



THE GLOBALIZATION OF THE ADVERTISING INDUSTRY

*A case study of US knowledge workers
in worldwide economic restructuring*



A Research Report for the Sloan Foundation



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Executive Summary


Globalization is a worldwide economic restructuring that creates winners and losers; the USA should be a 'winner' from the expansion of **advanced knowledge services** (banking, financial, professional and creative) that facilitate global business.

Advertising is a key example of such a 'knowledge industry'; an archetypal US contribution to modern economies, we expect the US to be a major winner in the globalization of the advertising industry. We, therefore, expect jobs in **cutting edge advertising** work to be inherently 'sticky' (difficult to relocate), to America's great advantage.

But **stickiness** will depend on the creative environment of **US cities** and resulting innovations providing competitive advantage: to assess the 'US as winner' hypothesis we analysed an extensive quantitative dataset relating advertising work in US cities and interviewed 30 senior personnel of advertising agencies in **New York, Los Angeles** and **Detroit**. Interviewees were asked about job stickiness in the past, with current changing practices, and future prospects.

Initial **quantitative analyses** of advertising billings and employment confirmed the cyclical sensitivity of advertising. But beyond this pattern it was also found that **New York's global pre-eminence** in the industry was strongly apparent, **Los Angeles** showed **trans-cyclical growth**, and **Detroit** showed signs of **trans-cyclical slow decline**.

Interviews were then used to examine how the processes of work in advertising agencies relate to these trends. Here there are three basic types of job: **client managers**, liaising with those commissioning adverts, **strategic planners** translating client needs to market possibilities and the **creatives**




producing adverts for a market. It was found that all three job types are sticky but in different ways, driven by the fact that: client managers need to develop an effective face-to-face relationship with the buyers; creatives need to be close to the market, and strategic planners need a judicious mix of the two.

In the **early globalization** of the advertising industry (1980s into the 1990s), US offices were planning and creating campaigns worldwide for their US clients and both strategic and creative work appeared to be sticky within US cities in a process that emphasized **economies of scale**. The product was the **global advert**, which has been declining since the mid-1990s. **New York** was the worldwide centre of this work: **Detroit** was the center for car advertising.

Recent changes have been profound. **On the demand-side** clients are increasingly from outside the USA producing a **geographical fragmentation of client management** jobs. The result is a growth of jobs outside the US but **without a concomitant reduction in US cities** as US-based clients continue to be as important as ever.

On the supply-side changes have been even more profound. Consumers are both more **fragmented and heterogeneous** requiring the careful targeting of campaigns. This makes work particularly difficult for planners who now operate as **worldwide teams**, with US offices, especially New York, often operating as 'lead office' instead of sole office.

But the most **fundamental change** can be found in the work of the **creatives**: work has moved from an advertiser-push model where lead-offices, often in the US disseminate adverts worldwide, to a user-led, ground up pull model of innovation where adverts are increasingly produced locally in each market. However the demise of the global advert has not necessarily made US jobs less sticky; **reflexive, sophisticated consumers within the US** continue to make US cities creative centers because of the need to produce US-specific adverts.



In terms of the **future**, return to simple US-produced global advertising seems highly improbable. Given the continued strength of the US economy and its consumer purchasing power, both **client management** and **strategic planning** jobs will be sticky in US cities because of the importance of US-based clients. Many campaigns will be **US-led**, albeit within an increasingly dispersed geography of this work.

On the **supply-side** more significant challenges will arise: the jobs of **creatives** will become increasingly sticky but not only in US cities. **Non-US creative work** (for instance, in Brazil, Thailand, Vietnam) is becoming appreciated as particularly **new and innovative**. US cities may be able to compete with this to some extent, especially **New York** with its ability to attract a cosmopolitan mix of workers. But for **Detroit**, its lack of cosmopolitanism will be an obstacle and there is a general risk that US advertising will increasingly be seen as no-more or less innovative than that produced elsewhere. **Los Angeles** is likely to be able to hold its own in the future, but is unlikely to gain from global work, instead being reliant on domestic campaigns.

The key finding is, therefore, that in the future there will be increasing **local-for-local advertising** across the world. US offices can prosper but they will have **changing roles**; perhaps to lead campaigns run by global teams. It is inevitable, then, that US advertising work will change in a global division of labour but this is **not a zero-sum game** whereby the US loses and others win. Instead the new model of advertising is producing more work worldwide. But the US will not necessarily gain any of this new work. Instead it may simply sustain the status quo.

It is clear that these global trends **affect different US cities in different ways**. **New York's** pre-eminence in advertising worldwide looks unassailable, short of a collapse or relative decline in the US economy. Even in such a scenario the role of New York as global lead offices for a number of campaigns should help protect the city from terminal decline. **Los Angeles** is like a smaller version



of New York with its cosmopolitanism and broad client base; its future looks healthy, although is more reliant on the US and particularly Californian economy. **Detroit**'s advertising is closely linked with its auto industry and is declining slowly along with its clients; a different role for Detroit in the advertising industry is hard to imagine though and this city looks to be at most risk in the near future.

We, therefore, suggest that the US advertising industry and US cities:

- (i) have a number of assets that have to be maintained;**
- (ii) face a number of new challenges in the future if the stickiness of advertising work is to be maintained;**
- (iii) need to explore new opportunities emerging that might reinforce the stickiness of work in the face of a changing advertising industry.**



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MAIN REPORT



Chapter 1. Introduction

...creativity has emerged as the single most important source of economic growth... (Florida 2002, 320)

The lesson for the US economy that Richard Florida (2002) draws in his classic *The Rise of the Creative Class* is broadly optimistic but eschews complacency (Florida, 2004). He argues that contemporary economic growth depends upon creative use of knowledge and information in cities. The USA was the leading 'innovator nation' of the twentieth century, which gives it a head start in the twenty first century but no more. Creativity is a renewable resource that has to be carefully cultivated in an ever-increasing complex world economy.

We have chosen to try and get inside this economic complexity through a detailed study of the contemporary American advertising industry in a rapidly changing global world of advertising. Advertising work is classic 'creative work': it straddles Florida's two categories of his 'creative class' – the 'super-creative core' who produce new creative products, and the 'creative professionals' who are creative in their use of specialised knowledge for clients. By focusing on this one industry in specific cities we are able to assess how one key set of US knowledge workers are faring under conditions of global economic restructuring. The US advertising industry was by far the leader in its sector in the twentieth century world economy; how is it using this head start in the twenty first century?



1.1 Initial premises

(i) Globalization is interpreted as contemporary economic restructuring. It is historically distinctive because of its worldwide scope.

(ii) All economic restructurings produce both winners and losers. Analysis of today's changes have tended to focus on the US economy as a 'loser' with much production, and latterly many services, moved or outsourced 'overseas' to take advantage of cheaper labor costs. But the US economy is also a 'winner' in these economic upheavals; this is our focus.

(iii) Globalization is created through a knowledge economy. Every economic restructuring creates new work and in the case of globalization one of the key expansions has been in workers that receive, use, and deploy knowledges that are required to operate efficiently and successfully at transnational scales of business.

(iv) Firms providing these advanced knowledge products are concentrated in large metropolitan areas (commonly called world or global cities). The new 'knowledge work' carried out in these cities focuses on two functions: 'control and command' to run global operations (executive, strategic, management tasks), and 'advanced producer services' to facilitate global operations (financial, professional, and creative specialist work).

(v) Advertising is an ideal industry through which to explore new knowledge work generally because it is a key advanced knowledge service in contemporary globalization. The industry has been fuelled by ever-increasing global consumer expenditure that relies on advertising to develop, sustain, and spread markets for



new products. It is through the success of advertising campaigns that capital is realised globally.

(vi) Advertising is an ideal industry through which to explore new knowledge work specifically because management (large holding companies) and creative specialist work (agencies) are completely separated. The industry is distinctive in this manner: in order to service rival clients within one (holding) company, there are 'firewalls' between the different agencies owned by that company.

(vii) The modern advertising industry was both a creator of, and was created by, twentieth century American mass consumerism. The initial centering on Madison Avenue has long gone but advertising continues to be the archetypal American advanced producer service in contemporary globalization.

1.2 The basic hypothesis

Advertising is an industry where we would expect the USA to be the major 'winner' – more knowledge-based jobs rather than a decline in employment - in the current round of global economic restructuring.

Specifically, US cities, the creative environment they offer and the innovation that results, should see competitive advantages reaped from the cutting edge advertising work and workers present, as a result of the influence of globalization.



Thus the general purpose of this project is to investigate this hypothesis. The focus will be on identifying jobs that are necessarily carried out in a given city; we use the term 'sticky' to describe this process since these are jobs that cannot be easily relocated. Since our interest is directed at global work, we will focus on offices in three US cities: **New York, Detroit, and Los Angeles**. This choice is justified as follows: New York remains the 'global advertising centre' of the world, and Detroit and Los Angeles are chosen because they are the sites of US-led global industries that rely on huge advertising budgets – automobiles and films respectively.

The hypothesis is interrogated through asking 14 research questions: these are listed in Box 1. **These questions have directed the research and this report is organised as answers to these questions.**

Box 1.1. Research questions


Question 1. How have New York, Los Angeles and Detroit fared in terms of advertising billings and jobs in the recent past and how do they compare to other leading US cities?

Question 2. What is the quantity and proportion of work (jobs) that strategic/management knowledge workers perform that is non-local and can be attributed to globalization?

Question 3. What is the nature of this work, and specifically, how far down the management hierarchy do 'sticky' jobs exist before they becomes 'unsticky' and therefore subject to possible job transfer?

Question 4. What are the various criteria for making jobs sticky in these strategic/management roles?

Question 5. What are the recent (1990s onwards) past trends in non-local work identified in Q2 and is there any evidence that offices that are traditionally referred to as 'post-boxes' (offices that have no role in knowledge-intensive labor processes but simply deal with the logistics of distributing an advert in their host country) have taken on more strategic roles as knowledge-intensive advertising jobs become more mobile and unsticky?



Question 6. What are the future prospects (possible trends) of non-local work identified in Q2, and specifically, will the pattern of change in the sticky-unsticky boundary identified in Q5 be subject to change?

Questions 7-11. Repeat the above five questions for the creative advertising producer service jobs in agencies (account management, planning and creative/ design work) and examine whether they have exhibited a greater or lesser degree of stickiness.

Question 12. What are the similarities and differences between strategic/ management and advertising producer service work (jobs) in terms of global scope?

Question 13. What are the similarities and differences between strategic/ management and creative/ design work (jobs) in terms of the stickiness and where labor movement might occur?

Question 14. What are the similarities and differences between strategic/ management and advertising producer service work and jobs in terms of trends and future prospects for global decentralization?

Question 15. What is the relationship between the quantitative trends from question 1 and the findings from the remaining questions? (Which trends are discernible in the statistics and which are not?)

1.3 Methodology

The means for answering the 14 questions set-out in box 1 include two complementary sets of methods.

- i The *quantitative* methodology uses the trade journal Advertising Age Annual Reports to obtain wide-ranging information on advertising billings in numerous cities including our three project cities. For information on job trends we use the Census of Employment. These data are used for answering questions 1 and 15 to provide important background context of the advertising industry across the world as well insights into the role of the three chosen cities.
- ii The *qualitative* methodology uses 30 in-depth interviews with key stakeholders in advertising firms to draw out the implications of globalization for advertising jobs in the case study cities. In particular, interviews allow understanding to be developed of the processes that have reconfigured and are reconfiguring the nature and role of knowledge workers in advertising agencies in each city over the past twenty years, and those currently ongoing. The initial plan was for the 30 interviews to be made up of 24 interviews with creative producer



service workers in advertising agencies (eight interviews in each city with representatives of four agencies) and six interviews with strategic managerial workers in the holding companies (two interviews with representatives of the three leading holding companies in New York). This was slightly revised as we came to understand more about the practises involved in the industry.

The main themes explored and questions raised during semi-structured interviews are outlined in Box 1.2. Interviewees and their positions within their companies are given in Box 1.3. The firms participating in this research are listed in Box 1.4.



Box 1.2. Interview schedule detailing main themes and questions posed to interviewees.

Introduction

- Background to the agency and the office (employees and their profile; creative/management division; labor turnover & recruitment)
- Interviewees career

US offices in the global context and global projects

- What kind of work is done by this office?
- How has the role of US offices changed over time in the global context?
- What about the challenge of emerging countries (China, S. America)?

US cities and offices in the global context

- What is the role of overseas offices?
- How do you work/collaborate with other offices?
- Do you 'outsource' jobs to offices/firms outside the USA?

Changes in creative/strategic work over time

- What have the major changes been?
- Has more work come to/gone from the US?
- What are clients' expectations in terms of where work is done?

The city

- What is the main business of agencies in this city?
- How has business changed in the city over time?
- How much work completed in this city is non-local?
- What are the strengths, weaknesses, opportunities and threats for this city?

Conclusion

- What are the likely future trends in the advertising industry in the US?
- Will more jobs be lost/gained, in which cities and why?




Box 1.3. Interviewees

	Position	City
1	Vice-president	New York
2	Director of Insights and Brand Planning	New York
3	Global Chief Strategy Officer	New York
4	Behavioral Planning Director	New York
5	CEO	New York
6	Director of Engagement Strategy	New York
7	Chief Creative Officer	New York
8	Head of Multinational accounts	New York
9	Director of Trendspotting	New York
10	Head of Planning	New York
11	Vice-President	New York
12	CEO	New York
13	CEO	New York
14	Editor	New York
15	Research and Planning Director	Detroit
16	Executive Creative Director	Detroit
17	Director USA Broadcast Promotion	Detroit
18	President	Detroit
19	President	Detroit
20	Vice-president	Detroit
21	International Strategic Planning, Analyst	Detroit
22	Executive Creative Director	Los Angeles
23	Director of Account Planning	Los Angeles
24	General Manager	Los Angeles
25	Chief Creative Officer	Los Angeles
26	Director of Account Planning	Los Angeles
27	Chief Strategy Officer	Los Angeles
28	Chairman, CEO	Los Angeles
29	Partner/Account Director	Los Angeles
30	Director of Integrated Insights	Los Angeles

Box 1.4. Firms participating in research.





Chapter 2. Quantitative comparative assessments of advertising (question 1)

The purpose of this first section is to provide the basic background and context for subsequent data derived from interviews. We deal with question 1 and place New York, Los Angeles and Detroit in relation to other US and non-US cities.

2.1 Advertising billings

Unfortunately, the key source of quantitative data on advertising practice, the *Advertising Age Yearbooks*, stopped reporting data on city markets in 2002 so that we can only provide analysis of the situation in 2001. However the data does extend back through the 1990s so that trends can be discerned in the recent globalization of advertising. Thus despite the time gap between quantitative data and the interviews a useful initial context for the globalization of advertising can be provided.

Table 2.1 shows the top 20 city markets for advertising in 2001 in billions of dollars. In terms of US cities, three features are noteworthy: first, the pre-eminence of New York as clearly the global advertising center; second, there are eight US cities in this world top 20; and third, Detroit is in the world top 10. The first two confirm continued US dominance of this archetypal American service industry into the twenty first century. The third feature confirms the status of Detroit as an importance center for this particular professional service; the unique buyer attraction of this city's prime industry works to make it the most important market among US cities after the country's three 'world cities'.

Table 2.1 shows a snapshot of city markets for just one year; how was this position reached? For depicting trends two decisions have been made. First,

we limit consideration to our three project cities plus Tokyo and London (for comparison with New York), Chicago and Paris (for comparison with Los Angeles and Detroit), plus Sao Paulo, which is of interest as the leading 'third world' city in advertising practice (if there were to be leakage of jobs from this industry abroad, this city would be the prime location). Second, we concentrate on one business cycle of time: the data from *Advertising Age* goes back to 1991 and there are just two annual downturns in total revenue recorded: 1993 and 2001 (all figures are adjusted to 2001 dollars). This defines the business cycle and in Figure 2.1 we present data for the 1993-2001 period.

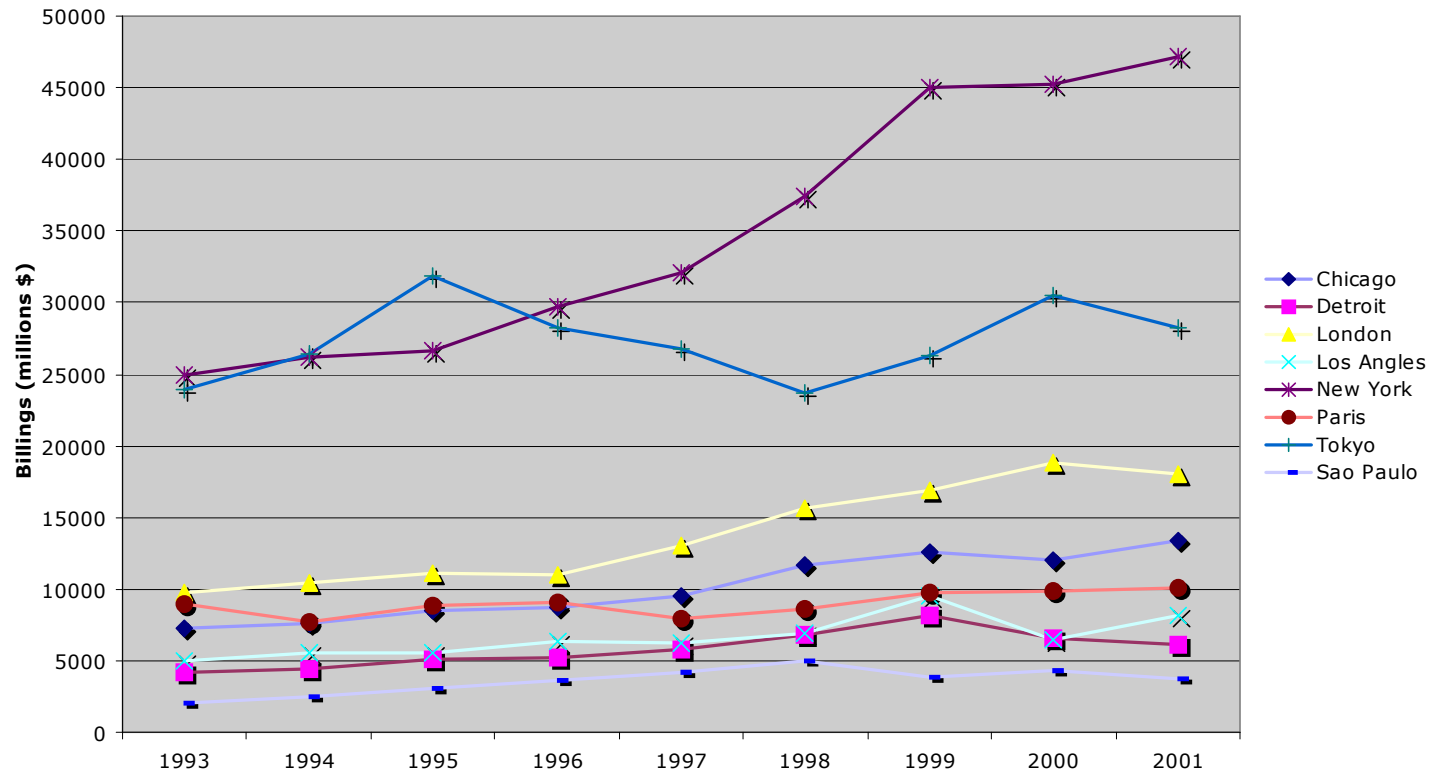
Table 2.1. Top 20 City Markets, 2001

World rank	CITIES	City billings
1	NEW YORK	61.26
2	Tokyo	36.62
3	London	23.45
4	Chicago	17.38
5	Paris	13.16
6	LOS ANGELES	10.55
7	DETROIT	7.95
8	Frankfurt	7.39
9	Milan	6.15
10	Minneapolis	6.09
11	San Francisco	5.10
12	Sao Paulo	4.87
13	Madrid	4.82
14	Dusseldorf	4.78
15	Amsterdam	4.01
16	Boston	3.99
17	Toronto	3.96
18	Dallas	3.24
19	Sydney	3.23
20	Seoul	3.06

Project cities are capitalised; cities selected for Figure 2.1 are emboldened.

Source: *Advertising Age Yearbook*, 2002.

Figure 2.1. Changing Advertising Billings in Selected Cities, 1993-2001
 Source: Advertising Age Yearbooks 1994 - 2002





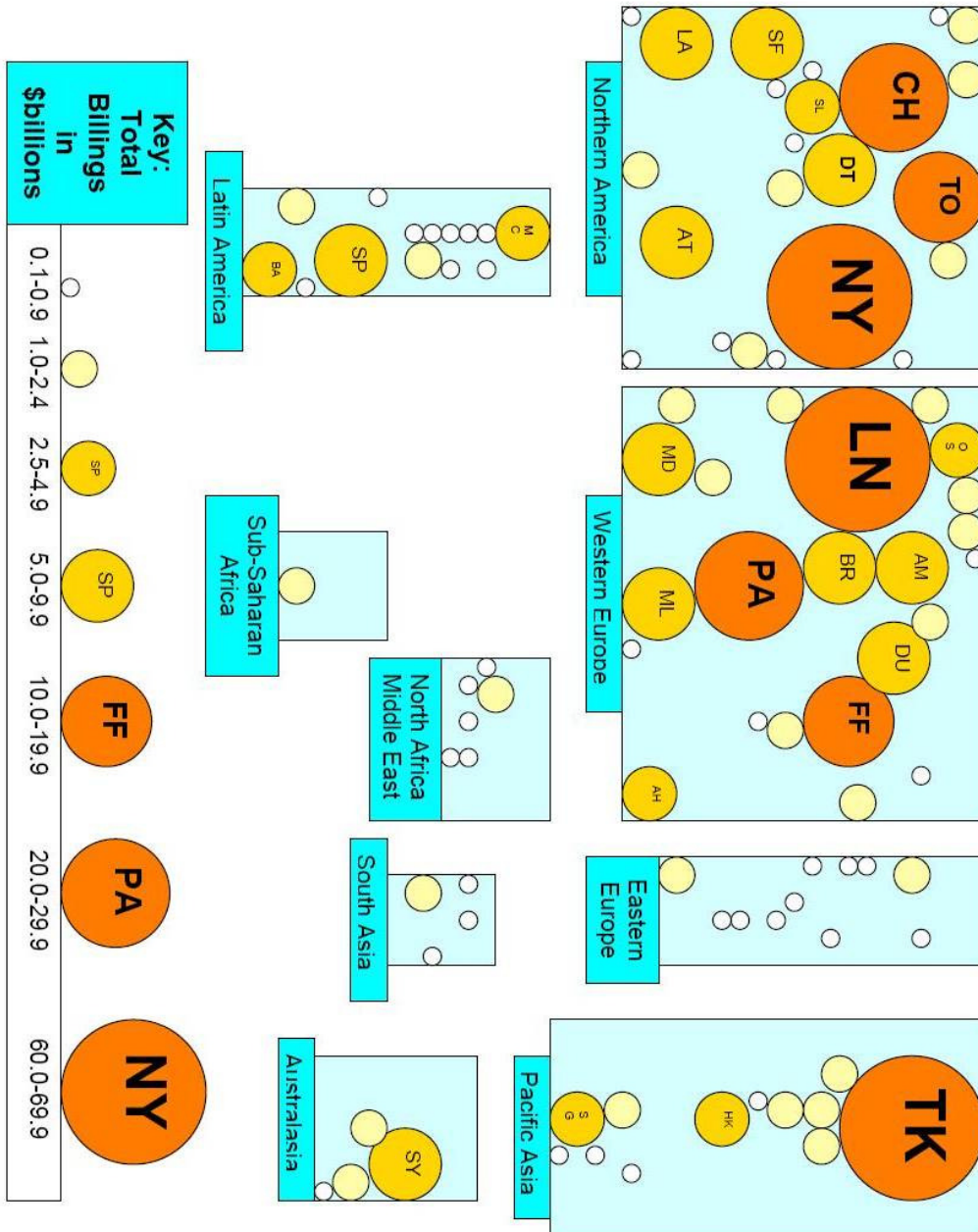
The progress of the advertising industry in the eight chosen cities over this business cycle shows a consolidation of recent globalization in the industry. Four changes stand out from trends in Figure 2.1. First, note that **New York briefly lost its number one position in the early 1990s**: this emphasizes Florida's (2004, xxiii) point that the US has no automatic top slot in the 'creative age'. Second, **however, New York having been overtaken by Tokyo has pulled dramatically away from its rival to its 2001 position of pre-eminence**. Third, London has consolidated its third ranking position. Fourth, Chicago has overtaken Paris in a manner similar to the New York/Tokyo change-around. The other cities in the figure show no ranking changes, **Detroit moves along just below Los Angeles but stays well clear of Sao Paulo**. The overall message of these graphs is the recovery of the US economy in the late 1990s created an enlarging market for advertising. New York, Chicago and Los Angeles even buck the reduction of this market in 2000-01, in contrast to Tokyo, London and Sao Paulo in particular. Figure 2.1 paints a picture of the US advertising industry going into the twenty first century having recovered its world dominance.

This strong recovery of advertising in the industry's hearthland should not be interpreted as a lessening of globalization. This can be shown by looking at cities other than the leading advertising centers. The *Advertising Age* data on cities is limited in its coverage but data are available for billings to individual offices of the top thirty firms. These firms are present in 158 cities across the world. Therefore combining office information into individual city data creates estimates of revenues for leading advertising firms in 158 cities. There are 98 cities recording gross billings of over 10 million dollars: these are depicted on Figure 2.2. Here the globalization of the advertising industry is very clearly expressed: cities are to be found in all major world regions. Sub-Saharan Africa is the least represented region on the cartogram (just one city is depicted, Johannesburg) but even here there are 17 cities in the data among the 60 not qualifying for inclusion (i.e. cities with gross billings of under ten million dollars). The message of this figure is that **advertising entered the twenty first century as a highly globalised industry**.

Figure 2.2. The Distribution of Top Advertising Companies Billings across World Regions, 2001

Source: from Taylor (2008) computed from Advertising Age Yearbook, 2002

City codes: AH Athens; AM Amsterdam; AT Atlanta; BA Buenos Aires; BR Brussels; CH Chicago; DT Detroit; DU Dusseldorf; FF Frankfurt; HK Hong Kong; LA Los Angeles; LN London; MC Mexico City; MD Madrid; ML Milan; NY New York; OS Oslo; PA Paris; SF San Francisco; SG Singapore; SL St Louis; SP Sao Paulo; SY Sydney; TK Tokyo; TO Toronto





2.2 Advertising Employment

The *Advertising Age* data covers how well firms are doing but does not provide information on jobs; for this we have to go to the Employment Census. Two categories are relevant here, "Advertising and Related Services" (coded 5418) and within that "Advertising Agencies" (541810). These data are provided for cities but there are several problems. First, the definition of the city varies, sometimes being the Metropolitan Statistical Area but more often being simple the administrative city. In the information we report the New York data has been modified in some years to remove New Jersey which is in its Metropolitan Area. Second, figures are sometimes given in ranges of jobs (e.g. 25,000-49,999). Nothing can be done in such cases and the situation is recorded as no data.

Table 2.2 shows employment figures for New York and Los Angeles for various years between 1991 and 2004. Detroit is absent from this table because all its information on employment is in range formats. Suitable data are available for New York in most years and for Los Angeles for all years. There are three features to note from this table. First, there is a peak of activity as indexed by jobs in 2000 supporting the billings data previously reported in Figure 2.1. Second, however, the data goes beyond 2001 and shows growth in a second business cycle with a new start of a turn down in 2004. Third, Los Angeles appears to be less cyclical than New York: it has an almost linear pattern of growth in its agency category.

To get information on Detroit we have to look at other data in the Employment Census. The number of advertising agency establishments are provided for all three cities for all years covered in Table 2.2. Obviously agency establishments vary greatly in numbers employed but they can provide a rough surrogate for employment levels, especially in terms of trends. Figure 2.3 shows changing numbers of agency establishments and here we

have a contrast between our project cities. For **New York and Los Angeles the upturn in 2002 is enhanced compared to Table 2.2: advertising in these cities has clearly prospered in the early twenty first century. In contrast, Detroit has very weak cyclical tendencies and the overwhelming pattern is one of slow almost continuous decline.** What this shows is that although we chose Detroit and Los Angeles as cities with advertising related to a local global-impact industry, in fact they appear to be quite different. Advertising in Detroit is clearly reflecting the decline of the city's major American car firms. In contrast advertising in Los Angeles appears to be responding to a more diversified set of city clients and therefore behaves much more like New York.

Table 2.2. Employment in Advertising, 1991-2004.

Year	Category	New York	Los Angeles
2004	ARS	*53,623	30,470
	Agencies	*25,039	10,716
2003	ARS	*60,772	31,746
	Agencies	*30,066	10,687
2002	ARS	50,085	23,934
	Agencies	nd	8,619
2001	ARS	nd	24,407
	Agencies	nd	8,864
2000	ARS	63,065	25,266
	Agencies	32,863	8,400
1999	ARS	55,188	23,518
	Agencies	nd	7,935
1998	ARS	52,018	21,910
	Agencies	nd	7,206
1991	Agencies	*28,453	7,186

ARS – Advertising and related services (5418)

Agencies – Advertising Agencies (541810)

* - Estimates produced by removing New Jersey level from Metropolitan Statistical Area

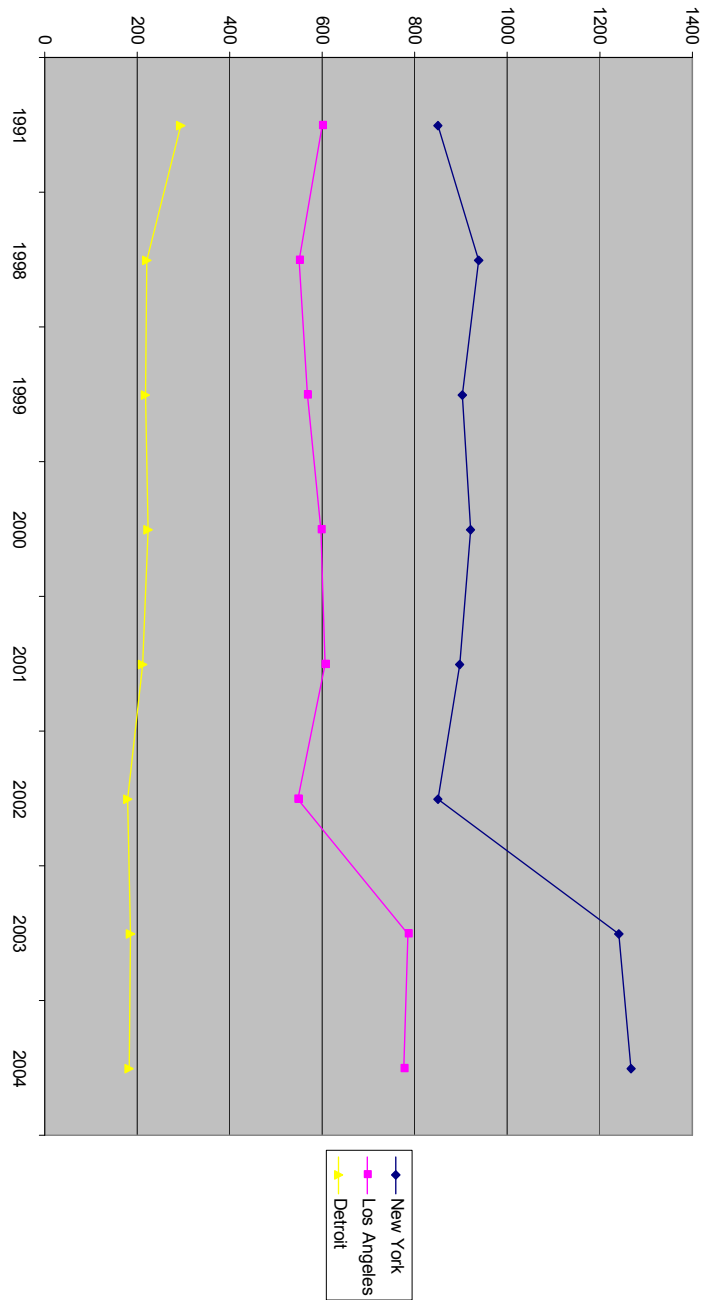
nd – no precise data

Source: National Employment Census



Figure 2.3. Agency establishments in New York, Los Angeles and Detroit, 1991-2004

Source: Employment Census






Chapter 3. Management and strategic knowledge work (questions 2 & 3)

In order to understand the intrinsic nature of advertising in contemporary globalization, it is important to have an understanding of the scale and functionality of the industry's knowledge-rich labor pool, which consists of management/strategic (managing partners; account planners; account managers), and creative jobs (which we cover in the next section). This labor pool is primarily defined by relationships with two parties: the client commissioning an advertising campaign; and the consumer target group for the adverts produced. Three groups of workers tend to exist in agencies, each fulfilling a role in maintaining and agency's relationship with clients and consumers: account/client managers, strategic planners, and creatives.

Account/Client Management personnel are primarily responsible for an agency's relationship with those commissioning work. This, then, is the main managerial function and personnel are charged with ensuring the client's aims and demands are met by those producing an advert. As one interviewee commented, the importance of this role cannot be underestimated because "Clients want to know that you care. They wanna know that their priorities matter to you, that you're engaged with trying to solve the problem" (No. 7).

Strategic Planning, previously encapsulated in the creative job role but increasingly now a separate and distinctive position, straddles the client-consumer divide. Planners are responsible for translating the client's aspirations into a strategy that can be deployed in an advertising campaign. This includes identifying the target audience for a product and developing strategies to tap into their identities, emotions and desires as part of a campaign. The importance of planners in determining the success of an advert cannot be underestimated. As one interviewee described the skill-set needed in relation to planning:



"We have a team of planners. Currently, there are about 15 planners, real planners at [firm x]. Then I have another group who work with planning called 'marketing science'. They're actually all women, they're all analytics PhDs. So they take existing data that we have on markets and they do what I would describe as the 'heavy lifting' of analytics. And then, we have what we call 'cultural knowledge'. And there are 2 aspects to cultural knowledge. One is trends and analysis. And then we have a full-time a full time PhD anthropologist who's on my team, who's based in New York. We set up a network. Any time we want to do ethnography and semiotics, it's activated through him. And they work together. Typically you'll have a planner, a marketing science analyst and one other working together" (No. 4).

Creatives are so vital to our basic hypothesis that we deal with them separately in the next section below.

3.1 The quantity of and change in management/strategic work?

Our research revealed three major characteristics in management and strategic jobs in the interviewed agencies. First, with respect to employment proportion, almost all of the agencies interviewed reported that management knowledge workers accounted for between five and ten per cent of the immediate offices' job pool, undertaking functions like C.E.O, C.F.O. and senior, managing partner. In contrast, the more client-facing, strategic jobs, like for example, account planners, account managers, represented on average about 40 to 60 per cent of jobs in any one agency office (with creative's accounting up to 60% of all jobs on average). It is difficult to be precise about a standard ratio of job proportions between functions and agencies because fieldwork findings revealed subtle differences between different agencies in New York, Los Angeles and Detroit. For example, one Detroit agency reported a 40 per cent equal share for accounts and creative, and a 20 per cent share for strategic and management (No.15), and three Los Angeles agencies reported:




" ... 30 to 50% of the people are on the account side. Planning and strategy is really only 35 people ... [less than five per cent] ... " (No. 23);

"For any piece of business ... you have on senior account person, you have one senior strategist and you have one senior creative director ... approximately 50 per ... [of the office jobs] ... are in account management" (No. 22); and,

"We have 250 people if you include media ... So, I'd say, one fifth media ... [50 persons] ... two-fifths accounts ... [100] ... one fifth creative ... [50]... and the last fifth divided up between account planning, analytics and the odd different things ... [e.g. Human Resources, administration, finance] ..." (No. 30).

Second, with respect to the rates of labour churn in management and strategic jobs, **most agencies were experiencing on average between 20 and 30 per cent turnover per annum, as workers moved between large and niche agencies in the USA**, and, or went overseas on international assignments. One agency noted that, "churn of employees is about 25 per cent a year ... [and] ... I guess that 80 per cent of our recruitment is local" (No. 27). Whilst another interviewee put the issue of churn more bluntly, "... [we lose] ... 20 per cent per year ... that basically means you replace your entire agency every five years" (No. 28).

As for labour supply, **in the US many of these management and strategic jobs were filled from specific MBA or PhD programmes for first entrants**, or from more experienced people moving between firms, of from London or other




cities (e.g. Mexico City, Singapore) to the USA. Third, with respect to the nationality of **both management and strategic jobs, the agencies interviewed had combinations of US nationals and expatriate (for example, Brazilian, British, Chinese, Mexican, Singaporean) workers in the office**, with some holding green cards or with dual nationality. The international makeup of senior partners, account planners and account managers reflected in many ways the agency's or groups wider strategic policy of developing integrated office networks of skills and competencies to successfully dovetail the global brands of the transnational client in different locales and markets.

In sum, then, the knowledge rich pool of management and strategic workers in these agencies were literally either managing the office and, or executing policy from the agency's group holding or main office (usually New York or Chicago), or were completely customer-focused in the planning stages or management of accounts. Accordingly, as the following sections will show, **almost all management and strategic jobs in these agencies were engaging with different degrees of local (US) and non-local (non-US) work as the industry per se is intertwined with processes of contemporary globalization.** Thus, any issues relating to job 'stickiness' becomes somewhat blurred in the specificities of different client-agency relationships as agency's seek to maximise market share and profitability in a very competitive global industry.

3.2 Local, non-local and 'sticky' jobs

It is impossible to quantify the exact proportion of work undertaken by management and strategic jobs that is either local or non-local as derived from these research findings. All respondents noted at interview that their client base was derived from both US and other nationality transnational corporations, who expected them to run one of all of the 'X' global account in the USA (local) and sometimes beyond (non-local). Whilst in this sense, running the 'X' global account in the USA could be deemed as local work, or from the USA as non-local work, in many senses the locality of the USA has



become, as one interviewee noted, “the catalyst for global work ... as globalization is increasingly involving more players from overseas markets ... like Brazil, Argentina, India, Thailand, China, you name them” (No. 15).

Many agencies noted that **the highest proportion of their work was local**, the US market, irrespective of whether they were located in Los Angeles, New York or Detroit. As summed up by one Los Angeles based office, “the easiest answer ... is that we don’t do any global work from this office and that’s the nature of our client ... they trust each local market ... North America, Europe of Great Britain to do what they need to do to be more successful in these markets” (No. 27). For example, as one Los Angeles and Detroit agency office noted respectively:

“I would think that of the work that we do, it’s probably 90% local ... I think that is pretty constant at the moment” (No. 24);

“... we’re doing a lot of projects now where we collaborate with a local market and we get influences and we get more alchemy from the local market” (No. 21).

The mechanisms by which these agencies manage any non-local work for their major US clients especially, is through integrated relationships with their work colleagues in other agency or group international offices in order to overcome and adapt to the nuances of cultural differences in local markets, as described above by respondent No. 27. For example, as one New York and Detroit interviewee each noted,

“You’re looking to a global strategy that is informed ... by local insights and that is sufficiently controlled to deliver the benefits of central control which are largely to do with brand presentation” (No. 6); and,



"I've been dealing with the global marketplace since 1984 ... because currently from a GM standpoint, I have a guy reporting to me in London to handle all of Europe, Eastern Europe, Central Europe because we handle the Chevrolet throughout these markets ... I have a guy who sits in Shanghai who handles all the Cadillac business. I have somebody in Bangkok handling the Chevrolet business" (No. 18).

To summarise then, the quantity and proportion of work done by management and strategic workers which is non-local to the USA could be construed as being exceptionally low, except where global brands are managed from the USA in a global context through a strategy of allowing local managers to adapt to local cultural sensitivities.

The question of job stickiness is, however, another issue. Clearly as global brands have to be finessed to literally be accepted in different local markets, whether in Europe, the Middle-East, Latin America, China or New Zealand, former US-based related managerial or strategic functions of 'global branding' are being devolved or 'sub-contracted' to locally based offices, which may or may not result in jobs becoming 'unstuck', with ultimate job loss from the USA. This process is illustrated very well by the comments from one leading New York firm (a global agency):

"A lot of accounts that come out of New York ... are global accounts. So as a result they are very well based with New York ..., but we tap into our markets across the globe and that's one of our strengths. So we've got the global talent often based in New York ..., but then we utilise the superstar talent that we have in these other markets" (No. 9).

We, therefore, review in more detail the intricacies of such work and its stickiness in section seven and eight.



Chapter 4. Creative advertising knowledge work (questions 7 & 8)

Creatives are responsible for developing the story line, artwork and visual medium upon which an advert relies. They are also responsible for the execution of an advert in term of relationships with studios, artwork producers etc. As a result agencies are always on the look out for creative individuals: “whether you're a writer or an artist, you end up here and you probably in your beginning need to make some money. Advertising is a place where you can put your talent to work” (No. 8).

In a highly competitive industry, the advertising agency's reputation, market position, profitability and ability to enter new geographical markets is very much reliant on the credentials, inspiration, ideas and sheer creativity of their workers to develop innovation in the branding and advertising of goods and services around the world.

Accordingly, then, creative workers play immeasurable roles in the genesis and operation of advertising campaigns in markets of all scales: local; regional; national; and, global. **Creative jobs are the most high-value added entities of the advertising agency.** Without a successful team of creative workers, who endeavour to stay one step ahead of the competition when branding clients' goods and services, the plight of the agency in the market is somewhat precarious, particularly as the perils of the economic cycle bites into all advertising billings and revenue streams.

The creative labour market is underpinned by several key characteristics. First, there is a relatively high premium placed on 'young' talented, creative and 'blue sky' thinking workers from an array of graduate and non-graduate sources, who have an array of different skills and competencies (e.g. visual, written, artists). Consequently, **the labour market is tight for the truly**




inspirational creative worker, particularly in the major markets of New York and Los Angeles.

Second, and very much linked to the first, agencies' view their creative jobs as, "the most valuable and the most expensive people ... [who] ... represent probably a third of the people ... [in the agency] ... but, 50 to 60 percent of the payroll" (No. 5). Creative workers work closely for the client and the reputation of the agency rests on their ability to innovative, inspire and produce value-added in the market. All agencies aspire to employ the best, talented and innovative creative workers because, "it is about the *best* people ... It's all we have. Our value is only in our people" (No. 4). It is not surprising therefore, to reveal that agencies invest heavily in the retention of creative staff not only with high salaries and other benefits, but also with open and unrestrictive working patterns, including creating opportunities for creative workers to be transferred to London or Tokyo to widen their horizons and experiences, and to be upwardly mobile with the agency.

Third, **the supply pools of creative, exceptional talent are concentrated in the big, glamorous cities like New York and Los Angeles**, which have the reputational location advantages as the 'places to be' because they are the 'creative capitals' and 'global' market places for the advertising industry. **Such cities act as creativity magnets, sucking creative people both domestic and international** into the incumbent labour pools of the advertising and wider, multi-media and design industries, who become rich pickings for the global and niche, 'star' agencies in downtown Manhattan or Madison Avenue. As one agency noted:


"Very few people move to Detroit ... I mean a lot of people go to New York, a lot of people move to London ... These are the big diverse metropolitan cities, they're vibrant, they act as magnets to the affluent or educated professionals" (No. 27).



Fourth, **creative jobs therefore have degrees of stickiness whether local or non-local in scope, all significantly attributed to conditions of contemporary globalization.** Significant volumes of creative work in New York and Los Angeles are both local and non-local. However, in Detroit such work is heavily concentrated in the local undertaken by, “car people ... car people are car people for life” (No 29). Creative jobs remain very ‘sticky’ to particular places like New York, Los Angeles and even Detroit because the skills and competencies are so bespoke and individualistic to fulfil the requirements of the account with the ultimate value-added. Consequently, to outsource such work to low wage countries would be institutional suicide for both the creative individual and agency alike as reputations can wither on the flick of a dime. As one agency suggested, “the thing that drives ... [creativity] ... is the intellectual property. It’s the ability that certain people have to be able to put these things together in a cogent fashion in 30 or 15 seconds and that’s not something that can be stamp pressed out and turned over in Shanghai” (No. 29).

Fifth, **creative workers can still, however, be multifarious in their nationality and creative experiences, particularly those who work in the big offices in Los Angeles and New York City.** Several agencies interviewed had creative workers transferred into the office from other international offices to work for particular transnational clients in the local market or for more generic knowledge transfer. For example, one agency had, “a girl from Brazil” and staff from South Africa, who “bring knowledge of other markets and culture which is pretty valuable” (No. 20). Another agency regularly brought in Japanese staff into the New York office from Tokyo for two years to work with the creative department (No. 22), while others had a mix of UK, Chinese, Indian and Canadian creative’s in the office for, “cross-pollenization” (No. 23).


We explore in detail the factors that are defining the stickiness of creative work in the USA in section seven and eight.



Chapter 5. 'Sticky' jobs: the dynamics of strategic and creative work (questions 4 to 6, 9 to 11)

In this section of the report we focus exclusively upon past, present and likely future trends relating to work in advertising agencies themselves. It quickly became clear from our research that such discussions had limited relevance to the holding groups (e.g. Omnicom) because of their hollow nature as financial structures having little to do with the actual production of adverts. As one interviewee with experience of working in a holding company commented, "We're here to consult as needed to make sure that our agencies and our partner companies have the necessary capital they need" (No. 1). Holding groups are, then, effectively the financial structures behind the groups of agencies. They are, therefore, the focus of shareholders' attentions and have responsibility for managing overall levels of profit and organising agencies so as to minimise conflicts of interest. However, as noted above, this requires a very limited workforce. Beyond the public faces of the holding groups – the CEO, Head of client relations – groups employ mostly accountants and administrative personnel. Indeed, it is often the heads of individual advertising agencies that are charged with developing strategic plans on behalf of the holding group.

As this project does not seek to understand the way back-office functions are affected by globalization, it is thus most profitable to focus upon the work taking place in agencies. Here we see the majority of personnel and, most significantly for our argument, the greatest impact of globalization on degrees of employment stickiness in the advertising industry. The rest of this section of the report, therefore, examines the *processes* influencing the stickiness of management (client-management/relations and account planning) and creative (advertising design and execution) work.



5.1 Sticky work in advertising: 'Demand' and 'Supply' side influences on the geography of work

The geography of strategic work is perhaps most defined by an agency's relationship with its clients.

Whilst there was some disagreement between interviewees about the importance of proximity between agency and client offices in terms of effectively developing advertising, there was general accord that the client prefers to have a major office of the agency it employs close to headquarters. As one interviewee put it:

"They're not here because we're here. We're here because they're here. If they were in Sub-Sahara in Africa, I guarantee you there would be an agency in Sub-Sahara Africa and you would be interviewing that creative director and say 'what is it about Sub-Sahara Africa that attracts so many of you people?' The answer would be: "that client's proximity" (No. 16).

Consequently, client management teams tend to be centralised in a 'lead' office, an office usually in proximity to the client's marketing manager and team. This mirrors the ideas encapsulated in existing theories of the geography of producer services where face-to-face contact with the client – the 'buy side' – is seen as critical for developing an effective business relationship (Daniels, 1993; Jones, 2007). Our case study of Detroit illustrates this process most explicitly and shows the importance of US-based clients for making strategic management work 'sticky' in the US context.

However, there is one complicating factor that emerged from our interviews. If a client decentralises marketing activities and places responsibility for advertising at the national level, removing sole responsibility from headquarters, this creates a new challenge for global agencies: the need to




interact with the client in multiple places. As one advertiser described this trend:

“So pretty much 99 percent of what happens in terms of marketing and communications is from this office for [firm x], which is rare because a lot of companies have moved to having an office doing their advertising, hiring another one to do their direct mail and another one to do their online” (No. 20).

We examine how such a dilemma is addressed below.

Strategic planners often need to be close to the client too. It is vital that planners fully understand the aims of the client and are able to regularly interact with the firm's marketing department when developing proposals. However, there is a complication in relation to the geography of planning activities. First, the planners most suited to a project may not always be located in the office closest to the client and using the right talent on a campaign is crucial for its success. As one interviewee noted, “For example, there's a business we have with [firm x] that's been a disaster. It's been very high profile in terms of the problems...They [the client] came to us we said 'the problem is serious...we wanna bring the best talent from all over the world to work on it'” (No. 8).

Second, and even more significantly, planners have to straddle the client-consumer boundary and consumers are increasingly spatially heterogeneous in their behaviours and values. This again reflects many of the issues identified in producer services literature but also brings in the 'sell' side where ideas of cultural proximity in relation to the consumers have been identified as important (Faulconbridge, 2006; Leslie, 1997).




The result is a dilemma for global agencies: should planning work be centralised in one office, close to the headquarters of the client? Or should planning work be distributed so as to have strong representation in all of the markets where an advert is to be deployed and wherever a client has marketing functions? This dilemma is further enhanced by the fact that separating strategic and creative workers is problematic. The work of planners acts as a direct input into the work of creatives. As one advertiser noted:

"I felt that what was necessary was to get the creative, strategic and account groups to really work as one unit...They live and breathe what's going on together. I recognise that in this day and age you could probably have the creative team sitting out in Los Angeles and still get some good creative while the account group's back here [in Detroit] but in reality I tend to be a believer that the core unit of each of those three need to work together because so much happens every day" (No. 18).

Creative labour, being focussed exclusively on the 'sell' side, leads to the 'consumer being king' (sic) in terms of the location of work. Here the major concern is how to produce an advert that will captivate its target audience. **Creative work is, then, intensely sticky, needing to be located close to consumers.** However, depending on the geography of the target audience – whether there is a global, national, regional or local audience – creative work will be tied to one or multiple locations.

Below we explore how these processes define the stickiness of advertising work, from historical, contemporary and future perspectives. As our analysis shows, both the spatial fixes and degrees of stickiness of advertising work have been changed by a combination of: technological change and the facilitation of distributed working via intranets; the emergence of new clients and consumer markets outside of North American and Western Europe; and widespread societal shifts towards a heterogeneous post-Fordist economy of personalised consumption and ever-more fragmented consumer groupings. In our discussion we identify a broad trend that has in the past (1980s – early




1990s), and continues to affect in the present (late 1990s to late 2000s), the role of the US offices of global advertising agencies. We are also able to make some suggestions about the likely prospects for the stickiness and geography of advertising work.

5.2 Changing geographies and degrees of stickiness in advertising work: past trends

The emergence of advertising as the iconic American industry, driving consumerism and underlying Fordist regimes of accumulation (Leslie, 1997; Murray, 1989), manifested itself in the past in a concentration of advertising work in cities such as New York and Detroit. Reflecting a 'global' model (Bartlett and Ghoshal, 1998; Demooij and Keegan, 1991) where US products, brands and ideas were exported worldwide, the US offices of advertising agencies were often command and control centres, planning but also producing advertising for worldwide markets.

For agencies globalization was an ideal way to escape a saturated US market (Leslie, 1995). Because offices in US cities were ideally located in proximity to clients' centralised marketing departments, it was possible to follow clients overseas, such as Ford and Proctor & Gamble, and roll-out American adverts in overseas countries. This was an important source of work and profit. Only in exceptional markets (e.g. the UK) were adverts adapted to reflect nuances in consumer taste (Perry, 1990). As a result, strategic work was 'sticky' and rooted in US cities. Meanwhile the vast majority of creative work was also US-based because of the 'global' advert logic predominantly employed at the time. Economies of scale were the main concern of both clients and advertisers in this era.

It was in this era, then, that New York became known as a worldwide centre of advertising (Leslie, 1995). Indeed, at this time a significant amount of




production work was kept in-house by agencies or outsourced to local boutique firms located in close proximity.

5.3 Changing geographies and degrees of stickiness in advertising work: present trends

Relatively recent changes on both the 'buy' and 'sell' side have altered the organization and stickiness of advertising work significantly. As one interviewee described the recent sea-change in global agencies' approach to campaigns:

"I think globalisation as I've seen it has worked in two ways. The first way is the negative aspect which is a kind of imperialism that a brand will organise itself from a central hub and oftentimes it's an American hub. The clients are asking us to effectively run their marketing communications almost like a dictatorship which of course has all kinds of horrific ripples that are not good. I can see a second kind of globalisation which is very positive, which is the reverse, which is from the street back up. We're doing a lot of projects now where we collaborate with a local market and we get influences and we get more of an alchemy from the local market. The best example I can give you is we recently did something with Thailand. At first, the Thai agency that we have felt it was going to be another case of American imperialism when in fact it was actually the opposite. We were just looking to use some of our tools but really pull all the brain power and all the thinking from that local market. I think the combination of having the right creative tools in terms of getting to ideas and how to execute ideas with the brain power of that local market, that was the right combination" (No. 20).

As our quantitative data shows, the changes are not necessarily part of a zero-sum game: the USA is still one of the most important markets of advertising work and profit generation. Yet previously unimportant locations, in South America and Asia especially, now occupy an important strategic




place in the work of global agencies. Hence the role of advertising work in the USA in a global division of labour is now subtly different to the past.

5.31 Changing 'demand' side influences

US-based clients continue to be as important as ever to global agencies. The size of the advertising industry in Detroit provides evidence of this whilst both the New York and Los Angeles offices provide significant international and national services respectively for US clients. A number of caveats need to be added though to these points. First, major clients of advertising agencies are increasingly both US- and Western-Europe-based but also from Asia. Toyota was, of course, the forerunner in this regard. However, increasingly interviewees felt that major clients are increasingly emerging from, or are likely to emerge from, China, South and Central America and other rapidly developing regions. This relates to our second finding. US offices are increasingly taking a new role in global campaigns. Offices are now both the leaders of campaigns for US clients but also the US 'post boxes' for campaigns run from other countries. As one advertiser described this phenomenon:

"Typically, the Singapore office would wait for the LA office to have a project. And here's something [shows interviewer poster] where the Singapore office led it, drove it and brought us in as needed. They're gonna own that piece of business and we're gonna serve them and I think that's a much more virtuous model" (No. 22).


This does not mean the US is losing out as jobs become less sticky. Client-management jobs are as sticky as ever. Clients still want agencies close to their headquarters, something that retains significant numbers of advertisers in US cities. However, at the same time more and more client-management work takes place outside of the USA as firms have decentralised marketing



activities and new (additional) clients emerge in new locations. As one advertiser described one example of this trend:

“... in Beijing, we just won the business, we only have about 10 people there. And in China the market's grown so quickly. When they did their pitch, we developed two or three campaigns from here to help them; we sent three of our account people over there to help with the pitch. And actually afterwards two of them moved to China from this office” (No. 28).

This work cannot be done in the USA but at the same time isn't eroding existing employment in US cities. Indeed, the debate continues about the economics of 'global' adverts. All interviewees agreed that they would prefer to produce local adverts for local markets and avoid the 'global' advert approach. However, clients are cautious about completely abandoning the 'global' advert because of the costs savings it offers (see also Grein and Ducoffe [1998] on this dilemma). As a result, product-level differentiation is increasingly occurring. Some products (e.g. Gillette's men's razors) continue to be advertised using a 'global' approach controlled from within the USA, thus retaining most client management, strategic and creative jobs in the USA. Others (e.g. Ford cars) are advertised using supra-regionally- (e.g. EU), nationally- or even regionally-specific campaigns that do not diminish the sticky nature of management work but, because of the relocation of client marketing teams and the geographical fragmentation of target clients, render the USA one amongst many locations for advertising work (see also Okazaki et al. [2007] on this debate). One advertiser made the following comment about this trend:



"There is nowhere in the world where a Jaguar automobile is not a premium prestigious luxury brand. But global campaigns become a bit difficult when you have brands that are this or this somewhere...I was recently in Berlin and there was a Mercedes taxicab. In this country there isn't a Mercedes taxicab; it is here a very prestigious premium luxury brand. The example is just that everywhere Jaguar appears, it's one of the top 3 or 4 prestigious marks, I want that vehicle; it's a reflection of my well-success" (No. 16).

Detroit has suffered in particular from the adoption of the place-specific mode of campaign development by car manufacturers in the city because of the variable symbolism of brands such as Ford and GM throughout the world.

5.32 Changing 'supply' side influences

In addition, the 'supply' side has also evolved rapidly in recent years. Interviewees widely agreed that the days of the 'global' advert being the most effective way to sell a product are numbered because consumers are now:

- more fragmented – any one target audience is smaller and smaller as consumer diversity proliferates;
- more spatially heterogeneous – variations in consumer behaviours within regions of countries and between countries are more exaggerated than ever and can no-longer be overridden without consequences for the effectiveness of a campaign.

Reflexive consumers thus require more sophisticated strategies that don't manipulate but respond to consumer identities (Leslie, 1999). This means that whilst the 'global brand' remains important, adverts require greater degrees of tailoring. For planners this creates a new dilemma. Jobs are not less sticky than in the past. Planners still need a close relationship with the client and it is important to have a team of planners close the client's headquarters that




coordinate the global brand image of a product. Clients such as Ford or MasterCard want similar meanings to be associated with their products throughout the world. At the same time to meet such demands planners also need a more sophisticated understanding of the market as provoking the development of a relationship with a product requires a detailed understanding of local norms and expectations. Hence a situation often exists where a global brand is desired but local adverts are needed. Economies of scale are often replaced with economies of scope as transnational collaboration replaces 'global' command and control (Bartlett and Ghoshal, 1998; Jones, 2002).

Hence planners in 'lead' offices – a role the New York office of firms often continues to fulfil for US clients – often now act as the controllers of a brand image and head-up a worldwide team of planners working for a client. Collaboration and teamwork is used both in the development of a global strategy but also in the production of multiple 'local' adverts suitable for different target audiences and markets. Significantly, offices that were once described as 'postboxes' – adapters of adverts through translation etc. to make them suitable for local markets – are increasingly strategic players in such teams. Brazil and Thailand were two countries most commonly mentioned by interviewees as examples of where such a transition is taking place. The following comment from an interviewee summarises this trend:

"For us to jump out and say "well, we wanna Taiwanese manufacturing companies out of LA", I would never do that anymore. I would say "who's our Taiwanese office? Great, let's work with the Taiwanese guy, let's put together a package and let's pitch it together". I think it's more of a win-win because the local people get to win and we get to win because we're gonna work with the local people and provide some firepower and some expertise, and so it's gonna work both ways" (No. 22).

Again, this is not a zero-sum game and US offices are not losing jobs as a result of this change in tactics. Indeed, when US offices are not the leaders of a



global campaign they gain from the current situation as they now take on the role as collaborator in a campaign led from elsewhere. The importance of the American market to all firms ensures this role exists. But at the same time, the US is not gaining extra jobs from the development of new consumer markets that US clients are tapping because of the propensity to engage in planning and creative work in those markets, rather than exporting to them from the USA.

5.33 New dynamics in creative work

Creative work is also impacted by recent changes, particularly by the move towards local-for-local advertising informed by transnational collaboration. Again, work is not less sticky. Indeed, the intra-US variability in cultures and markets (between East and West coast American especially) ensures that multiple offices are needed to deal with any one campaign in the USA. But at the same time the US offices of global agencies can no-longer expect to develop creative work that is deployed worldwide. A number of factors are responsible for this situation, including, but also in addition to, greater degrees of consumers heterogeneity.


First, interviewees were unanimous that the factual, content heavy nature of US adverts was less effective than that being produced elsewhere (in both traditional markets such as the UK but also emerging markets like Brazil). As a result exporting American advertising is not particularly effective. Indeed, interviewees suggested that it was difficult to recruit talented creative workers in the USA because of the MBA culture that prioritised what was described as linear, abstract thinking, something unsuited to the development of the most creative adverts. A number of interviewees suggested that the glamorization of finance-related occupations meant that advertising was a fall-back option for new US labour market entrants whereas it was a first-choice job in both Western European but also South American and Asia countries. This further



diminishes the talent base available and means that, as one interviewee put it:

“Just looking at some of products from [agency x] in terms of creativity, 2 of our best agencies in the world are in Sao Paolo – extraordinary, probably the most creative agency in the world today of any agency...And then the second place that comes to mind particularly is Bangkok which is an extraordinary agency too. It's extraordinary creative talent, great” (No. 4).

Second, there are very few consumer markets worldwide today that have not developed their own unique identity. As previous work on the movement of cultural symbols and products such as MacDonald's has shown (Ritzer, 2000), consumer goods are appropriated differently in different places. This requires a detailed understanding of consumers, most acutely though a new preponderance to what might be described as user-led innovation (von Hippel, 2005) where feedback on adverts through interfaces such as YouTube and Second Life provide a vital forum for understanding micro-scale consumer trends and even testing advert proposals. Hence interviewees agreed that creatives needed to be based wherever a significant market exists because a consumer pull, rather than advertiser push model now defined advertising strategies. Creatives need to be able to immerse themselves in the markets they are targeting and, as has been shown for fashion designers (Faulconbridge, 2007; Rantisi, 2002), observe and draw inspiration from the everyday activities of those they compete with (other agencies) and target in work (consumers). Moreover, the 'viscosity' of advertising knowledges associated with reflexive consumers also prevents the spatial mass-exporting of creative work (Weller, 2007). There are often time-space disjunctures in the way brands and products are consumed. For example, the seasonal differences that exist between northern and southern hemisphere countries mean there is a need to time the development of campaigns accordingly. Adverts often do not date well in the new reflexive economy and, on many occasions, cannot simply be re-run six months later. This requires the timely local production of creative work because “it would



be totally and utterly impossible to create advertising in London or New York for China. It's very hard to create great advertising, powerful, compelling. So you have to be there for that" (No. 5).

This inevitably reinforces the processes that produce globally stretched rather than centralised teams of advertisers. Nevertheless, this does not mean that the outsourcing or offshoring of creative work is now common. In particular the production of adverts (artwork, studio work, post-production editing) takes place most commonly through a network of localised contractors close to where creatives are based (Grabher, 2002). It emerged from interviews that advertisers are subject to an ever quickening production process with clients setting shorter and shorter deadlines for the development of adverts because of ever-changing products and consumer preferences. As a result the need for 'just in time production' of adverts, coupled with the need to constantly assess the quality of the work of contractors, means relative geographical proximity is needed and there has not been off-shoring process where the production of adverts takes place in low-wage countries. Creative production work might not necessarily be within the same city as the creatives but will always be within easy commute of the office where creative work has taken place. As one advertiser commented:

"The reason for outsourcing from our point of view would be for quality control and maybe profit but we have yet to outsource outside the U.S. I think you lose control. One of the biggest parts for outsourcing would be quality, to actually improve quality. I've taken websites and have them done out of house. Even though we came up with the creative idea and I had them executed out of house because I thought the quality would be better but I haven't done that outside of the U.S." (No. 6).

Again, then, overall advertising work has remained relatively sticky but the processes producing this stickiness and the resultant geographical-fixes of work have changed. The main effect of this has been not to erode the US job base in advertising but to prevent incremental gains automatically accruing to the US (as happened in the past) as new markets for advertising emerge.




5.4 Changing geographies and degrees of stickiness in advertising work: Future trends

All predictions of the future are necessarily speculative. Indeed, the exaggeration of existing trends is perhaps the most likely future trajectory. However, using the understanding of the advertising process and its recent evolution outlined above, and by drawing on insights of advertisers interviewed, it is possible to identify a number of issues that deserve consideration because of the way they might shape future change in the stickiness of advertising jobs and the geography of work.

5.4.1 Clients and the management of global advertising in the future

On the demand-side one of the most important future trends will be the further development of client-bases in Asia. Of particular significance would be any trend whereby important market leaders in high value consumer goods emerge from outside of the USA and Western Europe. As one interviewee predicted, “you start thinking about these other centres of creativity or excellence that are gonna emerge; they’re gonna be in Shanghai, they’re gonna be in lots of places that you would probably imagine” (No. 6). This would inevitably drive the growth of offices, client management and strategic work in countries outside of ‘traditional’ lead office locations such as New York. It seems unlikely, then, that there will be a return to the days of US offices acting as the sole leaders of advertising accounts worldwide. Indeed, the emergence of influential clients in ‘developing’ economies and the locating of lead offices close to their headquarters are further likely to change the role of US offices in the future.

Of course, in a situation where the lead-office for a campaign is in Asia or South America the US offices of agencies might benefit from the need for US-tailored adverts. If more and more clients adopt a decentralised approach to advertising, as Toyota has done in the USA, then US offices can expect to



become important nodes in collaborative networks. This does, however, rely on the strength of the US economy and consumer purchasing power in the future. At the same time, with China competing for the title of the largest consumer market in the world, the USA will not be the only preoccupation of clients. Nevertheless, it is hard to envisage a future where effectively tapping into the US market, through US-based strategic and creative work, is not important. Therefore, there does not seem to be any imminent risk of the demise of either strategic management or planning advertising work in the USA. There is, however, likely to be a reconfiguration in the nature of the work done in US offices.

5.42 Consumers, creative skill and the future geographies of advertising work

On the supply-side a whole raft of related challenges are likely. Assuming that the current trend towards consumer differentiation and fragmentation continues, the ability of agencies to tap into the emotions and desires of consumers is likely to be further challenged. The stickiness of creative jobs will probably be exaggerated by this trend yet this does not necessarily mean a wholly positive picture for US offices of global agencies. Two issues are significant here. Firstly, the skill-base in advertising in 'developing' countries is improving rapidly. Interviewees regularly commended the work being done in parts of South America and Asia because of its innovativeness and creativity. No longer is it a case of US offices teaching the world to do advertising. Rather, US offices are now part of a worldwide intra-firm collaboration but also competition that drives advertising innovation (see Business Week [2007] on the threat of university educated talent in Asia on US jobs).

This mirrors the arguments of Speece et al., (2003) who point to the way Vietnam's advertising industry is changing from a situation where adverts are imported to one where expertise gained from imported adverts and collaborations with global firms allows the development of locally competitive products. Similarly Po (2006) highlights how global agencies in Beijing,




Guangzhou and Shanghai are not simply reproducing US adverts overseas but, instead, developing local models of advertising, something that newly emerging domestic agencies are quickly replicating so as to compete with global agencies. Thailand, and Bangkok in particular, was highlighted by interviewees as one of the places most advanced in this regard, being a mature market with skilled domestic staff. As a result clients and consumers are not interested in imported or overseas adverts or even workers and their 'western' models of advertising (see Muller [2005] for more on this trend).

Secondly, and related, the quality of US advertising was highlighted by interviewees as being in need of improvement if offices are to have a future as 'leaders' (but not exporters) of creative work. This means advertising needs to become a favoured choice for graduates, not an occupation taken by those unable to get a job in finance. Preference towards recruitment of those with an MBA also needs to be replaced by a search for genuinely creative workers. As two advertisers noted:

"Something is wrong in this country, and it's the MBA culture. No one gives a s*it in Europe whether you have an MBA in advertising, you don't need one, it gets in the way as far as I'm concerned. But over here, someone had told these kids 'take 2 years and go and get yourself an MBA'. I think it's a delaying tactic to not start work so early. That's one of my views. I would say 'if you wanna do an MBA, then don't bother getting into advertising because it's not necessary' (No. 2).

"one of the things that I've observed from my position as a planner inside a creative company is that MBAs tend to think in a particular way. They're incredibly smart and they're very logical business thinkers. But we don't live in a very logical linear world. So that discomfort factor – the ability to turn something on its head to look at it the other way round – is not what people are taught to do" (No. 4).



This also requires attractive creative cities that agencies can base themselves in so as to exploit clusters of expertise (Florida, 2002). All interviewees agreed that the number one priority when choosing where to locate an office was, after the whereabouts of clients, the attractiveness of a city to talented workers. The positive effect of this can be seen in the case of New York, a city able to attract a cosmopolitan, international mix of workers. This sustains New York as a centre of advertising expertise. Meanwhile, the case of Detroit shows the opposite extreme, the effect of not being able to compete as an advertising centre nationally or internationally when talented employees aren't attracted to the city. As one interviewee described Detroit's fate:

"Very few people move to Detroit. The only reason to live in Detroit is if you were born in Detroit. I mean a lot of people go to New York, a lot of people move to London. A lot of people even move to Chicago. Those are big diverse metropolitan cities, they're very vibrant, they act as magnets to the affluent or educated professionals. Young kids as they graduate from colleges want to go and live in New York, Chicago or LA. Detroit, no one's gonna say 'I wanna go to Detroit'. It's very insular. When we moved our office here, we asked over 320 people to move from Detroit to LA to start the office. Fifty-four accepted" (No. 27).

The future success of American offices will, in part at least, be determined by the ability of city planners to maintain and develop the amenities and attractions that draw in talented workers and, in particular, international workers. There are many well documented cases of advertisers thriving in clusters of creative industries and peoples (Leslie, 1995; Faulconbridge, 2007; Grabher, 2001) and cities with a cosmopolitan mix of nationalities allow for an international mix of workers in agencies. This was unanimously agreed upon by interviewees as one of the best ways to spur the development of innovative advertising and mirrors the argument put forward by Christopherson (2006) that developing reservoirs of talent, rather than tax-led incentive schemes, is the only way to sustain creative industries in a global economy.



5.43 Global agencies of the future: the boutique?

Perhaps surprisingly, questions hang over the future of the global agency itself. If consumer heterogeneity diminishes the advantage of having one organization manage advertising worldwide, and if global agencies are unable to effectively respond to such heterogeneity, then clients may well begin to abandon the global players. This is not a particularly new concern with large American organizations such as Coca-Cola abandoning large global agencies for boutiques at points in the 1990s (Leslie, 1997). But interviewees pointed to evidence of the re-emergence of this phenomenon in the past five years, as evidenced by the rise of small boutique agencies across the USA that were regularly competing with and winning clients from global agencies (e.g. Strawberry Frog). As one interviewee commented:

"GM and others are with the small little nimble creative boutique. They're dealing with the guy actually writing the ad, developing the ad. That's very attractive to clients right now. I think the business will go through cycles where once again it will come back to 'there's real value to this large institution'. But right now, I'm having to change this agency to act like a boutique where we're nimble, we're small, we're fast moving because that's what the market demands. They're no longer looking for the big global institution necessarily, because it's much easier to deal with smaller places" (No. 18)

These boutiques, which often only produce adverts from one country, are seen as experts of dealing with consumer fragmentation and differentiation through the development of creative, innovative adverts. This often contrasts with the 'rigidity' of global agencies in which responses to consumer trends are restrained by bureaucracy and structures of control, not least of all dominated by lead offices. Again, then, the question this raises is not whether the US will lose jobs to another country. Rather, it is how existing work might be reconfigured in the future. A future where advertising development becomes local-for-local would significantly alter the remit of US offices and place even more emphasis on the success of the US economy as the defining factor in the maintenance of advertising jobs.




Chapter 6. Different dynamics? Comparing the stickiness of strategic management and creative design work (questions 12 to 14)

The 'demand' side and 'supply' side framework developed above, and our discussion of the factors influencing the stickiness and geography of advertising work, can help us understand the similarities and differences in the way management, strategic and creative work have been affected by recent changes in the advertising industry.

As we suggested earlier, the holding group structure has little relevance for our discussion here because of its relatively unimportant role in the production of advertising and because of the dominance of back-office work in holding group offices. Therefore, as we have shown, it is important to focus on the discrete, yet mutually constitutive roles of account management, planning and creative work.

6.1 Global work?

Account management has been shown to be a semi-global activity. Normally located in proximity to the client, account management teams, whilst responsible for overseeing all work completed for a client and therefore necessarily having a global remit, tend to operate primarily through interactions with the proximate client. In contrast, planners increasingly operate as part of a global team. Today this is less about exporting work from the USA and more about collaborating with colleagues in offices throughout the world. Of course, when planners are based in the lead office, as is the case for many planners in New York, the role involves, to a certain extent, coordinating the activities of those in other offices. This suggests, then, that planning work is perhaps the most global of activities at present.



Creative work is now perhaps the most local of all of the activities. The slow demise of the 'global' advert means that there is still the exporting of US creative work worldwide. However, increasingly creatives are delivering work for their local market, drawing on the in-depth understanding of consumers they develop by 'being there' and understanding norms and expectations.


6.2 Changing degrees of stickiness?

For management work the stickiness of jobs has not changed over time. Location continues to be critical in advertising work. However, the processes underlying stickiness are subject to geographical adjustment – i.e. clients are increasingly globally spread. From the perspective of the USA, this can lead to not necessarily the loss of existing work but a failure to accrue new work. Meanwhile, for the strategic and creative process, advertising work has actually become stickier. This has protected American jobs but again has meant that the emergence of new demand for advertising has not led to a growth in the size of US offices.

In many ways, then, stickiness is a double-edged sword. It can both protect against the loss of advertising work but, at the same time, also prevent the reproduction of past approaches where US cities act as worldwide exporters of advertising.

6.3 The changing roles of US offices

The affects of changing client and consumer behaviours and the resultant changes in degrees of stickiness and the ultimate spatial (re)location of advertising work are, then, not constitutive of a zero-sum game. Only a limited amount of work is currently moving from the USA to other countries – work that used to be exported and which is now produced 'locally' for overseas markets. The local-for-local process driving this also benefits the USA though:



importing advertising from elsewhere is not a strategy used because of the need to tailor adverts to the specificities of the internally differentiating US consumer market. However, this also means that the USA is not gaining at the expense of other places. Instead, the current situation, which seems likely to be exaggerated in the future, is one in which a proliferation of demand for advertising is resulting in the expansion of the industry but in a wider range of global locations. This has sustained the role of advertising in the USA, as our quantitative data shows, but also changed US offices' role in a global division of labour.




Chapter 7. Synthesis: the three case study cities

We conclude with a closer look at the three case study locations (New York, Detroit and Los Angeles), the places being investigated as sticky or not. At one level we have found much stickiness in the advertising industry, which supports the basic hypothesis we started with. However, at another level, interviews revealed that while global competition affects all the agencies surveyed, the actual place where advertising work is performed within the U.S. has significantly affects the extent to which new challenges require major restructuring. This story basically reinforces initial quantitative assessment: that buoyant New York and Los Angeles have, on the whole, not had advertising billings and employment adversely affected by globalization; whilst a question mark hangs over Detroit and its role in a new global division of advertising labor. Below we combine the quantitative research in city-by-city assessments.

7.1 New York: continuing as the world's leading centre for advertising

New York has traditionally been and remains a central node and an iconic place within the global advertising market: the term 'Madison Avenue' is often used as a synonym for advertising because of how the famous Avenue used to host the headquarters of some of the largest global network agencies from the 1920s onwards. The proximity of clients and creative workers, but importantly also, the concentration of media is among the key reasons why advertising originally emerged in New York. As one respondent argued:


"When the industry developed in the U.S., there were good reasons why it made sense to be New York. There were lots of clients here, a lot of the media ownership was here, so given the importance at that stage of being able to buy distribution, this was a good place to be and there was plenty of talent, lots of people" (No. 5).



The quantitative analysis (Figures 2.1 and 2.3) clearly showed that, despite a brief blip in the early 1990s, New York continues as the world's pre-eminent advertising city. The interviews showed this to be more complex: there are challenging issues for New York. For instance, one of the issues discussed with interviewees was whether the competition from other advanced professional services industries (publishing, media, finance and management consultancies in particular) was jeopardising their business. To some, the fact that these other sectors are offering more attractive salaries is clearly luring some of the best talent away from advertising. To others, the fierce competition with these other sectors is paradoxically acting to New York's advantage as it is overall contributing to draw a greater pool of talent than in other parts of the United States. The professional competition comes with the vibrancy of the city; it is a lack of such labor competition that would be worrying.

A distinctive factor is that New York agencies manage a wide spectrum of consumer brands from food and beverages to cosmetics, household goods and services (banking, insurance, tourism, leisure, etc.). Not being restricted to one particular product category clearly means that agencies are less exposed to the risk of over-reliance on, and potential loss of, single manufacturing accounts. This confirms the importance of the gross size of the New York advertising (Tables 2.1 & 2.2).

But many of the challenges could not be revealed in the quantitative work. A recurrent theme was the necessity for advertisers to embrace the challenge of using new marketing tools and formats to reach increasingly scattered and technology-empowered consumers in a true reciprocal conversation. One of these 'flattening' strategies is to turn to interactive and digital media Web 2.0 platforms such as YouTube, MySpace and Second Life to call on consumer-generated content to spread brand awareness. Yet in this area, all cities are obviously on a level-playing field. Where New York clearly stands out is on other forms of media and marketing diversification, those for which place clearly matters such as outdoor live events which are set in strategic city



locations. Indeed, as a mass shopping and entertainment metropolis and as a window of 'global creativity', New York is in an advantageous position when it comes to capturing a consumer audience. For example, one agency reported that it has organised an event in Times Square for one of its clients, a major U.S. retail chain: "for their thanksgiving sale campaign, we had David Blaine, the magician. The idea was if he can last the week-end, you can take a hundred kids shopping for free. We had him in a gyroscope spinning in Times Square. It was a live event that was filmed and that you could watch online and enter the competition. That's a different kind of work to producing television commercials and producing print ads" (No. 5).


This 'cultural proximity' to consumers, when coupled to the fact that New York continues to act as the 'lead' office for many global accounts – often because major global firms always turn to New York agencies to manage their global accounts - means the city's advertising industry remains healthy.

All our evidence thus suggests that while advertising work in New York offices will change, the city will remain the leading world centre for advertising in the foreseeable future

7.2 Detroit: an advertising center in trouble?

In the quantitative research Detroit was shown to be doing relatively well in billings (similar to New York and Los Angeles in Figure 2.1) but less so in employment (the contrast with New York and Los Angeles is stark in Figure 2.3). The interview materials clarify this difference generally in favour of the latter.

Compared to New York, the city of Detroit has a less diverse range of agencies but is nonetheless characterised by the presence of a handful of very large agencies – such as BBDO, J. Walter Thompson, Leo Burnett and



Campbell-Ewald – managing large automobile accounts and employing on average around 1000 employees. With 1,200 employees, Campbell-Ewald for example, has its headquarters in Detroit. These agencies' exclusive relationship to mammoth automobile clients explains why Detroit's advertising billings outrank other large U.S. cities. It is in fact striking that each of these agencies service one specific car manufacturer, and generally speaking, one or two specific models. Hence BBDO handles Daimler-Chrysler's Jeep account. Leo Burnett and Campbell-Ewald look after General Motors' models (respectively Pontiac and Chevrolet) while the WPP agencies (Young & Rubicam, Ogilvy & Mather, JWT and Mindshare) service the Ford account. The WPP group has adopted a division of labour in that different models are managed by each agency, with one (Ogilvy & Mather) looking after parts and services within the Ford dealer network. In fact, in early 2007, Ford and WPP took the decision to regroup the offices of the four agencies under the same roof and labelled it "Team Detroit". This move was justified as a means to avoid duplication of work, reduce cost and create synergies to promote a more unified brand image. Yet an underlying risk for the agencies involved is that they may come to be regarded in the world of advertising as one client's in-house agency, as "people will look at it very carefully and say well there's a risk that you become just one trick pony and lose the credibility to go and pitch for peanuts or beer or washing detergent" (Interview n°15).

It comes as no surprise, then, that the fate of advertising work in Detroit is intimately bound up with that of the automobile industry. One Detroit-based respondent argued that advertising agencies in the city are currently under much pressure as the industry is facing a dramatic decline:

"It's sort of going that way right now as the car industry falls into more trouble, our influence in Detroit is becoming much more limited. We used to have the largest J. Walter Thompson office, even larger than New York because our number one client's right across the street. But then they began dividing up the company and we have less influence. Chicago, LA and New York are far ahead of us now" (No. 17).

The comments are echoed by one of his counterparts in Los Angeles: "To be honest, they're just a mess in Detroit at the moment. I don't think they know



what they're doing. And also a lot of that re-integration is cost driven. Detroit is doing so badly so they're having to cut, cut, cut. So there's a lot of pressure on agencies to get less and less and less expensive" (No. 28).

So Detroit agencies may have had an advantage in the past because of the proximity of key clients (the demand-side) but today this advantage is waning as these clients: undergo restructuring themselves as their markets come under threat; begin to look to offices and agencies in other cities within and without of the US for advertising. Indeed, a related problem for Detroit agencies exists on the sell-side. In the world of advertising, the creative work performed in Detroit is perceived to be somewhat stale and backward. It is not all bad news in relation to creative work. Respondents argued that although talented professionals are more likely to look for work on the East or West coasts, Detroit remains attractive to those looking to add automobile items in their portfolio. However, the most enterprising younger talent is less likely to stay in the city. In this sense, advertising work can be described as being more 'slippery' in Detroit than in the two other case study locations. But it would be wrong to argue that this is due to work being outsourced to overseas locations.

Thus Detroit, much more than the two other cities, is confronted with the challenge of modernisation and diversification. One route to escape the risk of a strong single account dependency has been to try and gain new clients. This is exemplified by Campbell-Ewald which has recently been approached by the postal services and the military to run their advertising campaigns. **Leakage of jobs from the advertising industry in Detroit will not, then, be to third world cities but rather to other US cities that can offer a broader market and more cosmopolitan community.**



7.3 Los Angeles; West Coast advertising success story

Generally the quantitative results for Los Angeles indicated a city advertising industry much more like New York than Detroit (e.g. Figure 2.3 in particular).

The reason for this was immediately explained by the interviews: choosing to study

Los Angeles because, like Detroit, it has a global-effect industry as a local market was exposed as fallacious. The cooperation between advertising agencies and the entertainment/cinema industry appears to be much weaker than expected, the underlying reason being that filmmakers adopt a different approach to other producers to reach consumers. The key objective of consumer goods' manufacturers is obviously to develop brand awareness and consumer loyalty through repeat messages whereas the Hollywood studios are looking to draw the widest possible audience to a product whose lifetime is by essence limited. For this particular purpose, they can cut their own trailers without looking for any value added creativity. As one respondent put it:

“when you're dealing with people who've created a two hour film and the trailers and everything else, it's very hard indeed for them to take advice on how to create something from an ad agency whereas if you're a Procter and Gamble selling soap powder, you're not particularly creative” (No. 30).

In fact, automobile clients feature very strongly within LA agencies' portfolios. However, LA demarcates itself strongly from Detroit as these clients are predominantly Japanese car manufacturers such as Toyota or Nissan. The Californian lifestyle was argued to be the main reasons for the attractiveness of such brands which are regarded as more stylish and fuel-efficient than U.S. automobiles: in other words, “the more urban, well travelled cosmopolitan people, they don't wanna be seen dead in an American car” (No. 30).




Despite having a relatively good coverage of network agencies as well as several independent boutiques, a few large agencies such as McCann Erikson and TBWA-CHIAT DAY occupy an important place in the LA advertising landscape. TBWA has acted as a magnet for both clients and creative workers and contributed to leaving a strong imprint on the city. Deliberately provocative, the agency has turned around the traditional image of advertising agencies being the docile agents of their principals, notably through a strategy which it has labelled “disruption”. This approach has been particularly attractive to global clients – such as such as Apple or Nissan - that embrace the ‘risk culture’ and are looking for a distinctive image that stands out in a world of infinite choice of brands.

Los Angeles is, then, a successful advertising center that is prospering in the new local for local practice approach; as the ‘capital’ of ‘West Coast’ Californian culture it is placed to gain from increasing decentralisation of advertising control from New York as ‘cultural proximity’ to West Coast consumers is sought (interviewees suggested East Coast consumers were very different to East Coast clients) whilst more and more clients (often from Asia) are looking to Los Angeles agencies to lead all of their US work.

7.4 Diversity in American stickiness

In sum, New York could be described as being both client and consumer-led, while Detroit is essentially client-led and Los Angeles slightly more consumer-led (see table 7.1). The three case studies suggest that the insertion of advertising agencies within one specific local fabric strongly bears on their level of exposure to globalisation and hence on the ways in which strategic and creative work is being restructured. There is arguably some path dependency related to the servicing these agencies bring to their clients. The wider their portfolio (both in terms of product range and in terms of their ability to attract and service accounts located in other parts of the globe)



and the greater the likelihood of retaining jobs. Finally, to some degree, the work conducted in the three cities also reflects the cultural inclinations (tastes, preferences, lifestyles) of those American consumers residing in the Midwest or on the country's East and West coasts. In this sense, it is also important to bear in mind that regional consumer variations strongly contribute to making jobs more or less sticky.

Table 7.1. The stickiness of work in the three case study cities and the threats and opportunities that result.


	Strengths	Weaknesses	Opportunities	Threats
New York	<ul style="list-style-type: none"> i Diverse client and product portfolio (demand-side advantage); ii Good local infrastructure: design schools, media etc. (supply-side advantage) iii - Strong embeddedness in national and transnational networks 	<ul style="list-style-type: none"> i - Ability to attract best workers due to MBA culture 	<ul style="list-style-type: none"> i Transfer/rotation of creative staff (hence of ideas and know-how) to and from overseas: fluidity of the network. 	<ul style="list-style-type: none"> i Competition from other New York based advanced professional services; ii Competition from other global cities
Detroit	<ul style="list-style-type: none"> i Highly-specialised local knowledge (supply-side advantage); ii - Institutional memory and track record with clients (demand-side advantage). 	<ul style="list-style-type: none"> i Strong dependency on clients in the automobile industry (demand-side disadvantage); ii High exposure to international competition; iii - Difficulty for agencies to become more 'nimble' to respond to reflexive clients (supply-side disadvantage). 	<ul style="list-style-type: none"> i New clients with advertising needs bringing much needed diversification. 	<ul style="list-style-type: none"> i Decline of the car industry; ii Decentralisation and transfer of car advertising operations to non-local boutique agencies.
Los Angeles	<ul style="list-style-type: none"> i Relatively diverse client and product portfolio (supply-side advantage); ii Excellent access to media, editing and production facilities to produce innovative advertising (demand-side advantage). 	<ul style="list-style-type: none"> i - Difficulty forging sound transnational linkages, particularly with Europe (time zone differentials) 	<ul style="list-style-type: none"> i Growing demand for ethnic products (client-led diversification); ii Proximity to Latin America (supply-side advantage). 	<ul style="list-style-type: none"> i Volatility of consumer tastes.



Chapter 8. Conclusions

Our basic hypothesis that “**advertising is an industry where we would expect the USA to be the major ‘winner’ in the current round of global economic restructuring**” has been generally confirmed by this study. But it is not as simple as the hypothesis implies. While it is true that the three US cities we have researched each have their ‘creative environment’ providing ‘competitive advantages reaped from the cutting edge advertising work and workers present’, such a conclusion hardly does justice to the complexity of this dynamic global industry.

Florida's (2004) concern for US complacency in the twenty first century was well illustrated by trends in Figure 2.1 showing that even New York's advertising prowess cannot be taken for granted. He argues that in a massively changing world economy only ‘one thing is certain: the creative age is a wide-open game’ (p. xxiii). We have found that in the advertising world this ‘game’ is proving not to be of the pernicious ‘zero-sum’ variety. Major advances are recognised as being made outside the USA but these are not impinging directly on current US growth potentials in this industry. However, the one thing we can say that is certain from our researches is that the US will never again attain its strategic and creative leadership role that it built up in the twentieth century. That simple US/non-US division of creative power differentials in the industry is gone forever. In a much more complex world economy, advertising is an industry in flux in which new roles are being made and lost at an increasing pace within and beyond the USA. The American twentieth century advertising legacy is by no means irrelevant in this changed world but it has to be harnessed and used as a basis for new roles not the perpetuation of old ones.



With this in mind, the future of the advertising industry in the USA seems to depend on the ability of both industry-leaders and policy makers to recognise the city-specific opportunities and threats (table 7.1) but also the more generic strengths and weaknesses of advertising in the USA. Most importantly, this requires active interventions to be made that do not seek to recreate past conditions but produce new opportunities and competitive advantages that might benefit advertisers but also the creative industries more generally. We highlight some important issues worthy of consideration in table 8.1. In the USA then, advertising work may be sticky to varying degrees, but there is no room for complacency.

Table 8.1. Assets, challenges and opportunities, as identified by interviewees.

Key Assets (to be maintained)	Potential Challenges (to be addressed)	New Opportunities (to be examined further)
i Cosmopolitan 'creative' cities.	i Lack of skilled workers – too many sucked into finance or MBA culture.	i The rise of globally competitive boutique agencies.
ii High consumer demand.		
iii Customer service orientated agencies.	ii The 'less' creative cities and their inability to attract creative talent.	ii The enrichment of labor pools with overseas talent.
	iii Over-reliance on US clients.	iii Advertising work serving non-US clients.
iv Executives with skills for coordinating 'global' campaigns when needed.	iv Lack of innovation in US advertising formats and strategies creates global competitive disadvantage.	iv Engagement with consumers via user-led innovation and greater advertiser-consumer interaction (potentially making work even stickier).




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