

# Occupational trends in advertising, 1984-90

*As employment in advertising grew during the 1980's,  
the industry's occupational pattern changed;  
professional and technical occupations  
lost employment share, while sales occupations gained*

Kay E. Anderson

**L**ike so many other industries, the advertising industry felt the impact of the mergers and acquisitions prevalent in the 1980's. Outside the industry, takeovers created debt-ridden businesses that were forced to tighten their budgets. Many firms accomplished this by cutting their advertising expenditures. To advertising executives, reduced spending translated into declining revenues for their agencies. Meanwhile, many of these executives were already burdened with debts their own agencies had incurred through mergers within the industry. Cost management became a primary concern for agency managers.

These and other economic changes that affected the advertising industry during the 1980's were reflected in changes in the industry's occupational structure. While industry employment increased by 26.5 percent from 1984 to 1990, occupations showed proportionately different employment patterns. For example, the number of workers in sales and related occupations in the industry grew 57 percent during the period, and employment in managerial and administrative occupations increased 36.5 percent. Professional, paraprofessional, and technical positions, however, showed a much slower growth rate, increasing only 11.5 percent.

To analyze occupational staffing patterns in the advertising industry during the 1980's, this article uses data derived from the 1984, 1987, and 1990 Occupational Employment Statistics (OES) surveys. The OES survey is a Federal-State cooperative survey of nonfarm establishments designed to develop current occupational employment data on

wage and salary workers by industry. The survey is conducted over a 3-year cycle: manufacturing industries and hospitals are surveyed during the first year; mining, construction, finance, and service industries during the second; and trade, transportation, communications, public utilities, education, and government services industries during the third. The survey is based on a probability sample and is stratified by industry, geographic area, and size (number of employees) of the firm.<sup>1</sup>

## Industry developments

The advertising industry comprises establishments that prepare advertising and then place it in various media (for example, television, radio, magazines, and newspapers) for other business establishments. Firms engaged in soliciting advertising for different publications or for television or radio stations on a fee or contract basis and firms that furnish other advertising services, such as aerial advertising, distribution of coupons, and distribution of handbills, are also included in the industry. However, businesses primarily involved in direct mail advertising and those that create advertising but do not place it with media are not part of the industry.<sup>2</sup>

Advertising agencies dominated the industry, employing 72 percent of all advertising workers in 1990. The remaining employment was in outdoor advertising services (6 percent); radio, television, and publishers' advertising representatives (10 percent); and miscellaneous advertising services (12 percent).

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From 1984 to 1990, *Advertising Age's* annual "Advertising Agency Income Report" showed a continual rise in total worldwide income for each year's top 500 U.S.-based advertising agencies. In 1984, the top 500 agencies had a gross income of \$7.13 billion, earned on billings of \$48.44 billion. (Advertising agencies bill clients for numerous items connected with an advertising campaign—for example, actors' and musicians' services, the services of outside professionals and technicians, network fees, and props. Then, after paying for all these, the agencies charge an additional fee for their labor, and this fee is recorded as their gross income.) In 1987, the top 500 agencies reported a gross income of \$9.61 billion (on \$65.7 billion in billings), up nearly 35 percent from 1984. By 1990, gross income reached \$12.69 billion, an increase of more than 32 percent from the 1987 figure and an amount earned on \$89.97 billion in billings.<sup>3</sup>

While worldwide earnings for the top 500 U.S.-based advertising agencies grew 78 percent from 1984 to 1990, the proportion of income from domestic and foreign activities shifted dramatically. In 1984, 74 percent of gross income was earned on domestic billings, while the remaining 26 percent came from foreign activities. By 1990, these proportions had narrowed to 59 percent from domestic activities and 41 percent from foreign. One cause of this shift was the tremendous growth in the share of gross income from overseas business, an increase of more than 183 percent over the period.<sup>4</sup> Lowered trade barriers and the privatization of TV broadcasting in Europe, as well as the newly accessible markets in Eastern Europe, made business abroad more attractive.<sup>5</sup> *Advertising Age* reported that, in 1990, to meet the needs of a growing international market, employment in the non-U.S. offices of the top 500 U.S.-based advertising agencies grew 7.5 percent, compared with a 1.5-percent employment rise in the U.S. offices of those same agencies.<sup>6</sup>

While U.S. advertising agencies enjoyed this success overseas, the economy at home was weakening, causing a chain reaction that ultimately left the agencies facing a tighter domestic market. A decline in consumer spending put pressure on businesses' profits, and firms responded by reducing their advertising budgets. Advertisers began moving money away from long-term image building and putting it into direct marketing and sales promotions—a strategy that generates lower revenues for advertising agencies.<sup>7</sup> Firms also began to concentrate more on promoting established products, rather than developing new ones. This, too, generated less revenue for the agencies. Perhaps the biggest damper on advertising agencies' revenues was the loss of accounts to companies' in-house advertising departments, an action that

afforded the firms more control over their advertising spending.<sup>8</sup>

As the market for advertising dollars tightened, stronger competition developed among advertising agencies. Traditionally, agencies received a 15-percent (of the client's media billing) commission for their services. That practice, however, was generally abandoned as clients began to negotiate lower rates or fixed fees. Some clients even negotiated contracts in which an agency's compensation was tied to the sales volume of the product advertised; the agency could earn more or less than 15 percent, depending on the success of its ad campaign.

While the advertising industry responded to external forces during the 1980's, it was also experiencing internal changes. The mid-1980's marked the height of merger activity in the industry. In 1985, the rate of agency consolidations began to rise, and by 1986, it had reached its peak. The large firms created by the mergers were perceived to offer more to their clients: increased media buying clout, a more extensive creative staff, and multinational services. Companies with foreign subsidiaries were more likely to do business with agencies that could provide international services.<sup>9</sup> The new advertising firms were also thought to be financially stable, although this was not necessarily so. In many cases, new firms were left saddled with large debts accrued during the merger.<sup>10</sup>

### Changes in staffing patterns

In 1984, the advertising industry employed 185,400 workers. As the economy expanded in the mid-1980's, so did the industry; about 216,100 people worked in advertising in 1987. However, by the end of the decade, advertising expenditures leveled off, and advertising firms had to become more cost efficient. One method of cost control used by many firms was streamlining their work force. As a result, the late 1980's were marked by a slowdown in employment growth. By 1990, with 234,600 people working in the industry, employment in advertising had increased only 8.6 percent since 1987, compared with the 16.6-percent growth between 1984 and 1987.<sup>11</sup>

As advertising employment rose during the 1984–90 period, its occupational structure changed—particularly the distribution of employment among major occupational groups. (See table 1.) The greatest movement occurred in the sales occupations. Showing the largest gain of any major group, the proportion of sales and related workers in advertising climbed from 15.4 percent in 1984 to 19.1 percent in 1990. The managerial and administrative occupational group also posted an increase, rising from 16.6 percent to 17.9 per-

Table 1. Annual average employment in advertising, by major occupational groups and selected occupations, 1984, 1987, and 1990

Occupation	Employment			Percent of total employment		
	1984	1987	1990	1984	1987	1990
Industry total .....	185,410	216,120	234,620	100.00	100.00	100.00
Managerial and administrative .....	30,720	39,010	41,930	16.57	18.05	17.87
Financial managers .....	3,780	4,080	4,650	2.04	1.89	1.98
Marketing, advertising, and public relations managers .....	18,100	16,710	17,670	9.76	7.73	7.53
Professional, paraprofessional, and technical .....	53,920	56,470	60,110	29.08	26.13	25.62
Accountants, auditors, and other financial specialists .....	2,110	2,230	3,450	1.14	1.03	1.47
Purchasing agents .....	5,580	5,490	4,500	3.01	2.54	1.92
Writers and editors .....	8,230	8,820	9,550	4.44	4.08	4.07
Public relations specialists and publicity writers .....	2,190	3,200	3,750	1.18	1.48	1.60
Artists and designers, except interior designers .....	23,050	27,530	24,050	12.43	12.74	10.25
Sales and related .....	28,520	37,730	44,880	15.38	17.46	19.13
Sales representatives, including advertising sales agents .....	23,250	29,050	32,210	12.54	13.44	13.73
Clerical and administrative support .....	57,550	66,610	69,610	31.04	30.82	29.67
First-line supervisors, clerical and administrative support .....	4,130	6,420	7,020	2.23	2.97	2.99
Secretaries, except legal and medical .....	17,520	15,690	17,270	9.45	7.26	7.36
Receptionists and information clerks .....	3,190	5,010	5,070	1.72	2.32	2.16
Bookkeeping, accounting, and auditing .....	6,670	8,450	8,450	3.60	3.91	3.60
General office clerks .....	6,080	11,020	11,570	3.28	5.10	4.93
Office machine operators and data processing workers .....	1,800	2,700	2,840	.97	1.25	1.21
Material recording, scheduling, dispatching, and distributing workers .....	5,990	6,870	7,250	3.23	3.18	3.09
Production, construction, operating, maintenance, and material handling .....	13,980	15,370	16,990	7.54	7.11	7.24
Construction workers .....	1,980	2,160	3,190	1.07	1.00	1.36
Service and agricultural .....	720	930	1,100	.39	.43	.47

cent. Meanwhile, the second largest occupational group in advertising lost ground. Professional, paraprofessional, and technical workers accounted for 29.1 percent of advertising employment in 1984, but dropped to 25.6 percent in 1990. Most of this decline was evident by 1987, when the group's share fell to 26.1 percent.

Clerical workers, the largest occupational group in advertising, made up about 31 percent of industry employment in both 1984 and 1987. However, their share slipped slightly, to 29.7 percent, by 1990. Production, service, and agricultural workers accounted for the remaining industry employment, less than 8 percent. Over the 1984-90 period, these occupations showed minimal fluctuations in their combined employment shares.

*Managerial and administrative occupations.* In 1984, the advertising industry employed 30,720 workers in management occupations, 16.6 percent of the industry's total employment.<sup>12</sup> By 1987, the

figure had risen 27 percent, to 39,010, or about 18 percent of the industry's employment. This proportion remained relatively unchanged in 1990, with 41,930 employees, or 17.9 percent of the industry, in management positions.

The increased proportion of management workers in 1987 was partly attributable to the numerous agency mergers that occurred during the decade, particularly in 1986. The larger firms created by mergers offered more services and were often characterized by multiple levels of management. As merger activities subsided, growth in management positions diminished. From 1987 to 1990, while the industry's employment increased 8.6 percent, management occupations increased 7.5 percent.

*Professional, paraprofessional, and technical occupations.* These occupations accounted for 29.1 percent of industry employment in 1984. From 1984 to 1990, employment grew steadily, albeit slowly. There were 53,920 workers in the

group in 1984, 56,470 in 1987, and 60,110 in 1990.

Because employment increases over the 1984–90 period were smaller in professional and technical occupations (11.5 percent) than for the total industry (26.5 percent), the group lost a portion of its employment share. Its biggest fall occurred between 1984 and 1987, when its proportion of industry employment dropped from 29.1 percent to 26.1 percent. By 1990, the share of professional, paraprofessional, and technical workers decreased to 25.6 percent of employment in the industry.

Some individual professional and technical occupations made up significant proportions of advertising employment. For example, in 1984, 23,050 workers were employed as artists or designers, except interior designers, making up more than 12 percent of total industry employment. Employment in these occupations rose to 27,530, or 12.7 percent of advertising workers, 3 years later. However, by 1990, employment slipped to 24,050, or a 10.3-percent share of total advertising employment.

Another sizable professional occupation in the advertising industry was writers and editors. With 8,230 people employed as writers or editors, this field accounted for 4.4 percent of the industry's employment in 1984. While these workers remained a significant portion of the industry, their numbers grew at a slower rate than other occupations, reducing their share of employment to 4.1 percent in both 1987 and 1990.

*Sales occupations.* Sales occupations experienced the largest proportional growth of any major occupational group in advertising. Accounting for 15.4 percent of total industry employment in 1984, the group's share rose to more than 19 percent of employment by 1990. This increase can be attributed to the 57.4-percent increase in employment in sales occupations, from 28,520 in 1984 to 44,880 in 1990. The heightened competition among advertising agencies during the 1980's is largely responsible for the rise in the number of salesworkers. Declining revenues forced advertising firms to concentrate more on winning and keeping accounts.

Within sales, the largest occupation was sales representatives, which includes advertising sales agents. Sales representatives composed a large portion of total advertising employment: 12.5 percent in 1984, 13.4 percent in 1987, and 13.7 percent in 1990. The increase in sales representatives was a major component of the rise in industry employment during the 1980's. Employment of sales representatives grew from 23,250 in 1984 to 32,210 in 1990, an increase of more than 38 percent.

*Clerical and administrative support occupations.* The largest occupational division in the advertising industry is the clerical and administrative support group. In 1984, 57,550 people were employed in these occupations, accounting for 31 percent of the industry's employment. By 1990, the field grew to 69,610 people; however, its share of industry employment dropped slightly, to 29.7 percent. Most of this loss in share occurred between 1987 and 1990. Industry employment rose 8.6 percent, while growth in the clerical and administrative occupations was 4.5 percent. A possible explanation for this decline is that improved office technology, such as computerized record-keeping, allowed agencies to streamline their operations, thus slowing demand for support workers. For example, bookkeeping, accounting, and auditing clerks, an occupation that grew 26.7 percent between 1984 and 1987, showed no change from 1987 to 1990. The number of electronic data processing workers and other office machine operators also rose substantially between 1984 and 1987 (50 percent), but increased only 5.2 percent from 1987 to 1990.

Within the clerical and administrative support field, some occupations had significant shares of industry employment. With 17,520 people working as secretaries in 1984, this occupation alone accounted for 9.5 percent of advertising employment. By 1987, despite a 15.7-percent increase in the number of clerical positions, employment of secretaries fell 10.4 percent, to 15,690 workers. Secretaries' share of total employment accordingly dropped to 7.3 percent—a proportion that remained relatively unchanged in 1990.

While secretaries lost employment in 1987, general office clerks gained. Between 1984 and 1987, the number of people working as general office clerks nearly doubled, from 6,080 to 11,020. With this jump in employment came an increase in employment share—general office clerks' share of employment rose from 3.3 percent to 5.1 percent. These workers would subsequently lose some of this employment share. Despite a 5-percent increase in employment beginning in 1987, in 1990 general office clerks accounted for 4.9 percent of total employment in advertising.

Another clerical occupation that held a notable share of industry employment was material recording, scheduling, dispatching, and distributing workers. These workers represented a steady proportion of advertising employment throughout the 1984–90 period, with a share of about 3.2 percent of all workers in the industry.

*Other occupations.* The remaining employment in the advertising industry, roughly about 8 percent, was in the production, service, and agricultural occupations. Most of this employment was in

production and related occupations, which showed minor fluctuations in employment share during the 1980's, with 7.5 percent in 1984, 7.1 percent in 1987, and 7.2 percent in 1990. Service and agricultural workers accounted for about one-half percent of total industry employment in 1990.

EMPLOYMENT IN THE ADVERTISING INDUSTRY grew during the 1980's. The long-range employment

growth rate is expected to be twice the average for the economy.<sup>13</sup> The changes in the occupational structure of the industry were a result of various influences. Agency mergers played a part in the increase in managerial positions during the mid-1980's, technological advances affected employment in the clerical field, and increased competition for clients was a factor in the employment gain in the sales occupations. □

## Footnotes

<sup>1</sup> For definitions of the occupations listed in the OES survey, contact the Bureau of Labor Statistics, Office of Employment and Unemployment Statistics, Room 4840, 2 Massachusetts Avenue, NW, Washington, DC 20212-0001. For additional information about the survey, see *BLS Handbook of Methods*, Bulletin 2285 (Bureau of Labor Statistics, 1988), pp. 28-30.

<sup>2</sup> *Standard Industrial Classification Manual* (Office of Management and Budget, 1987), pp. 360-61.

<sup>3</sup> "Advertising Agency Income Report," *Advertising Age*, Mar. 25, 1991, p. S-47.

<sup>4</sup> *Ibid.*

<sup>5</sup> *Standard and Poor's Industry Surveys*, Feb. 7, 1991, p. M15.

<sup>6</sup> "Advertising Agency Income Report," p. S-4.

<sup>7</sup> "A Blizzard of Pink Slips Chills Adland," *Business Week*, Dec. 10, 1991, pp. 210-12.

<sup>8</sup> *Standard and Poor's*, pp. M16, M18.

<sup>9</sup> *Standard and Poor's*, pp. M17-M18.

<sup>10</sup> "A Blizzard of Pink Slips," pp. 210-12.

<sup>11</sup> Industry employment figures are annual averages from the Covered Employment and Wages program, commonly called the ES-202 program. For further information on industry employment, including employment at the four-digit SIC level, see the BLS annual publication, *Employment and Wages*.

<sup>12</sup> The occupational estimates in this article represent annual average employment. The figures are computed using occupational distributions derived from OES survey data and annual average industry employment as reported by the ES-202 program.

<sup>13</sup> Recent BLS employment projections indicate that the advertising industry will grow by 45 percent over the 1990-2005 period, much faster than the 21-percent growth for the economy as a whole. For further information, see Max L. Carey and James C. Franklin, "Industry output and job growth continues slow into next century," *Monthly Labor Review*, November 1991, pp. 45-63.

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## Erratum

Three lines were omitted from the appendix of "Trends in retirement age by sex, 1950-2005," an article by Murray Gendell and Jacob S. Segal which appeared in the July issue of the *Review*. The last paragraph in the second column of page 28 should read as follows (omitted lines in boldface):

The disaggregation of the age category 70 years and over was accomplished as follows: Data from the 1950 and 1960 censuses were used to calculate, for the civilian noninstitutional population and for the labor force, the ratio of the number of persons aged 75 and over to the number aged 70 and over. The product of this ratio and the estimated CPS number of persons 70 and over produced the estimated CPS number for those aged 75 and over. Then, by subtraction (total, aged 70 and over, minus total, aged 75 and over), the estimated CPS number of persons 70 to 74 years of age was obtained.

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