need to address, push and ensure there is transparency. We are headed in the right direction.

Q41 Baroness Stowell of Beeston: This is the final question. Others might have supplementaries, but this is the final topic. Because so much of your business in the UK is generated from overseas, in a post-Brexit world, how concerned are you about international trade agreements from where you sit? What are your main worries?

Alex Lubar: We are hugely concerned. To date, we have not seen any major impact on our clients, other than the big FX shift that we saw a year or 14 months ago. Where we ultimately net out in terms of the trade agreement, and whether our clients decide to pick up and relocate to another part of Europe or outside Europe altogether, are major problems and concerns for us, especially since we do not know exactly what to anticipate.

Rahul Batra: I have noticed that, ever since Brexit was announced, a lot of EU nationals in the UK have started to leave the UK because they are very uncertain. There is nothing in concrete letting them know what is going to happen. You do not want them to become a precedent for other people who might start leaving as well. On one hand, yes, you are trying to restrict talent, but then you might just drain all the talent away to different countries and lose out.

Baroness Stowell of Beeston: Do you feel you have a channel into government to express these concerns? Are you being heard?

Alex Lubar: Yes, certainly.

Baroness Stowell of Beeston: We are not the Government.

Alex Lubar: I would say for the most part. It is a pretty consistent argument across a lot of different industries. There is enough similarity that you can see this debate is happening.

The Lord Bishop of Chelmsford: That is not the same as being heard, though.

Alex Lubar: We can always be heard more.

The Chairman: Do you think your sector is heard enough, or are the Government too focused on other sectors, such as financial services, which grab more airtime?

Alex Lubar: Within the creative world, advertising has not been as well represented as film. The film business is very well represented within the

UK. We are catching up, considering the size of the advertising business within the UK.

The Chairman: We appreciate the time you have given us. We are sorry for overrunning. We did not have enough time to explore some of the issues that you raised. Is there anything you would like to add, any point you would like to make to us or anything you felt we might have pursued and did not have the time to?

Rahul Batra: When I see clients come from overseas, they always bring their contacts with them. Okay, there is diversity, but they always try to bring their contacts. When they bring contacts, it helps them win maybe a larger client or larger pot of business from overseas. Normally, you create jobs for the UK people as well. You might create 10 jobs for UK people and only two jobs for overseas people. You are creating jobs for UK people. It is a win-win situation. You are not losing out.

Robert Stone: As an industry, we are at a pivotal point in the UK. We are debatably on top of our game as an industry. That is truly off the back of the talent we have here in the UK. It is quite scary to think we might not have access to the amazing people that we have right now. Yes, it is a scary thought.

Alex Lubar: London and New York are currently the two greatest cities for the advertising industry. It would be a shame to lose that shared pole position.

The Chairman: You have made your case very well and very clearly today. Thank you very much for the time you have given to us. It may well be that we drop you a note and ask you to follow up on a few other issues. Thank you very much.