

“Despite Brexit, the UK will be the pre-eminent advertising hub on the world stage for years to come”

The advertising and production world is largely and loudly of the view that we would be better served as an industry by remaining in the EU, but we are ready, as an industry to prosper post Brexit.

In London and the UK as a whole we have the expertise, cultural and business foundations and resilience to ensure the UK remains pre-eminent as an advertising hub in the years to come.

London is unique and key but the UK as whole is greater - 57% of those working in advertising in the UK work outside London - that is from the Ad Association's Advertising Pays report - and this argument is built on facts, not opinion. The reasons I believe that London and the UK will continue to be pre-eminent fall into these four broad headings:

- UK advertising's world renown.
- The unique talent pool here.
- A more technologically advanced economy than our competitors.
- Our unique business and creative cultures.

UK ADVERTISING'S WORLDWIDE FAME

- 1) The APA just organised the Tokyo London Advertising Forum 2019 – which saw us take 32 representatives of the APA membership to Tokyo to meet Japanese agencies and production companies - and we made a big impact. As with other overseas markets, it is easy for us to engage everyone we wish to engage (ECDs, heads of production, agency management) because representing London advertising overseas is like being a Ferrari salesman.

And how about this for an astonishing fact!? Since 2005 there are only two years in which the UK did not win the Film or Film Craft categories - and Film Craft was only introduced in 2010 - so perhaps 2007, which along with 2014 was the only year we failed to take the top prize - would have delivered that too. That is a Grand Prix in film or film craft in 11 years

out of 13! No wonder agencies and advertisers around the world are so keen to work with us.

- 2) More evidence of how highly UK advertising is valued by the world: Advertising service exports by the UK were £6.9 billion year ended 31st Dec 2017 - up by 18% on the previous year - in the first full year after the Brexit vote! - and the growth is much faster than that of other key UK exports, e.g. financial services at 8% (figures from Ad Association's report).
- 3) It is not just UK agencies and production cos that rank as the best but editors, sound designers and VFX - UK companies dominate the market in the US too and are multiple award winning across all sectors - The Mill, MPC and Framestore have all won Oscars for best VFX.

A UNIQUE TALENT POOL

- 4) Global cities require diversity:

London is the most diverse city in the world with its executives drawn from 95 nationalities from 134 countries - according to Deloitte's report "Global Cities, Global Talent" and it added 235,000 executive jobs in the two years to the publication of the report (2016) - much more than any other city.

EU migrants have been part of that but they will still come after Brexit - they will be able to come for the skilled jobs we engage them for e.g. in visual effects, on the Tier 2 visa that non-EU migrants arrive on today. They are a relatively small part of total immigration. According to Migration Watch, in the year ending September 2018, 318,000 people migrated to the UK (net figure excluding Brits returning) and of those 57,000 were from the EU and 261,000 were non-EU.

South America is an important provider of top talent, for example. Mother are the new Campaign agency of the year- their Joint ECD's and partners are Hermeti and Ana Balerin are Brazilian. There is a significant history of it, from Juan Cabral at Fallon, who wrote and directed Cadbury's Gorilla, an award winning film that brilliantly represents UK creativity and the contributions new perspectives have made to it. Guillermo Vega, the CCO of Saatchi's is from Argentina, André Laurentino, the Global ECD for Unilever at Ogilvy, is Brazilian and there are many others in senior creative roles.

AN ECONOMY MORE TECHNOLOGICALLY ADVANCED THAN OUR COMPETITORS

- 5) This is a surprising one as we imagine we are behind in tech but we aren't - we are ahead by many measures of all the world's other advertising centres. Advertising is increasingly online and the UK leads the world technologically - we always think we are behind, but we aren't - we learnt in Tokyo that in Japan play out is still via the delivery of a tape! 58% of UK ad-spend of £22.2 billion is online, very significantly ahead of Germany. E-commerce expenditure is the highest per capita of any G20 country.
- 6) And in tech venture capital too, London is pre-eminent, attracting £4.1 billion in 2018, compared to £1.1 billion for Paris, £0.8 billion for Berlin and £0.3 billion for Amsterdam. UK is also more advanced in smart phone adoption, 4G connectivity and several other measures.
- 7) The Oxford Cambridge London axis is a creative tech hub that is bringing in overseas investment, particularly from China that sees accessing it as critical to its own growth. We aren't seeing good news anywhere though because it doesn't fit our narrative. Listen to the US Presidential Advisor (not this one, one of his more sane predecessors) Dr Pippa Malmgren on this:

“Britain has achieved a degree of competitiveness that Britain doesn't realise”.

What happens after Brexit? The idea that Britain simply slides into the North Sea and sinks does not make any sense. Britain will be more successful than ever due to its legal framework and competitiveness.

“Mexico is winning work from China - it is cheaper and has higher standards - and the country it is most keen on a trade deal with is the UK.”

Reflected to in an article on Flat White economy in The Times this week - the Centre for Economics and Business Research (CEBR), report looks at the unusually strong growth of the UK's creative sector and how that has actually got stronger post the Brexit vote.

UNIQUE CREATIVE AND BUSINESS CULTURE

You can't replicate these strengths of London and the UK in 5 minutes (or in 5 years or 50 years).

8) London's creative culture:

London and the UK are famous, ranked number one creative city in the index from the Creative Education Institute:

- The influence of UK pop music
- TV culture and the popularity of BBC programming around the world
- Creative fashion from designers like Alexander McQueen and Vivien Westwood
- 'Starchitects' - Richard Rogers, Thomas Heatherwick, Zaha Hadid
- 100,000 graduates per year in architecture, design, music, fashion, digital media
- Animation and computer games, with internationally renowned studios like Aardman, and tax credits that support those, along with film.

9) Strength of UK creative industries culture

The clusters in the UK are unique- advertising in Soho - where production cos, VFX cos, editors, sound designer and music still are and which agencies therefore visit often and regard as their cultural heart- and the tech cluster at Silicon roundabout and Shoreditch are.

Michael Porter- Professor Harvard Business School and author of Clusters and the New Economics of Competition cites- real business benefits not "nice to haves".

10) Strength of business institutions in supporting creative businesses is better in the UK than in any other market in the world.

We get competitors working together, we have great organisations like the Advertising Association, ensuring that Government and the world at large understands the critical role of advertising in economic growth and the consequence of mooted restrictions on it- and in ensuring we are on the front foot, as with Export Month for example, which our Tokyo event was part off, along with the IPA's delegation to Shanghai.

We aren't sitting around worrying about Brexit, we are off building new markets.

Like ISBA and the IPA too, whose Effectiveness Awards has generated over 1500 studies since it was started in 1980 and is the longest running and most thorough advertising databank in the world- and of course Thinkbox, which does an amazing job of championing TV advertising- through hard facts.

11) The quality of creative education in the UK

As an example, the World University Rankings for Art and Design:

- Royal College of Art is ranked 1st and UAL 2nd.
- Glasgow College of Art 8th
- Goldsmith's 11th.

That is four institutions ranked in the top 11 in the world!

Compare that to our European rivals - the mooted rivals for pre-eminence in advertising post-Brexit:

- France has one institution - at number 24 in the top 50
- Germany also has one, a 49 in the top 50
- and Holland zero.

12) London is too attractive to leave:

Predictions of bankers etc leaving have been toned down- they and their families want to live in London- articles like "City spouses block Brexit". One professor is quoted as saying "I wouldn't have a problem moving per se, the challenge is finding a city that replicates London's main qualities: good jobs, great schools, plenty of real estate options, unrivalled public transport,".

Of course the English language is key to that and overseas professionals and the leadership of brands in e.g. China are more likely to have learnt English than another European language.

These human factors are real, as is the critical position of the UK, in terms of sitting between the US and Asia, in terms of time zones and as an easy introduction to Europe- a sort of Europe light, for US companies.

13) UK's business culture:

Strong IP rights enforcement and structure, ease of setting up a company - the day you decide to do it, ability to enforce contracts and debts.

According to the World Economic Forum's Global Competitiveness Report 2018- which runs to 657 pages:

- Britain ranks 7th for its institutions overall, including 8th for corruption and 6th for IP protection.
- For internet users it ranks 6th.
- For skills it ranks 13th with ease of finding skilled employees ranked 8th within that.
- For labour market it ranked 8th and financial system it ranked 8th and 7th, for disputes.

THE COMPETITION

14) Looking at the potential competition:

Amsterdam, Paris, Berlin:

Amsterdam - US News global economic rankings, Holland GDP \$862 billion, UK - \$2.6 trillion- over three times bigger- Amsterdam cannot compete as a world city - it's a boutique operation.

France - adspend 2019 (WARC figures) forecast as \$18 billion, compared to London's \$30 billion.

Berlin - not even the centre of advertising in Germany - Hamburg might claim that title - Frankfurt, Dusseldorf, Munich are also on in there.

World Economic Forum 2019 report said:

France only ranked 23rd on institution - including 23rd for corruption, a figure I was surprised was not higher. Skills were down in 34th and Labour market is a disaster- ranking 140th for their labour tax rate! Macron vowed

to change that but was met with Yellow Vests rioting- Rien ne change en France

Germany does well overall but is only 21st for IP protection, 17th for ease of resolving disputes.

CONCLUSION

We are in limbo at the moment, which is always the darkest point in a decision making process. It is easy to say “I will leave Britain with my business if Brexit happens”- either to campaign to stay or just to be dramatic as with every election people say they are leaving Britain if the other party wins. It so rarely happens in practice so as to be insignificant – and, most importantly, the deep seated advantages the UK has in people, business infrastructure, creativity, competitiveness and London’s status as Europe’s only global mega city will prevail.