



Advertising Services, Market Research and Statistical Services 2020

Industry Developments and Workforce Issues

Industry Overview.^{1,2} The national labour market outlook³ estimates an employment growth of 15.1% for the Professional, Scientific and Technical Services sector over the five years to 2024. Within this broader sector, growth is expected in Scientific Research Services (13.3%), Advertising Services (7.8%) and Market Research and Statistical Services (16.5%). Most recent ABS figures for Western Australia⁴ indicate that as at February 2020, each of these sectors employed 3400, 2100 and 2900 people respectively.

According to the latest 2019 Hays Salary Guide, 43% of employers intended increasing permanent marketing staff levels in the 2019/2020 financial year.⁵ Overall, their recruitment data points to data scientists and business analysts as two of the skills most sought by employers. Of the 3,400 organisations surveyed, they found that strategy and consulting departments will lead job growth predominantly due to the rapid pace of change, leading to restructures and transformational projects. Widening skill gap continues to concern employers, 70% of whom believe these will impact effective operation of their business.⁶

More specifically, the July to December 2019 Hays Jobs Report⁷ indicates a demand in marketing and digital skills, particularly for Campaign Analysts, Content Managers and Writers, Hybrid Marketing Managers and CRM professionals. A more recent report reveals skill shortfalls exist in the first half of 2020 for Social Media and Search Engine Optimisation (SEO) Digital Marketing Specialists, Digital Content Managers, Communications Managers, Marketing Insights Analysts and Public Relations Specialists.⁸ A comparison of wages within the sector points to the highest salary growth in brand management (11.6%), marketing communications (4.2%) and management (3.6%). Figures show drops in salary in product management and development (down 6.2%) and market research and analysis (down 6.5%).⁹

Industry Revenue Outlook.¹⁰ Despite IbisWorld's projected advertising industry revenue growth in Australia by an annualised 3.4% in the five years through 2019-20, a decline in total business profit and weak business confidence is anticipated to lower revenue growth to 1.9% in the current year. However, growth is expected for the period 2019-2024, supported by an increase in adoption of new hardware

¹ Industry advice provided to the Financial, Administrative and Professional Services Training Council, 2020.

² These figures do not take into account any impact caused by COVID-19. It reflects data collected prior to the effects of the pandemic which is having a substantial negative impact on the current labour market.

³ Australian Government, Department of Jobs and Small Business, Labour Market Information Portal, [Employment Projections, 2019 Industry Projections – five years to May 2024](#), May 2019.

⁴ Australian Bureau of Statistics, Labour Force Australia Detailed Quarterly, [Data Cube EQ06 Employed persons by industry group of main job \(ANZSIC\), Sex, State and Territory](#), February 2020.

⁵ Hays Australia, [Hays Jobs Report – Marketing and Digital: Hotspots of skills in demand](#), March 2020.

⁶ Hays, Press Release, [Are your skills in demand? 47% of employers to increase headcount – here's where](#), 11 July 2019.

⁷ Hays Australia, [Hays Jobs Report – Marketing and Digital: Hotspots of skills in demand](#), March 2020.

⁸ Hays Australia, Press Release, [Most wanted: 2020's skill shortfalls revealed](#), 20 January 2020.

⁹ Seek, [Career Advice, Job and Salary Trends – Marketing and Communications \(Western Australia\)](#), Comparison of annual full time salary averages (February 2019 – Jan 20/February 2018 – January 2019).

¹⁰ These figures do not take into account any impact caused by COVID-19. It reflects data collected prior to the effects of the pandemic which is having a substantial negative impact on the current labour market



such as wearable technologies, virtual reality headsets and smartwatches.¹¹ The effectiveness of online marketing solutions and search engine marketing have grown the digital advertising agencies industry revenue, which was expected to increase by an annualised 16.7% over the five years to 2018-19.

Companies in this industry sector are anticipated to further reinvent their advertising services over the five years (2019-2024), driven by increased internet advertising and media fragmentation. The trend of media fragmentation is due to greater variety in advertising media and the declining use of traditional mass media by younger generations. Advertising clients are anticipated to increase use of direct promotions. Profit margins are projected to decrease over the next five years, despite growing demand and revenue, as new entrants increase price competition across the industry.¹²

Similarly, IbisWorld projected a 13.9% annualised growth for the online advertising industry through to 2019-20 due to consumer use of social media, web-based applications and internet systems. Demand for online advertising services is projected to grow over the next five years as more businesses develop an online presence and introduce channels for services to be accessed over the internet. Growth in non-messaging data from mobile phones, supported by the rollout of next generation XG mobile networks, is also forecast to drive demand for online advertising services. Google and its online video service, YouTube, dominate. Other key players include Facebook and REA Group (an Australian global online real estate advertising company) with a focus on online real estate advertising.¹³ Residential real estate advertising was expected to grow at an annualised 9.4% across the 5-year period through to 2018-19 and IbisWorld foresee a strong revenue growth over the next 5 years due to online listings.¹⁴

Operators in the market research and statistical services industry provide services to advertising firms, media companies and other organisations that require consumer insights and other statistical research to help clients develop new products and advertising strategies, make strategic decisions and gather demographic information. This industry sector was also projected to grow at an annualised 9.4% to 2018-19. Consumer sentiment and business confidence are anticipated to remain positive over the next five years, supporting industry growth to 2024, despite increased external competition and internal price competition.¹⁵

Industry Trends 2020. Marketing technology has exploded in the last decade from 150 choices of platforms and solutions in 2011 to 7,040 in 2018.¹⁶ The year 2020 will see a greater convergence of marketing and data analytics. The enormous influx of data and execution capabilities that organisations have available continue to transform email marketing, content strategy, customer conversion, brand philanthropy and social media.¹⁷ Technology is creating quality automations, integration and engagement.¹⁸ Speech intelligence and voice data will continue to redefine marketing, especially in customer service industries.¹⁹ Use of text and speech analysis to mine data from customer interactions are set to increase. These will enable companies to track customer interactions, capture insights and measure customer sentiment. Tech-enabled customer intelligence will overtake traditional market, customer and product research.²⁰ Video content/video marketing, mobile marketing and SMS marketing will continue being utilised to target audiences.²¹ Shoppable posts are expected to become the norm and augmented reality is expected to surpass virtual reality moving forward.²² Cloud migration, modernisation of platforms and digital customer experience will be priorities in 2020 as companies adopt emerging technologies and accelerating digital capabilities. Automation, machine learning, predictive analytics and artificial intelligence (AI) will capture customer journey and increase personalisation and customisation for hyper-personalised end-to-end customer experience.²³ Australia needs to accelerate

¹¹ IBISWorld, [Advertising Agencies in Australia - Market Research Report](#).

¹² IBISWorld, [Digital Advertising Agencies in Australia - Market Research Report](#).

¹³ IBISWorld, [Online Advertising in Australia - Market Research Report](#).

¹⁴ IBISWorld, [Residential Real Estate Advertising in Australia - Market Research Report](#).

¹⁵ IBISWorld, [Market Research and Statistical Services in Australia - Market Research Report](#).

¹⁶ Marketing Magazine, [CMOs of 2020, worry not, the future is bright for data-driven decisions](#), 20 January 2020.

¹⁷ Marketing Magazine, [What to adopt in 2020 and what to leave behind](#), 29 January 2020.

¹⁸ Association for Data-Driven Marketing and Advertising, [Three marketing trends to watch in 2020](#), 7 January 2020.

¹⁹ Marketing Magazine, [The future of big voice - how speech intelligence is redefining marketing](#), 11 September 2019.

²⁰ Marketing Magazine, [People will grow \(even more\) tired of surveys: customer insights predictions 2020](#), 6 December 2019.

²¹ Marketing Magazine, [Nomophobia and channel challenges: are marketers getting the message?](#) 26 November 2019.

²² Marketing Magazine, [What to adopt in 2020 and what to leave behind](#), 29 January 2020.

²³ Marketing Magazine, [Enabling CX is a growing concern for CIOs, but are CMOs getting in the way?](#) 20 November 2019.



their customer experience innovation to remain ahead of increasing competition from Asia.²⁴ Conversational and interactive content marketing will also be a focus to keep visitors engaged and provide value.²⁵

Cybersecurity for Better Compliance and Data Protection. 2020 will also see an increased focus on cybersecurity for better compliance and data protection.²⁶ The need for this has been heightened during COVID-19 as marketers shift spend to new channels and move investment into performance marketing. Online ad fraudsters are finding new ways to divert spend, targeting new channels such as over-the-top (OTT) advertising, delivered directly to viewers over the internet through streaming video services or devices, such as smart or connected TVs (CTV). Likewise, as marketers shift spend towards performance marketing metrics, marketers need to make sure they are equipped to counter fraud on their own websites. Among other things, fraudulent activity can skew decision-making and strategy by adding inaccuracy to data and analytics.²⁷

Governments' Anti-Avoidance Tax Measures and Multinationals. Google and Facebook are facing various probes by regulators in Australia and overseas over issues relating to tax, privacy and market dominance. The Federal Government's tougher anti-avoidance measures have seen the introduction of the Multinational Anti-Avoidance Legislation in 2016, the Diverted Profits Tax in 2017 and now finalised guidance on diverted profits tax by the ATO (Law Companion Ruling 2018/6 Diverted Profits Tax and Practical Compliance Guideline 2018/5 Diverted Profits Tax have now been published in their final form).²⁸ These measures have led to Google paying an extra \$481.5 million tax covering the period from 2008 to 2018.²⁹ The amount collected from ecommerce players including Microsoft, Apple and Facebook brings this total to 1.25 billion.³⁰

However, the laws have not been able to stop the legal practice of hefty amounts of advertising revenue still getting channelled via low-tax countries like Singapore.³¹ In an effort to further tighten the loopholes and recoup more tax from multinationals, the Federal Government is in the process of extending the definition of a Significantly Global Entity. The draft legislation is set to include numbers of large business groups headed by private companies, trusts, partnerships, investment entities and individuals which aims to ensure the multinational tax avoidance rules apply to all relevant entities.³²

*Digital Platforms Inquiry.*³³ There is an increased international focus on the impact of digital platforms, their business models and the significance of the user data they collect. In mid-2019, the Australian Competition and Consumer Commission (ACCC) released a report on the effect of digital search engines, social media platforms and other digital content aggregation platforms. The report focuses on the impact of digital platforms on competition in the advertising and media markets as well as its users, namely advertisers (the largest category of business users of the platforms), media content creators and consumers.

A large part of the inquiry focussed on Google and Facebook due to their influence, size and significance. The prevalence of these businesses and their digital platforms in related markets enable them to attract a large number of users and build rich user-related data sets (including rival businesses) to then offer highly targeted or personalised advertising opportunities to advertisers. Their ubiquity gives them great market power and competitive advantage. The report explores the risks associated their privileged positions and the interplay between privacy, competition and consumer protection considerations.

²⁴ Marketing Magazine, [Five trends that will shape customer experience in 2020](#), 18 November 2019.

²⁵ Forbes, [Three Digital Marketing Trends To Focus On In 2020](#), 27 December 2019.

²⁶ Marketing Magazine, [Five trends that will shape customer experience in 2020](#), 18 November 2019.

²⁷ The Drum, [Mobile, OTT and performance marketing are vulnerable to fraud, says White Ops' Ryan Murray](#), 16 June 2020.

²⁸ BDO Tax News, Australia: World Wide Tax News Issue 53 – December 2019, [Australian Tax Office finalises guidance on diverted profits tax](#).

²⁹ Financial Review, [Google to pay nearly \\$500m in tax settlement](#), 18 December 2019.

³⁰ The Guardian, [Google to pay \\$481.5m in major win for Australian Tax Office](#), December 2019.

³¹ ABC News, [Google, Facebook make billions in Australian sales but pay less than \\$40m in tax](#), 1 May 2019.

³² Australian Government, The Treasury, [Extending the definition of a Significant Global Entity \(SGE\)](#), December 2019.

³³ Australian Competition and Consumer Commission, [Digital Platforms Inquiry – Final Report \(Executive Summary\)](#), June 2019.



The ACCC encourage consideration to be given to issues associated with digital platforms and their business models and advocate for policy makers to review legislative tools, principles and oversight accordingly. They highlight the need to strengthen consumer, privacy and competition laws to address potential harms associated with the impact of digital platforms on markets and consumers in Australia. Together with the Government's anti-avoidance measures, the ACCC's report findings and recommendations are likely to drive increases in regulatory pressure on industry firms, particularly Google and Facebook.

Industry Workforce Priorities

Skills in Demand. A recent Hays³⁴ skills report points to digital expertise being essential across both generalist and specialist roles. People working in strategy, execution and measurement all need to have the digital skills and an awareness of the latest digital trends impacting roles. A growing need exists for campaign and market insights analysts to help organisations understand data, drive more sophisticated customer profiling, impact measurement and decision making. Demand continues for people with an understanding of user experience for online channels and the ability to use these to ensure appropriate format for audience and purpose. Similarly, employers seek a blend of generalist and digital skills and those with exceptional writing skills for content writing along with technical video production skills. Digital experts must be experts in social media, search engine marketing, search engine optimisation and data analytics and be able to map the customer journey and tailor marketing campaigns accordingly.

Another area of strong recruitment are marketing and CRM professionals with experience using AI customer relationship management platforms, as well as those with **marketing automation** skills due to the abundance of platforms with solutions spanning SME to enterprise level. In line with this, Michael Page reports growth in the recruitment of broadly skilled marketing professionals for smaller and medium sized businesses. Other candidates in demand are those with e-commerce skills sought in the retail sector to help in-house teams meet high online revenue targets. With retailers investing in online stores, e-commerce experts at all levels are in growing demand. Those at the mid-level with CRM and email expertise will also be needed as the retail sector looks to track and improve email campaigns and makes segmenting data a top priority. Employers expect marketing candidates to possess basic design skills which requires upskilling in order to remain competitive.

Technology and Soft Skills. Like all industries, artificial intelligence and cloud computing are having an impact on marketing with routine, repetitive tasks automated for efficiency improvements. Digital marketing must keep pace with the growth and evolution of modern technology. With constant updates, new techniques, and changes to algorithms, digital marketers are frequently scrambling just to keep up. Being aware of emerging or continuing trends is a vital part of staying on top of the game.³⁵ However, alongside rapid technological change, soft, social and emotional skills also continue to grow in importance and are becoming prerequisites across all job functions. According to Hays, technical skills aren't all that employers expect of their candidates. They look for strong interpersonal and creative skills, the ability to make data-based decisions, adapt well to change and a continuous learning mindset.³⁶

Learning and Development. In a 2017 report³⁷ Deloitte pointed to skills becoming obsolete at an accelerating rate and a career being a journey of learning. They reported that professionals in roles such as marketing, sales, manufacturing, law, accounting and finance needed to redevelop their skills every 12 to 18 months, stating that the half-life of learned skills continued to fall to only about 5 years. Since then, the concept of lifelong learning and development has been fast tracked. According to a recent employer survey³⁸ conducted by Hays, qualified candidates who upskill regularly (weekly through to quarterly) are 77% more likely to be shortlisted for an interview rather than those who do so annually.

³⁴ Hays, [Hotspots of skills in demand – Marketing and Digital](#).

³⁵ Forbes, [Top Marketing Trends for 2020](#), 3 October 2019.

³⁶ Hays, [Hotspots of skills in demand – Marketing and Digital](#).

³⁷ Deloitte, Deloitte Insights, [2017 Global Human Capital Trends - Careers and Learning: Real time, all the time](#), February 2017.

³⁸ Hays, ['Upskilling always' is the new normal. Here is 7 ways to do it.](#)



As digital transformation continues to drive change, marketing professionals need to adapt well to change and continue to upskill at all levels, requiring a continuous learning mindset. They need to keep pace with rapidly evolving marketing roles and employer expectations to lead and guide new trends across all media, including digital.

COVID-19

Operational Impact of COVID-19 Policy decisions on closures of non-essential services, social distancing, and application of additional restrictions have had dramatic impacts on business across Australia. Majority of companies have had to grapple with business slowdown, plummeting sales and revenue, and reduced budgets. They have had to address short term liquidity challenges, adjust their operating costs, and implement cost saving measures. Businesses have had to grapple with immense pressure to survive, including shoring up cash reserves, reinventing business offerings and delivery channels, address supply-chain issues and focus on recovery planning. In main, however, businesses appear to be in survival mode and less in business mode.

A recent Perth-based study by a corporate and commercial law firm³⁹ explored client views on how long before they felt their business would return to 'normal'. Reportedly, projected time of recovery depends on industry type and the ability to secure a pipeline of work. A sizeable portion thought there was going to be a long-term recovery period. Businesses that sold goods on a retail basis and continued to operate through the emergency period anticipated *returning to normal* could take up to 6 months. Businesses in professional services that rely on the return of business confidence anticipated this to take longer (6 to 12 months). Businesses in construction and property that had long periods between commencement and completion identified this to be between 2 to 3 years. Most noted that their real crunch time would likely be 2021.

These impacts on businesses have been acutely felt by the advertising and marketing industry. Agencies and independents have seen a mass number of contacts being cancelled, causing a significant decline in work and income. Given the uncertainty duration and the extent of macroeconomic pressure and pace of eventual recovery, many advertisers have paused or halted their ad spend. Overall performance and tactical investments have been hit hardest compared to brand investment, with companies adjusting their products and messages to suit the changing market.⁴⁰ Online advertising growth in Australia slowed in the first quarter of 2020 due to the impact of the post-holiday season, bushfires and COVID-19. Compared to the previous December quarter, there was a decline in general display (12%) and search and directories (4%). Compared with December 2019, year on year these had experienced a healthy growth (general display up by 2.9%; search and directories up by 6%). The impact of COVID-19 has also meant a scaling back in digital investment from the market with a quarter on quarter decline of 8.9%. The introduction of COVID-19 lockdown regulations had the biggest impact on visual advertising media found outside of the home. As of April 2020, outdoor advertising experienced the biggest year on year decline of 61%. However, as restrictions lift and community mobility returns, demand for outdoor advertising and digital-out-of-home advertising (transit, commercial locations, waiting areas) is expected to grow.⁴¹

Australia's research workforce will be severely impacted by the COVID-19 pandemic and the effects are likely to be felt for an extended period. The dramatic drop in business research spending will impact the sector significantly, already devastating income to universities, medical research institutes, publicly funded research agencies and the industrial sector. A recent study on the impact of the pandemic on Australia's workforce⁴² has determined this could lead to a decline in innovation and, in turn, limit economic growth by slowing the development of new technology, skills, and efficiency gains in service and production processes. Job losses are projected over the next 6 months. There are concerns that women, early-career researchers and recent graduates will disproportionately experience negative impacts.

³⁹ Leaker Partners Corporate and Commercial Lawyers, *From the Back – COVID-19: Our clients' thoughts so far*, June 2020.

⁴⁰ IAB Australia, [COVID-19 Digital Ad Impact Study](#), 9 April 2020.

⁴¹ The Drum, [How are marketers in Australia coping with reduced ad budgets during Covid-19?](#) 15 June 2020.

⁴² Australian Academy of Science, [Impact of the pandemic on Australia's research workforce](#), 8 May 2020.



Emerging Opportunities In light of this, advertising and marketing companies have been reengineering their business offerings to align these with emerging opportunities. The immense pressure on businesses is seeing marketers directing their focus on their core business and brand experience. Similarly, their growth investment strategies are shifting towards emerging market trends such as e-commerce and the accelerated push for digital marketing. The retail industry is a good example of how COVID-19 is forcing companies to adapt, creating opportunities for the advertising, marketing and research sectors.

The COVID-19 crisis is causing fundamental changes to consumer behaviour, supply chains and routes to market. This is forcing companies to be more agile as they address the current disruptions and support business continuity. It is pushing them to rapidly operate in new ways and accelerate the adoption of technology, digital channels, and processes. Traditional retail footfall saw an unprecedented drop in traffic due to the onset of government restrictions, social distancing requirements, community health concerns surrounding risk of exposure, and the transition to working from home. This has meant that retailers have needed to reach target markets in more creative and digitally driven ways than ever before, resulting in accelerated pre-existing growth in digital and social media marketing and sales platforms.⁴³ It is anticipated that the exploration of online options over the past few months will ingrain the preference towards convenience and have some residual effect from the COVID-19 lockdown.

In a similar way, isolation increased the amount of video content watched. The significant uptake of media consumption also signalled a need for retailers to orient their business models towards more digital and social media focus.⁴⁴ The lockdown period created the ideal environment for video consumption and attracting advertising investment as a result. The COVID-19 survey by IAB Australia reports that video advertising continued to grow, increasing to a 53% share of display advertising (an 18% growth in the March quarter last year). Programmatic advertising has also grown significantly. In terms of media buying, 43% of all advertising was bought programmatically, compared with 38% being bought from agencies using insertion orders. The percentage of inventory bought directly from advertisers increased to 19%, while 56% of content publisher's video inventory was bought programmatically.⁴⁵

From an advertising and marketing perspective, companies are looking at how they can support clients to implement and maximise the benefits of e-commerce. The most heavily impacted media budgets have been in areas such as hotels, restaurants, estate agents, travel and luxury. Instead, consumers directed their discretionary spending towards staple items such as household supplies, personal care items, home entertainment and fitness. Reportedly, businesses with an e-commerce channel (omnichannel retailers and digital pure plays) thrived as customers shopped for electronics and home office equipment. As at 1 April 2020, sales were up 9.4% on the previous year.⁴⁶ Pre-COVID-19 search and social media were already dominating digital ad spend as both business-to-consumer and business-to-business brands invested in channels where they could reach influencers and customers more easily, while also selling them items via social commerce. This trend of investing in online channels will continue. Already we are seeing an increased spend on own websites, apps and social media.

The scaling back on advertising and marketing investment has meant that some brands were no longer in a position to spend despite changes to products and their delivery. In response, some organisations have provided complimentary access to their platforms and expertise to support clients with their planning and recovery, hoping the goodwill in times of fiscal constraint would result in business growth as companies reinstate advertising and marketing budgets. Others shared their expertise on virtual platforms to guide affected businesses (such as small local businesses) as they adjusted their products, messages and routes to market in order to remain connected and support business continuity.

Greatest Threats to Business Continuity Advertising, marketing and research provide services which are reliant on return in business confidence and spend. Their survival depends on the ability to secure sufficient volume of work in areas of demand. Currently, key issues impacting businesses include: lack of work in the coming months/years; people's inability to pay for products or services; postponement of

⁴³ Rag Trader, [These are the retail success factors for a post-COVID-19 market](#), 27 May 2020.

⁴⁴ The Drum, [Pinterest says lockdown is fuelling an appetite for discovery as it eyes media budgets](#), 27 May 2020.

⁴⁵ The Drum, [How are marketers in Australia coping with reduced ad budgets during Covid-19?](#) 15 June 2020.

⁴⁶ Inside Retail Australia, [COVID-19: E-commerce ups its game](#), 1 April 2020.



liabilities and cessation of cash stimulus, JobKeeper etc (particularly post 30 September 2020); limited ability to obtain capital/financing and the time associated with those; increasing likelihood of disputes over money owed (particularly post 30 September); and increased likelihood of business insolvencies (particularly post 30 September).⁴⁷

Boutique retailers with little to no e-commerce capabilities have access to social media platforms such as Facebook, Instagram and now Snapchat to effectively reach consumers and fulfil transactions. Reportedly, Pinterest has benefited from a user bump (as with most digital and social media platforms). Its advertising business has thrived in areas such as e-commerce, food and fast-moving consumer goods (such as supermarket and toiletries). Pinterest range of buyable ad formats include promoted video, shopping ads, carousels and single image slots.⁴⁸ In June, Snapchat announced the global rollout of its dynamic advertising product. The tool lets brands automatically create ads in real time based on their own product catalogue, then directs people to buy on advertiser's own platforms. As product availability or pricing changes, these ads automatically adjust. This means astute business owners may choose to bypass middle parties and implement these directly.⁴⁹

⁴⁷ Leaker Partners Corporate and Commercial Lawyers, *From the Back – COVID-19: Our clients' thoughts so far*, June 2020.

⁴⁸ The Drum, [Pinterest says lockdown is fuelling an appetite for discovery as it eyes media budgets](#), 27 May 2020.

⁴⁹ The Drum, [Stores may be reopening, but brands shouldn't put e-commerce back on the simmer](#), 11 June 2020.