



Select Committee on Communications

Corrected oral evidence: The Advertising Industry

Tuesday 15 January 2018

4.25 pm

Members present: Lord Gilbert of Panteg (The Chairman); Lord Gordon of Strathblane; Baroness McIntosh of Hudnall; Baroness Stowell of Beeston.

Evidence Session No. 18

Heard in Public

Questions 171 - 182

Witnesses

I: Christian James, Managing Director, Ideas Foundation Agency; Nigel Moore, Production Director, Fuzzy Duck Creative; Belinda Peach, Director, Peachy; Nicky Unsworth, Chief Executive Officer, BJL and Honorary Secretary, Institute of Practitioners in Advertising.

USE OF THE TRANSCRIPT

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

Examination of witnesses

Christian James, Nigel Moore, Belinda Peach and Nicky Unsworth.

Q171 **The Chairman:** I formally welcome our witnesses to this meeting of the House of Lords Select Committee on Communications. We have been carrying out an inquiry into the advertising industry, particularly on the skills and talent that it needs in the post-Brexit environment. The inquiry has been taking place for the past couple of months, and we thank you, our witnesses, from local businesses across Manchester, for giving evidence.

Before we ask you some questions, please briefly introduce yourselves and tell us a little about your background and why you are here with us today.

Belinda Peach: I am a freelance consultant who specialises in talent and skills for what is now the creative digital media sector. My background is in film and TV. I have worked for the Film Office, the BBC, and our old Granada here; I am the local person. I have worked with a selection of different hats with different clients, which has included a lot of work on apprenticeships for a long time; I have gone through the pain and turmoil of apprenticeships and working/not working. I am quite excited about the new way forward and how hopefully we can make that work, because I think the industry as a whole is desperate for jobs with training—a more appropriate phrase than apprenticeships.

I am also here today to represent the Ideas Foundation, an educational charitable trust, which does remarkable work with schools across the UK. I represent its activities in schools in the north and the north-west on social inclusion.

The Chairman: Thank you. There are many subjects there that we will want to talk to you about in this session.

Christian James: I am the MD of a creative agency called IF, which is based in the south side of our city in Altrincham. There are three parts to our business that I look after. One is the inside aspect—econometric and attribution modelling, including data analytics. Another is defining brand. The other is multichannel activation campaigns, which I am sure we will come on to a little later. I have worked in the same industry for over 25 years. I have been with some multinational agencies, and for the last decade I have had my own agency. There are 16 full-time members of the team at IF.

My other hat is working with the MPA, the Manchester Publicity Association, an association that represents the creative media and digital community of Manchester. My specific role in that organisation is to organise a number of debates on the issues which the creative digital media feel are particularly relevant to them. In the past few years, for example, we have had a new mayor. What is the implication for our industry of that new regime change? That was the first debate. We tackled diversity in the second debate, and in the third debate we looked

at whether we are the last of the creatives; whether creativity in schools was on the wane to such an extent that it was a threat to the future of our sector. Those are a few of the areas that I am representing today.

Nicky Unsworth: I am chief executive of the BJL group. We are also a creative agency of about 90 people. We are predominantly in Manchester; 83 are in Manchester and seven in London. We work with national and international clients; there does not tend to be a regional bias. They are often national and international businesses with a northern headquarter, such as Asda, Ronseal, Swinton Insurance—you can see a trend. That is what we do.

Like Christian, I have been in the business for ever. I have worked for multinationals, but I have owned this business for 14 years and worked in it for longer. I am also honorary secretary of the IPA, our industry body, which is London-based. I chair Tribe Global, which is an international network of independent agencies. There are about 30 of us now, from countries as far and wide as Argentina and Mexico and in the Americas and Europe. Like a lot of us, I think, I get pulled into a lot of things. I sit on the internationalisation board for the Growth Company, and I have been asked to head up one of Andy Burnham's groups on driving towards the digital strategy. I am predominantly a business owner, but I get pulled into other bits and pieces as well. It tends to happen.

Nigel Moore: I am production director at Fuzzy Duck Creative. We produce primarily animations, films and documentaries and quite a lot of interactive touch-screen programming. I am one of the owners. There are 18 of us, and we are based at Media City. I started out as a camera operator when I moved up to Manchester. Then I got into producing and went on from there. I also lecture at a university on production and creativity, and we have employed six of its students over the years. I am interested in the connection between the talent and the industry, because I see it every year between both strands. Christian alluded to the change in those students over the last decade, and in that decade I have worked with 21 year-olds coming into industry and seen that change and their mindset changes.

As a company, we do everything that needs a story, be it a documentary series about disability rights or weather idents for TV. A lot of more of it now is cut straight to internet content—the content that goes straight to social media. There has been a change in the demands that we get from both the agencies that commission us and our own clients; when they say it is for the digital market, I think that is shorthand for the cheap market, like making a TV ad for £15,000, or something like that.

There is a lot of stuff. We are coming at it as quite a small company that has grown into it.

The Chairman: Thank you for your brief introductions. I should have said at the start that we are recording this session. It will not be broadcast, but there will be a written transcript of it by Hansard. Baroness Stowell will start the questions.

Q172 Baroness Stowell of Beeston: We want to start on the interest among young people in advertising as a career. Could you say a bit about what outreach programmes you or your businesses have been involved in, and what perceptions you have found among young people, their parents and their teachers about advertising as a career? Basically, what is the current take on advertising as a career path for people right now, and how are you trying to advertise yourselves to them?

Christian James: IF has a number of set programmes where we go out to local schools. We are a creative agency, and the most common misconception is that everybody has to draw, or write, or both. It is laughable, but it is still said. That has been case for ever. When we introduce at school level the idea that we might need an econometrics graduate or trainee at some point in the future, they have no idea why you would need one in a creative business. There still seems to be a basic lack of understanding about the type and breadth of jobs that exist in our business. Ours is a small business; I am sure Nicky will have a story that is exponentially different but along the same lines.

So we go out to schools. That is one part of the regular programme that we engage with. Every year, we do a number of workshops at grammar schools and comprehensive schools in our area. They are all very good schools, and we may come on to our inability—my excuse is the size of our business, I guess, and the time available—to go beyond those schools. We have a particular demographic that we communicate with quite regularly.

At a tertiary level, we do events. MMU is very good at organising events each year to introduce to and connect graduates and post-graduates with business. We will come along and explain what we do, but we still have to explain the basics at that point—what jobs are available in the organisation—and ask what subjects they are interested in. Everyone will have their answer on this. We are not subject-specific—far from it; we are looking far more for attitude, inquisitiveness and communications skills. Those are much more broadly based skills, although you could lump them under creative skills.

On behalf of the MPA, I also host a number of debates—I mentioned the debates about diversity and about education and creativity in schools—to try to connect various aspects of education with business. We also invite members of MMU, Central Lancashire University, Manchester University and others to those events to make sure that we get their views, because they are the pipeline for us.

On the attitudes and the challenges that we face, first and foremost is the lack of understanding of the jobs available and the skills that we require as an industry. That is my first point. That may leave time for others to chip in.

Nicky Unsworth: It is quite tough, because it is not an industry that people understand. People understand what doctors and teachers do, but advertising is a little more abstract for many people, although they see

the creative side quite readily. We have to build up the business and commercial side. For me, that is key. Creativity is coming to the fore and is being recognised as business-changing, and that is the education piece that we have to do.

In terms of outreach, we recognised years ago that agencies are great places for people to be. They are really non-threatening and they feel fairly casual. We take lots of people in on placements. We also buddy up with other schemes; we have supported the Ideas Foundation, which Belinda is representing today, since the outset, and we love having the youngsters in and recognising that we have made a difference. We enjoy it and they get a lot out of it. We also proactively try to do other things. I do not know whether you have heard of Debate Mate.

Baroness Stowell of Beeston: Yes, I have.

Nicky Unsworth: It is a charity that goes into underprivileged schools and teaches debate, and helps to empower children through debate. I think it is televised, ultimately. It now has an outreach programme and comes to businesses, and we are buddying up with it. Ten of my people have been trained. They will go into schools as advertising people and reach 300 students in the Manchester area in the next two months. These are small things, but they are significant for us as a business.

There are other things that we have done on outreach. We recognise that students from the creative area are not necessarily getting the opportunity to understand the sort of briefs that there are. They will typically think that they need to draw. Actually, you do not; you need to have a creative brain and to be able to apply creativity to a commercial goal. We had a creative team take-out. We have a Volkswagen Camper Van, as only a creative agency would. We call it the "briefing bus" and send the team out to universities as a sort of clinic. We brief students and then come back a week later to review. We also actively embrace apprenticeships and run graduate nights. So we recognise that we have to do quite a lot.

The challenge, as Christian said, is diversity. Lots of youngsters coming into our industry tend to know people like us or their parents do. There has been a tendency for the industry to expect people to do work placements for free. Again, we have now committed to not doing that, although we did at one stage. We are actively progressing a more diverse base through Debate Mate and the Ideas Foundation. Once we get them in it is a question of explaining, as Christian said, that there is more to advertising than creative output; there is also a commercial side.

Q173 **Baroness Stowell of Beeston:** Moving on to skills and training, I have a couple of questions in this area. The first links to the perception. Do you feel that that there are various entry levels into your industry? We have just heard from three post-graduate students who are highly educated and very passionate about the advertising industry. Their complaint was that, when they were at school, advertising was never flagged as a potential career path and creativity was not really on the agenda at their

schools.

So you have those kinds of people who have lots of skills but who might not necessarily know about your industry. Then there is the opposite. How are you advertising yourselves as a potential career path for people who might want to be able to enter at a junior level, too? Is there a variety of ways of entering it?

Belinda Peach: I reiterate everything that Nicky and Christian have said. The problem is awareness for the parents, the teachers and the students. It is still a grey area, and they do not understand what is available. There are two issues. There is the diversity issue, but there is also the issue of the high achievers who are potentially exactly what we need straightaway, now, today, whose parents would not encourage them to go into a job with training because they want them to go into higher education. We need to capture quite a broad church in education.

Here in Manchester, the Ideas Foundation has just done a programme, the first in the north-west, where we have attracted industry mentors to work in schools, and we are now doing a bigger programme, an employability programme, with Manchester College, which is a big college here in Manchester with a broad campus across the Manchester and Greater Manchester area, and a school out in Salford. That will be a pilot programme that we want to work with. We have just recruited 30 industry mentors from across advertising, TV, animation and gaming. In essence, we have recruited industry mentors for the courses that the college is delivering, because that allows those young people to know what jobs are available and what the industry is looking for.

I lead the talent and skills agenda for the MPA. We are working with BJL on the Native Creatives programme, and there will be a talent day for parents, teachers and students that will focus purely on what jobs there are, what we are looking for, and workshops. We are very aware that if we do not start doing something, we will have a real issue, and not just in advertising, because advertising is now competing with the TV industry, PR and comms, the creative agencies and animation. Everybody is competing for that young talent. The essence of somebody is probably more important than what they are qualified to be, and everybody is looking for that person.

Nigel Moore: This whole sector is so fluid, and what we define as a product or something that you need a skill to make this year will change its name next year. For people who want to go into this sector, it is very difficult to be confident about their employability afterwards. Most think that they need to go to university, which is not always the case. We struggle sometimes to let people know that we are here. We have job openings that we want to attract people to.

It is quite a hard industry to navigate. To land my job I sent out 50 CVs—this was before the internet—and three people replied. I met them and I have bumbled along since then. Literally, that has been my career plan. When I told my dad, who is a chemist, he really did not want me to work

in this industry. My brother is an engineer. They both said, "You're not going to earn money doing this". Thankfully, I have earned a bit of money and I really enjoy what I do.

For me, one of the big challenges is that from an education point of view it feels as though there has been a stepping back from creativity and more of a push towards the traditional core subjects. There seems to be more concern about people doing a vocational course. Ultimately, some of the great people we have working for us would not have ticked all the boxes academically but have great passion and skill; creativity is something that you have and that you need to unpick. At the moment there is a message going out that creativity is not a good thing to be employed in.

Baroness Stowell of Beeston: Which is odd when you think that it is such an important sector for the economy.

Nigel Moore: I have never tweeted about anything to anyone, but a previous Education Secretary said that there is no benefit in creativity, or something like that. I said, "Sorry, I am severely dyslexic and was rubbish at exams. I now co-run a company and have employed six people who have done creative industry-type degrees. The evidence is contrary to what you, the people who are defining education policy, are saying".

Christian James: We have two pilot schemes going on at the moment. One is in its third year. We decided a few years ago to have an internship programme that started with 16 and 17 year-olds doing A-levels. It was for kids who kind of know where they were going, so we filtered a bit there. Two or three years ago, we said, "This doesn't feel right, so let's split it. Let's go lower. Let's see if we can find somebody a bit younger".

We made two places available. One of those is doing marketing at Chester University and is now doing one day a week with us. It is working really well. Our worry was that, if we brought on someone so young, their life skills would mean that they would be a lot of work for us, and that puts on a lot of pressure on a small team. Actually, it has been very rewarding for us. She has given us some great feedback. We were discussing whether she should go with a degree or an apprenticeship. Her view on a degree was, "I don't need the debt. Life these days for teenagers is very open and we get lots of opportunities, so I'm not sure the life experience of being at university will be that dramatic", and—this was the damning bit—"I don't think I'm going to learn anything that you're going to value when I get out of there". That is great thinking from a 16 year-old. She is now with us one day week.

Another chap has just started with us. He is at a local college. He is 16. I have no idea whether he will succeed in our industry, but as person he is fantastic. He is really inspiring and great to have about the place. Of course, we have him on our social, doing blogs and what have you. He has an intuitive connection, as Nicky mentioned earlier, between an idea and a commercial opportunity. That is really interesting for us, but we would never have found him if it had not been for work that I have done

with the MPA and others to broaden our minds and go out and find these people. That college has never been to see us; we have had to go to see it and say, "Look, we're going to make a place available. Can you put people forward to us?"

The Chairman: Sadly, we need to move on, but that is a very interesting point because of many of the other things that we have been hearing in the inquiry. We might well come back to them.

Q174 **Lord Gordon of Strathblane:** Staying in this area, you mentioned, Belinda, that you were slightly encouraged by the Government's new approach to apprenticeships. The evidence that we have had so far is that it is a good idea, but what is on offer is usually not much use to the companies concerned, so they regard it almost as a tax.

Belinda Peach: The levy is a great idea for the larger employers. In our industry here, ITV is doing a lot on apprenticeships. They allow it to be more diverse, so it connects with them. The problem with apprenticeships, the levy and how it will work is for the smaller employers, which is most of our industry. We do not have a lot of large employers. That is where the problem lies. For the larger employers that are being levied, it is a great opportunity. It is also an element that they are training for the industry. Back in the days of the old TV, when we were TV and advertising and we were not converged, Granada, ITV and the BBC trained for the TV community. We do not have that any more. We now have a real crisis of talent; where it is, who is finding it and who is training it, so that type of apprenticeship is welcome.

Where we have a problem is that the micro-businesses are the ones that want to find the new talent because they are one or two people and they need another pair of hands. Apprenticeships, or jobs with training, are the perfect model, but the micro-businesses are completely confused. They do not know whether the digital voucher is to be made available. There is still a real grey area.

On top of that is the issue of standards and whether they are appropriate and what the industry wants.

Lord Gordon of Strathblane: This is the area I wanted you to address.

Belinda Peach: That is another issue. We have had some real trailblazing in apprenticeships with an organisation called SharpFutures. It is worth touching base with what it is doing. It works on a project called the Sharp Project. It is a creative incubator, but the success that it has achieved is phenomenal. SharpFutures works with the local community on accessing young talent. It is all about diversity.

Baroness Stowell of Beeston: Is it just local here?

Belinda Peach: Yes. It is just outside Manchester, in east Manchester, on the way to Oldham. They have converted the old Sharp factory. It is brilliant. They have something called the Space Project, which is purely a TV production unit, which is very successful. SharpFutures supplies

young, entry-level talent to the Space Project, the TV production facility, and to local businesses in the Sharp Project. The lead on this is a lady called Rose Marley. She has seen that the frameworks and the apprenticeships are often incorrect, but she has made them work. She has gone with the framework and then tweaked, pushed and pulled it where it cannot be delivered and has made it happen.

I understand that there are other apprenticeships. This week, for example, with the Ideas Foundation ironically, I went to Burberry in Leeds, which was mega. It does the same with its engineering. The framework does not fit, but it has buddied with a local business that can provide certain bits. The flexibility needs to be more apparent so that you can make it work, but some of the standards are not appropriate.

Q175 Lord Gordon of Strathblane: Switching to an entirely different subject, the general impression is that London—the same may be true of Manchester—is seen as culturally diverse and that the best talent in the world comes to work in London advertising. Is that true, and do you think it is in any way threatened by Brexit?

Nicky Unsworth: I spend quite a lot of time in London. I am sure you get a better view from London agencies. I think it is true that London is more diverse than Manchester culturally. I know that is a big topic of debate at the IPA. We touched on this with my own agency before I came here today. We have two people who are non-UK, and they make a difference to the flavour the agency. One is in our planning team. Two people is a small sample, but I would be really sad not to have either of them. We work with Hilton Hotels internationally, in the Middle East and right across Europe. She is part of that team. I do not have a massive international team, but I would be very sad to lose her. I suspect that Brexit would be a threat. Certainly I am hearing anecdotally that a lot of business owners are very worried about the impact on their employees.

Lord Gordon of Strathblane: What are you as an industry doing to persuade the Government of the need to take certain action to avoid that?

Nigel Moore: To be honest, I do not know. I am not an expert in how to deal with policy like this, and I will not get into my specific views on it. We have 18 people. Three of them are from the EU, one is American, one is Italian, one is German and one is French. We are Manchester, so we will do the Pepsi challenge with any London company. I think there is a concern; there has been quite a bit of anxiety on their part. We need to make sure that they can stay here and carry on doing the good work that they are doing for us and for this region, where they reside. By the way, I can vouch for the PAYE they are paying in as well.

Nicky Unsworth: It is hard as individuals, but as an industry we have bodies that lobby, so we are very involved with the IPA.

Christian James: The same here. Five per cent of our 16 people are EU—one and a bit. People say, "What's the bit?" I say, "Well, he's half-

Dutch, so we'll count him as well". Manchester has changed for the better; our industry is more diverse. We have quite a significant cluster in the Northern Quarter, particularly of digital businesses. It has meant that competition has increased, which has stopped a number of people thinking of Manchester as their first base before moving to London, but not enough for it to change the overwhelming fact that London is infinitely bigger as an industry.

We have attracted a number of groups from Ukraine that are technology-oriented. A number of people who have forged their starting career in the East have moved over here. They have fantastic skills and can see that Manchester is investing in its digital technologies. That has brought people in. If you switch that off, it will stop overnight and we will lose the skills that they bring in. What can we do about it? We do not have a particularly well-structured representation in Manchester to make it easy for people like you guys to come and talk to a few people who represent all. We try to change it, but it is something that Manchester is missing.

The Chairman: Nigel, you said that you have EU citizens in your workforce and that they were anxious. Are they anxious about their own future very specifically—will they be able to stay—or are they anxious about the kind of country and the kind of environment they will be working in after Brexit?

Nigel Moore: I am speaking on their behalf, but I get the impression, certainly from our head of editing, that if nothing else there is just a feeling of, "Oh, that's nice". I think everyone just presumes that the Governments will do their job and sort it out properly, and they can carry on doing what they are doing here. But there is a presumption there, and the first rule of production is, "Never presume". My big thing is: ideas do not fit into borders. We are an ideas type of an industry. The wider your set of ideas is, the better. A person who comes from France has a very different approach from that of a person from Germany, which is very different from my approach as someone from Hertfordshire who now lives in the north-west. We have to have that, because it is what makes us global.

Q176 **Baroness McIntosh of Hudnall:** Christian, you used the word "cluster" a short while ago, which is a word we hear a lot. I am not sure that there is an absolutely definitive definition that we can all sign up to, but what do you and your colleagues understand by "cluster" and its significance for your industry? Do you think it important that government recognises the value of clusters, and is it doing enough to support them? Yours is an industry within which there is a lot of freelancing, a lot of virtual, homeworking and that sort of stuff. Are those strengths, or are they potential weaknesses as you see them? Those things are linked by the fact that small businesses often start and then cluster and grow.

Christian James: We definitely have some clusters. Some of the businesses are clusters in their own right—they are kind of an umbrella set-up with clustered entities sitting within them, often with share arrangements that allow that, so they are independent businesses getting

together. There are definitely clusters. Obviously, Media City is a big cluster. The Northern Quarter has fuelled a number of small technology-based start-ups. Let us take a business trying to communicate with a broad audience. It used to consider a dozen channels maximum that it could spend its money through. Now, you can add noughts on to the end. It is unfeasible for a single entity to respond to the entire client requirement. A group can satisfy a client requirement. Businesses recognise that they will need to collaborate. Being close to each other will fuel a greater understanding of a client's problem. It has happened; it is happening.

I am not sure that I can answer the second point. I do not feel confident enough to answer the question as to how government could influence. It is a good thing; these clusters are a necessity for us. It makes a great, thriving environment. There is a real buzz that attracts people to the industry. They think, "Well, that's great on a number of levels. No. 1, we just like the fact that we can go in and socialise somewhere where there'll be different people, but we're all answering similar problems and we can talk about that. Secondly, if I do not like where I am, I know that there are a number of other options that will not mean a whole life-stage and lifestyle pick-up and go". That is good.

We want Manchester to be seen as a thriving, world-class city when it comes to digital media communications. That will attract overseas clients. If they are based near Manchester, they will want to know that there is a world-class operation called BJL able to satisfy them not just in the UK but across the world. I am sure that businesses even of the size of Nicky's work with other organisations in Manchester and beyond. So it is definitely a good thing. I am not sure about the middle part of that question. I am happy for somebody else to take that up.

Belinda Peach: As Manchester and Greater Manchester, I think we are unique in the UK. Of course I would say that, but I work in Leeds and in and around London trying to combine the sector and bring it together. Leeds does not come together like Manchester. We have been collaborating for 20-plus years, which is why we have things like Media City and the Sharp Project. It is why there has been the investment in those sort of things. Creative agencies have been working with TV production, and animation industries have been working with creative agencies to supply them.

The whole thing has been blending and collaborating for many years, but what we all share in the creative digital media sector is the pain of the issue with our entry-level young talent. That is where the clusters can really drive it. Those in the creative digital media sector all have different issues in relation to what they want to do, but where they come together and where the cluster can support that is on entry-level talent in particular.

Q177 Baroness McIntosh of Hudnall: In your opening remarks, Christian, you mentioned your debate, which put forward the proposition, "Are we the last of the creatives?" You related that specifically to the lack of

creative content in the school curriculum.

Christian James: It is the lack of emphasis on creativity in the curriculum.

Baroness McIntosh of Hudnall: Then one of you talked about the 21 year-olds you are looking at now compared with those you saw however long ago it was. If you put all that stuff together, what is your biggest fear? If you say that it is about the talent, what is your fear about that talent?

Christian James: It is the lack of a role model and a lack of inspiration in education at secondary level and below. In the schools that I go into—this is an exaggeration to make the point—if you are not doing triple science, you are considered thick. There is a parental influence in that. I know that is an exaggeration.

Baroness McIntosh of Hudnall: I do not think it is, actually.

Nigel Moore: My wife is a teacher, so I hear the pain about this. Kids are prepared to get a certain level of SATs in year six of junior school. They are then prepared to select GCSEs, then to pass them and then to do their A-levels. When I see them in university, they say, "What do I need to do to get a first?" For one, you will not get a first if you are asking that question, because that is not what a university degree should be about. Unfortunately, it is now, because universities are so worried about the league table that there is a massive inflation of grades; it is almost impossible to fail somebody in a university degree now.

Christian James: Just remember where we are.

Nigel Moore: I teach in one, and anyone is lying if they say otherwise. There is immense pressure, as I am sure Professor Hines would agree. Students are expected to do well and expect to be told what they need to do to achieve that. There is a little "I've bought a degree now. I've paid my money" coming in. I liken university to a gym: you pay to come to the gym, but you will have to put effort in and sweat a bit to get something out of it. That is what a degree should be.

They do all that for their education and career, and then they come into a sector that is all about taking risks, thinking for yourself and evolving—not only being creative but knowing the technicalities and being astute with business. There is a shift in the type of person who is coming into higher education and then into the industry because of being told what to do every step of the way. The education system is geared to league tables, so teachers have to give students what they need and there is no element of risk taking. The best creativity comes from taking a risk.

Nicky Unsworth: We also need people who have almost management consultancy skills, which is often not recognised—people who have that approach to business problem solving, not just creativity. A third of my people work very closely with senior people in business to help to solve business problems. The fact that the output is creative to help to make

that difference is far from incidental, but it is not where we start. That goes across the spectrum of creative industries as well, although it is not necessarily every business.

Baroness Stowell of Beeston: On the question that you did not feel able to answer, Christian, and on your point about what government should do and your frustration with the talent, are we saying basically that the problem needs to be defined more clearly and that we need to work collaboratively, perhaps government with business, in order to fix it? As you and others have identified today, your business is very opaque. I have talked to other witnesses, and it always surprises me that it is not more open, with much more varied ways in which different kinds of people can enter at different levels.

Where we are coming from, our challenge will not just be defining the value of the advertising industry to the UK economy but identifying that there is a problem here. If clusters are part of the solution, their value needs to be articulated better. It is quite broad.

Belinda Peach: It is about giving the cluster the job, because a lot of the time the cluster, the trade association or whatever it might be that represents the industry has to be impartial, because there is the issue of competition with businesses. We collaborate, but the main goal of a trade association or cluster that is not for profit is the good of, say, the region. That is why we have been successful here; we have pockets of trade associations and different clusters that have come together and created what we have here. We have a selection of these things, and we work with the likes of Andy Burnham on the changes that are going on here.

It is about having a shared outcome.

Baroness Stowell of Beeston: It is a shared purpose. These kinds of industries, whether yours or the travel industry for example, do not require the scientists and all the stuff that everybody is learning or being told that they have to learn. It is about finding a better way.

Belinda Peach: The construction sector, through the CITB, and other sectors have been working on and around jobs with training and that sort of area for years, so they have it covered. We are still quite late on all that, because we have recruited predominantly through higher education, for one thing; we have generally recruited graduates.

Nicky Unsworth: Which we still want to do.

Belinda Peach: Yes, we do.

Christian James: We are an industry with multiple points, we really are.

Baroness Stowell of Beeston: That is what is coming through.

Nicky Unsworth: There was a spell when graduates got it, but the problem with graduates now is that other industries are more attractive

to them. We do not necessarily offer the specialised training, and salaries are not as high, but that set is still key for us.

Christian James: Yes. We are still seeing careers advisers in school struggling to articulate, even at a basic level, the opportunities and the rich lifestyle and rich life choice that you can make in this sector.

The Chairman: You are echoing much evidence that we have heard, which is very interesting.

Q178 **Baroness McIntosh of Hudnall:** Could you give me two sentences on the quantum of freelance benefits and risks?

Christian James: It is a project-oriented world, and being freelance gives you the opportunity to tap into short-term, higher-level input. It gives you flexibility, which is a great benefit. You will generally pay a higher cost per hour and per day for a freelance than you would for PAYE, but then you do not have the overhead. It is a balance, and I would always be in favour of freelance in our industry, without a doubt.

Nicky Unsworth: It is a strength in our industry. It allows us to tap into specialisms, because quite often our output is undetermined; it could be a TV ad or an event. So we need to tap into that. You linked it to home-based working.

Baroness McIntosh of Hudnall: I did that partly because I was thinking about diversity and the people who might not want or cannot do a full-time job but who have skills that can be used occasionally.

Christian James: I agree.

Nicky Unsworth: That felt slightly different to me. I think we reflect that. It is an environment where creativity comes out of the catalyst of people coming together. Although people work at home a bit, I do not think we are naturally a home-based industry. I think we are an industry where people need to be together—

Nigel Moore: —but still studio-based.

Nicky Unsworth: Yes. That is how creativity spirals. There are exceptions, but I would say that freelance is a real strength in this industry.

Nigel Moore: The freelance market is integral to our business. It has often grown into employment through us growing as a company. Three of our PAYE employees were freelancers to start with, but there are lots of people who we could never afford and who, quite frankly, would not want to be PAYE, because they earn a lot more as a freelance because they are very good.

I moved to Manchester 20 years ago and am very proud to live here. The collaboration that Manchester has is quite special. Collaboration makes the whole sector stronger.

Nicky Unsworth: I agree.

Nigel Moore: Everyone here is potentially a competitor, but to me they are all potential partners, because one day we are filming on a ship, the next day we are trying to make a wall into an interactive experience, and the next day we will be colouring in, or whatever. Do you know what I mean? That is the nature of it.

The Chairman: Thank you. We need to move on to the next set of questions on digital advertising.

Q179 **Lord Gordon of Strathblane:** No conversation about advertising would be complete nowadays without examining the impact of digital. What is the future of traditional media, such as television, print and local newspapers in particular, given the huge move there has been to digital advertising?

Christian James: With local newspapers, the way things are moving, titles are shutting every week. On the one hand, it is very sad when you hear a story of a 150 year-old title that no longer exists. Then you look at the reality of the story and see that it is not the title that has disappeared, it is just that the medium has changed. Accessing local news is still really important to people. It is just that more people each year are choosing to access that information in a different way. I do not find that depressing; I just think it is a fact of change.

Lord Gordon of Strathblane: To interrupt you briefly, to produce that information requires some form of money. Therefore, one has to monetise the service you are offering to be able to offer it.

Christian James: That is certainly a challenge for the media. Things are not working in isolation. What is the future of those media? They have a role to play, as does television, as long as it understands the relationship the consumer has with the digital platforms they are accessing. Say I am on an iPad and watching "Britain's Got Talent". I might be looking at cars and the ad break comes up. There will be a connected future, if we are not already there, where the ad that will come up in my house is for the Peugeot I have been looking at, but next door but one will be seeing an ad for a BMW in that break. Television, with its entertainment role, has an ability to get to 16 million or 17 million people in one hit. Nothing else on its own can deliver that. We have a long way to go before we get worried about the future of television. Press is a different matter.

Nicky Unsworth: From our perspective, we do not look just at the media owners. The advent of digital has invigorated the industry, because we suddenly have all these wonderful channels to use.

On the earlier points, clients with smaller budgets—I know it does not always work to our advantage—can now build a picture of their brand by producing a piece of content. The multiplicity of channels has been positive.

Lord Gordon of Strathblane: On the other hand, it has also been put to

us that you do not always get value for money and that the metrics of digital advertising are not all that strong.

Nicky Unsworth: That is up to us to work with. There is no media agency representative here, but those are the businesses that would help us to measure that. This is where the advice to clients, the econometric modelling and understanding how the numbers play out are really important.

Christian James: We have data scientists involved in our business. Even though we are a small business, we thought that was an opportunity to make us different. So we got a data scientist involved, who works with clients using econometric modelling to ensure that they see the real picture of the return on investment through digital channels, alongside and in combination with the other channels they are using. There are evaluation methodologies. We are not the only ones who can do that. There is a problem in the evaluation of awareness through digital. It is very difficult to measure that.

We are also finding that the effect of digital advertising on all of us is convergence. Things used to be isolated to the PR industry, media agencies or creative agencies, with services that clients used to go specifically to the media agency for. Now it is, "You produce content for social, we produce content for social". Media agencies produce content and run programmes. We are all starting to converge a little when it comes to digital. I am not sure where that will end.

Lord Gordon of Strathblane: If there is convergence, should there also be convergence of regulation? The argument is also put, for example, that both content and advertising on television are very heavily regulated. Should it not be similarly regulated online?

Nicky Unsworth: I am sure there are lots of very practical reasons that make that really challenging, but there is a strong argument for it. Certainly in my IPA role I listened to Google and Facebook talk about the fact that they are platforms. We as an industry are pushing back at them very hard to say that they are not. A phenomenal percentage of youngsters get their news via Facebook, so it becomes a news medium. That is something we need to watch out for.

Nigel Moore: When you produce something to go on television, the checks that our creative content is vetted for are very strict. It is frustrating when you see something put out when you know it is not right. They are allowed to do that when you are not allowed to do it on another medium.

Christian James: It is still a relatively young industry. We are seeing people getting fined. The fines that are being imposed on people are being published. The legislation, restrictions and guidance have to catch up. The challenge is how you do it.

Lord Gordon of Strathblane: Is there not a point at which enlightened

self-interest would lead them to self-regulate? The advertising industry is a very good example.

Nicky Unsworth: Yes, with the code of advertising practice.

Lord Gordon of Strathblane: The ASA has a worldwide reputation. People respect television advertising, or advertising in general, more for it. We should persuade the digital industry to adopt the same strategy.

Nicky Unsworth: Somebody has to take responsibility for the content before you do that. That is where the battleground is.

Q180 **The Chairman:** One very specific question to finish with. The GDPR is about three months away. Are your respective firms ready? Have you had the help that you need from government and agencies to prepare for it?

Nigel Moore: No. We are trying to be ready, but I do not know who to ask to do a check for us, as a small company. I just heard it on the grapevine and from other people saying, "Have you seen this massive thing?" A lot of my clients are saying the same.

Nicky Unsworth: We are, but largely because we have a lot of clients whose database marketing we do. For Asda we have to be ready. We are up to speed and we are advising—sorry, I have to be careful—we are hand-holding a lot of clients through it.

Lord Gordon of Strathblane: I must examine sometime the difference between advising and hand-holding.

Nicky Unsworth: I was told not to use the word "advising"!

Christian James: We feel as though we have been talking about it for months. We are still quite scared. We have been involved in organising a few industry events. We have legal people in front of our members to understand the general rules. But you are right; there is a lot of "Am I able to send that email out now?" "Do I have the trail?" "Is that acceptable?" There is still a lot of uncertainty about it. I cannot remember what my exact search terms were, but on Google this morning there was, "Am I GDPR-compliant?" It is endless. I have no idea which authority to look for. I know that a lot of those were paid services that were trying to hook me in. I could not quite work out where the independent advice would come from.

The Chairman: Whose job is it to give you that advice? Who do you think should have been sitting down with you and preparing you better? Basically you have gone out and done it yourselves, either through your trades or as individuals.

Nicky Unsworth: Yes. The IPA has helped us. I think we would take responsibility for ourselves, as businesses. It had not occurred to me that it was for somebody else to help us.

Belinda Peach: As a freelancer, I looked at it and thought, "That doesn't affect me". I might be in trouble there, but the freelancers will not even

look at it.

Nicky Unsworth: The IPA has its legal team. I think that my industry body would be my route in.

Nigel Moore: Trying to deal with it looks expensive.

Belinda Peach: It looks as though it is for big business and not for smalls.

Nicky Unsworth: But it is for all of us and a lot of our clients, too.

Christian James: The MPA decided that it was our responsibility to inform members as best we could, but we put a number of health warnings on all the slides saying, "We're not financial advisers, but we would suggest ... "

Nicky Unsworth: That is where a trade body such as the IPA, which has a legal team, will step in. It is part of its remit for the year, but it is quite hard for us in our less formal bodies.

The Chairman: But you think that it affects you and that you are ready, broadly?

Nicky Unsworth: I think we are well on the way.

Christian James: It definitely affects us, and I think we are on the way.

Q181 **The Chairman:** Post Brexit, on the transfer of personal data between the UK and the EU, I think everyone assumes that an agreement will be reached, but if it were not, what would the impact be on your businesses?

Nicky Unsworth: The honest truth is that I do not know. I had not even known that it was question until I saw it on the paper. It was not on my radar.

Christian James: No, I did not know.

Nigel Moore: Ditto.

The Chairman: Let us hope that it is resolved. Thank you very much for your evidence. It has been very interesting. You have echoed quite a lot of things that we have picked up in evidence in previous sessions. It has been very useful for us to hear from practitioners about the issues that you face. At the same time, it has struck me from your CVs that as well as running your businesses you are all very active in your community and very engaged in civil society. In an era when public service is not recognised, can we thank you for the public service that you do?

Perhaps I should ask whether you think we might have asked you something that we did not. If anything strikes you, please write to us.

Nicky Unsworth: When will an output from this be published?

The Chairman: You will be able to find the transcript on the Parliament

website in the next couple of days. We will produce a report. This is virtually our last evidence session. We meet next week to discuss the emerging themes, things that we have established, and we will report in March.

Nicky Unsworth: Wonderful. Thank you for inviting us.

Q182 **Baroness Stowell of Beeston:** Is there anything in particular that you are hoping for from our report?

Christian James: For me, it will definitely be whether there can be some broadening of the discussion at school level to reverse what seems a very narrow view that education needs to follow a scientific path.

Belinda Peach: Going back to the talent and skills agenda, I would say early intervention in education. The industry and education need to come together. They are doing that, but they need to be far more connected. I think the higher education sector to this point has always thought, "We just educate". That is no longer really fit. It needs to educate and get people work-ready. Employability, whether you are in school or in university, is crucial.

Nicky Unsworth: For me, it is flagging up the value of creativity to the economy. Sometimes, that may not be very high on people's agenda. For parents, teachers and colleges, even just a report on this and flagging up what needs to happen will be important in its own right.

The Chairman: Thank you.