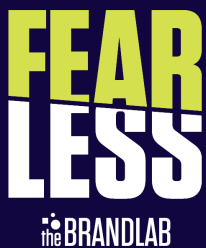


# 2018 STATE OF THE INDUSTRY REPORT

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*Understanding demographic shifts within the Twin Cities advertising industry*



*Project design, data collection, and analysis in partnership with  
Gongos, Inc.*

*gongos, inc.*

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## INTRODUCTION AND OPENING REMARKS

In 2009 the NAACP sued Madison Avenue against exclusive hiring practices.<sup>1,2</sup> In the same year, a group of committed Twin Cities leaders decided to take a collective approach to build the most diverse creative industry in the nation. Despite being competitors, they worked side by side towards a common vision: to create a marketing industry that thrives with the insights and creativity of people from diverse ethnic and socioeconomic backgrounds, and The BrandLab was born.

They understood the importance of diversity. That diverse perspectives lead to better ideas. That in today's America, with a growing multicultural consumer base, building diverse teams inside the halls of agencies and corporate marketing departments is not just the right thing to do, it is a business imperative.<sup>3</sup>

The BrandLab partners with the marketing and advertising industry to provide exposure and access for diverse students to enter the creative economy. We were born out of a true desire to address a broken system engineered by the industry itself. In addition to inspiring and training young talent we believe that inclusion is not based on numbers alone. We created Fearless, a program that works directly with the industry to educate leaders at every level of employment who, consciously or unconsciously, exclude racially diverse groups from access and advancement within their organizations.

Part of The BrandLab's Fearless commitment is to measure our collective impact over time. Six years ago, thanks to our committed partners who answered our call, The BrandLab released our first State of the Industry report. With our 2018 release, we see promise: today our Minnesota partners' workforce is made up of 10% people of color, up from 6% in 2014.

But we know we still have far to go. Network hiring, unpaid internships and narrow recruitment strategies are just some of ways diverse talent continues to be blocked from the industry. Our partners fearlessly recognize the need for radical change, and they have challenged us to hold a mirror to the industry, as well as to the effectiveness of our program.

Together we are chasing a moving target to match the demographics of our nation. We will not be distracted from our urgent path towards creating an inclusive and equitable creative class that matches the demographics of our communities.

As you read the report, ask yourself, where do I see my organization failing? Where are we seeing progress and where are we repeating historical inequities to entry for some? We hope you find insights from this report illuminating, inspiring and motivating. We welcome you to join us and our partners in our shared journey to create an industry that surpasses all others in diversity, equity and inclusion.

Ellen Walthour, CEO, The BrandLab

## EXECUTIVE SUMMARY

### Overview and Objectives

This report is an exploration into the demographics of the Twin Cities advertising and marketing industry. It explores whether the persistency in the low number of people of color within the industry has improved since this research was last conducted in 2016, and an examination into the potential reason(s) behind any shift that has occurred in this time period. The exploration is a result of the working partnership with The BrandLab, a Twin Cities-based nonprofit organization whose vision is an industry that thrives with the insights and creativity of people with diverse ethnic and socioeconomic backgrounds. They do this by introducing, guiding, and preparing diverse students for creative careers. They believe that every student has potential regardless of their background.<sup>4</sup>

The BrandLab's four pillars are designed to expose students to the marketing and advertising industry in the classroom; provide access to students and alumni through an internship experience; give opportunities to students through college and career support; and create equity within the industry by offering agencies and companies workshops, events, podcasts, and consulting with the goal of creating cultural competency. Figure 1 outlines The BrandLab's program offerings in more detail.

Recognizing that the low number of employees of color in the Twin Cities advertising industry is an issue in which insights could contribute to understanding it more deeply, The BrandLab commissioned research in 2014 to dive deeper into the specific demographics within Twin Cities advertising agencies. This research was commissioned once again in 2016, to analyze trends in the data and pinpoint whether the demographics have changed within that time period and why. Continuing the trend of biennial research, 2018 research was conducted with the objective of understanding how or if Twin Cities advertising agency demographics have changed, and to identify potential solutions to demographic disparities where appropriate. Please note waves 1, 2, and 3 will refer to the State of the Industry research in 2014, 2016,



#### CLASSROOM *exposure*

A 6-10 week innovative curriculum where students get to know every aspect of the industry



#### INTERNSHIP *access*

An 8-week paid experience where students receive hands-on experience and develop their first professional network



#### CONNECT *opportunity*

Alumni interns receive college and career support through mentorship, scholarships, and ongoing professional development



#### FEARLESS *exposure*

Workshops, events, podcast, and consulting – to ensure that both the workplace and work being produced are culturally relevant and inclusive

and 2018, respectively. Additionally, “advertising industry” and “advertising agency industry” will be used interchangeably throughout this exploration; as much of the research is focused on agencies but also includes marketing and advertising functions within larger businesses.

**This research specifically seeks to address:**

How have the demographics of individuals employed in the advertising industry in the Twin Cities changed, if at all, from wave 1 and wave 2 of this research? Has the industry become more diverse?

Are there differences in the demographic makeup of employees at different levels within the Twin Cities advertising industry?

What can be done, in addition to what The BrandLab is currently doing, to address demographic disparities?

What insights can be gleaned from what advertising agency employees say regarding diversifying the Twin Cities advertising agency industry?

**Methodology**

Both quantitative and qualitative methodologies were employed in this research. The quantitative portion of this research used an online survey platform and the qualitative research utilized an in-depth questionnaire and five follow-up phone interviews. The 2014 Industry Insights Study and the 2016 The BrandLab’s Fearless Study provided a baseline for the quantitative trended data used as points of comparison to the 2018 data.

**Key Insights**



## DEMOGRAPHIC LANDSCAPE

### National and Minnesota Demographic Trends

According to the United States Census in 2017, non-Hispanic white individuals in the United States account for 61% of the total population. Eighteen percent (18%) of the current population is Hispanic or Latino, 13% is Black or African-American, 6% is Asian, and roughly 3% account for other.<sup>5</sup> The U.S. population is projected to be a majority people of color by 2045, when non-Hispanic white individuals will account for just under half (49.8%) of the total U.S. population (see Figure 2).<sup>6</sup> Please note “people of color” will be used throughout this report to characterize individuals who are any race or ethnicity other than white alone.

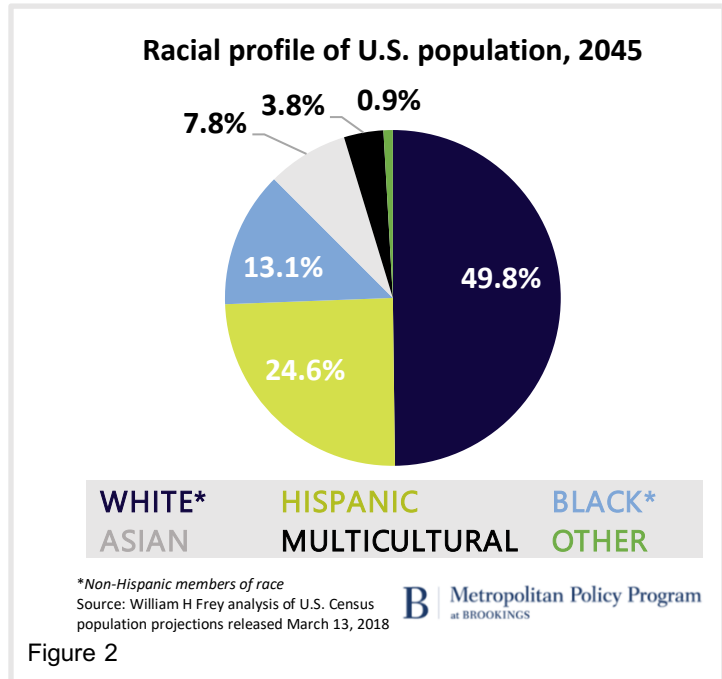
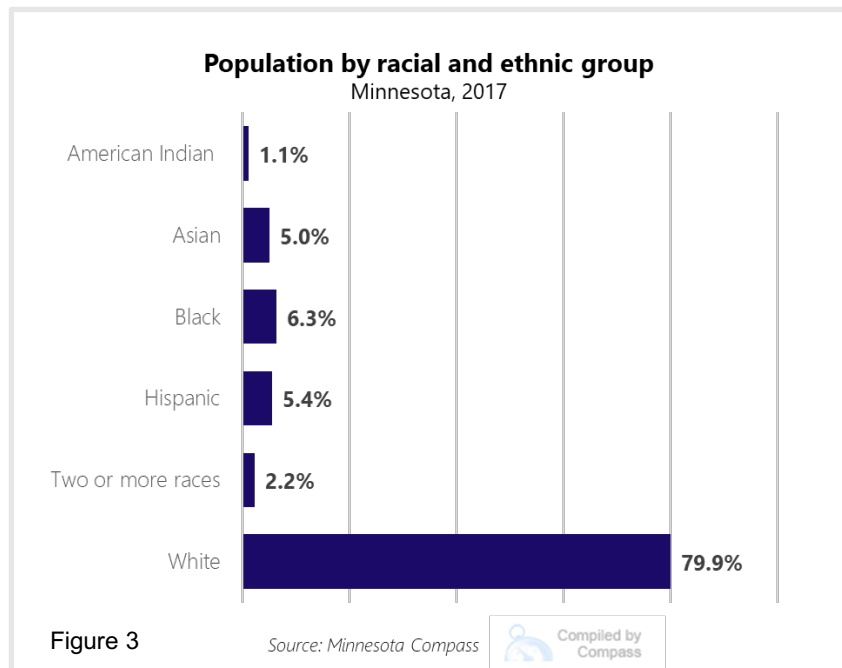


Figure 2

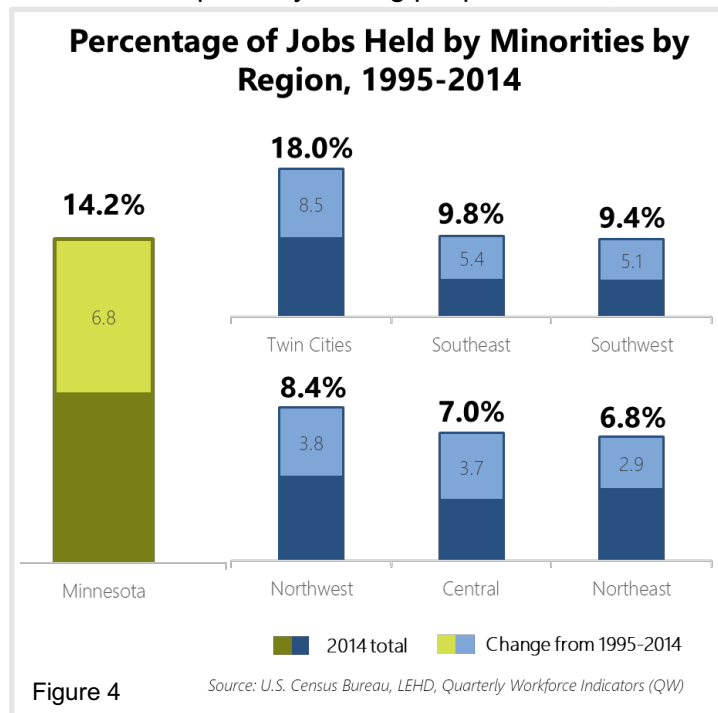
As reported in 2017, the demographic makeup of Minnesota is 80% white, and roughly 20% people of color (see Figure 3).<sup>7</sup> Minnesota follows a similar growth trajectory as the national demographic trend, as it is projected by 2035, almost a quarter (24.8%) of residents will be people of color.<sup>8,9</sup>



## National and Minnesota Labor Force Trends

In looking at demographic trends among the civilian labor force at the national level, annual growth rates, both historic and projected, are highest among people of color. Projected annual growth rates from 2014-2024 are highest among the Hispanic ethnic group and Asian race, at 2.5% and 2.1% projected growth rate, respectively.<sup>10</sup> This is an important trend to recognize because as the national demographic growth rates are primarily among people of color, and the country becomes less white, the workforce will consequently be forced to become more diverse.

The Minnesota workforce has undergone dramatic changes in employees of color in the past two decades as well. The percentage of jobs held by minorities in Minnesota has increased in all regions from 1995 to 2014, with the highest rate of change occurring in the Twin Cities region. Minorities held 18% of jobs in the Twin Cities region in 2014 (see Figure 4).<sup>11</sup>



## Disparities in the Labor Force

Minnesota has continuously been ranked second-to-highest quality of life.<sup>12</sup> However, despite the accelerated rate of change among people of color living and working in Minnesota, there are still staggering disparities in income and career opportunities for people of color. In 2016, 14.8% of American Indian workers and 12.8% of Black workers in Minnesota were unemployed, which is roughly two to three times the unemployment rates for non-Hispanic White workers (4.1%).<sup>13</sup>

The variables of these economic circumstances are many, but research suggests workplaces may be a part of perpetuating these disparities. Previous research shows that employers consciously or subconsciously discriminate against names that sound Black or Latino on resume reviews.<sup>14,15</sup> Marianne and Mullainathan (2004) found that applicants with white-sounding names received 50% more callbacks than applicants with black-sounding names.<sup>16</sup> A more recent study found similar results. On average, white applicants receive 36% more callbacks than equally qualified Black applicants and were 24% more likely to receive callbacks than their Latino counterparts with similar levels of education and experience.<sup>17</sup> Additionally, bias may be hindering the success of people of color in the workplace. Asian Americans, for example are the least likely group in the United State to be promoted to management with White professional counterparts about twice as likely to be promoted.<sup>18</sup>

## Demographics within the Advertising Industry

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The advertising and marketing industry in the Twin Cities is an opportune industry to address and grow economic opportunities for underrepresented communities. Previous data from the 2014 Industry Insights research had estimated that Minnesota as a whole ranks ninth nationally in the size of its advertising industry and has the second highest concentration of advertising firms per capita in the country.<sup>19</sup> May 2017 data from the Bureau of Labor Statistics reports the Minneapolis-St. Paul-Bloomington metropolitan area as the 7<sup>th</sup> highest metropolitan area with the highest employment level of advertising and promotions managers.<sup>20</sup> Please note this 2017 figure is one segment of the advertising industry, and should not be considered representative of the entire industry. Nevertheless, the advertising industry in the Twin Cities area currently offers great opportunity for employment.

Considering and integrating diversity and inclusion through the work, the workers, and the workplace of advertising and marketing is paramount to success, which will be discussed in greater detail later in this exploration. However, the current national demographics of the industry don't offer much insight into the state of the industry at a national level. As alluded to above, the Bureau of Labor Statistics does publish workforce demographic data on the advertising industry, but it specific to certain roles, such as advertising and promotions managers or graphic designers. Therefore, inputting definitive demographic information of individuals employed in the advertising industry as a whole would be inconclusive and incomplete. There remains to be a source that can comprehensively state demographic information of the advertising industry at the national level.

Since wave 2 of research conducted in 2016, there have been a few global shifts in the industry worth mentioning. There has been a slight downward shift in the number of individuals employed at advertising agencies in the U.S.; employment has decreased by 6,200 jobs since reaching a business cycle peak in December 2016.<sup>21</sup> There are a number of reasons why this decrease has occurred including, but not limited to, companies cutting advertising spend and moving these services in-house and hiring more consultancy-type businesses with a digital focus versus hiring agencies.<sup>21,22,23</sup> This national trend is important to keep in mind as data specific to the Twin Cities is analyzed, as some of the local trends may follow suit with what's happening at a national level.

Nevertheless, a need exists to explore the demographics of the Twin Cities advertising industry, as it has been discussed that: 1) the national and Minnesota resident and workforce demographics are becoming less white, 2) economic and workforce disparities still exist within the United States and in Minnesota, and 3) the advertising industry in the Twin Cities provides an opportune geographic area for people of color to be introduced, guided, and become successful contributors to a prosperous industry. As mentioned previously, this exploration seeks to provide ongoing documentation of the demographics of the industry and explore potential solutions and recommendations to support The BrandLab's vision of an advertising and marketing industry that thrive with the insights of people from diverse backgrounds. Before providing insights into the above objectives, it's imperative to discuss why diversity matters.



## Why Diversity Matters

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Actively recruiting candidates and growing employees from diverse backgrounds not only supports the individuals and the economy, but also benefits business itself. In addition to combating a number of disparities as previously outlined, there are several advantages to creating a more diverse workplace. More diverse advertising agency results in more culturally competent work. Diverse groups are better able to make decisions and perform better than homogenous groups.<sup>24</sup> Diverse employees involved in the creative process can reduce the “embarrassing” advertising mistakes brands have made when trying to reach different audiences, consequently causing backlash and negative press.<sup>25</sup> Additionally, in-house research and creative development with those of varying ethnic and socioeconomic backgrounds can preemptively avoid branding and advertising mistakes that have occurred in the past.<sup>26</sup> This generation of diverse perspectives can lead to positive financial outcomes as well. In a 2018 McKinsey study, it was found that companies in the top quartile for racial and ethnic diversity are 33% more likely to have financial returns above their respective national industry medians.<sup>27</sup>

The advertising and marketing industry also holds a particularly important role in helping shape people’s behaviors and perspectives on diverse lives. Media can guide people into determining what is normal, what is not, and how to act in society.<sup>28</sup> And, the lack of representation or misrepresentation can lead to low self-esteem, also known as “symbolic annihilation,” which theorizes that if you don’t see people like you in the media you consume, you must somehow be unimportant.<sup>29,30</sup>

It would be remiss not to mention here the thoughts and opinions of those involved in this year’s research on why diversity is important. In both the quantitative and qualitative stages of this research, it was nearly unanimous that having a diverse workplace is important. Reasons vary, but a number of comments allude to the value it ultimately brings the clients or brand. One respondent states, “Our business is all about connecting with people, connecting brands with people. If we don’t represent ‘people’ it’s hard to do that effectively.”

Other thoughts in this research on the importance of diversity suggest how the different perspectives enhance the ideas produced by the agency, as well as make the agency more lucrative. “Diverse workplaces are more successful; bringing different life experiences and points of views to our work. Having an inclusive and supportive workplace helps retain talent, which in turn makes the agency more profitable.”

2018 State of the Industry research not only supports the statement that diversity is vital in the workplace, but also points to current and future trends in the Twin Cities advertising industry specifically.



*Our business is all about connecting with people, connecting brands with people. If we don’t represent ‘people’ it’s hard to do that effectively.*

## 2018 RESEARCH

### Methodology

#### QUANTITATIVE

The quantitative research conducted in 2018 is the continuation of a tracking study started in 2014 and conducted biennially. The primary objectives of this research are to 1) understand how the 2018 demographics of the advertising industry in the Twin Cities have changed, if at all, from wave 1 and wave 2 of this research, 2) explore differences in the demographic makeup of employees at different levels within the Twin Cities advertising industry, 3) assess what can be done, in addition to what The BrandLab is currently doing, to address demographic disparities, and 4) glean insights from what advertising agency employees say regarding diversifying the Twin Cities advertising industry.

Those surveyed are current advertising agency or business partners of The BrandLab. They range in size and annual revenue amounts. Research this year reports the average revenue amount among agencies surveyed is \$23.6 million, and the data accounts for roughly 2,432 agency employees. The individual who completed the survey was either a Human Resources representative, or has the knowledge to accurately answer the questions on the demographic data of the agency. Thus, interpretations of terms such as “people of color” and assumptions on questions related to reasons for turnover were up to the discretion of the individual taking the survey. weighted based on agency size or revenue. Despite these considerations mentioned, allowing for an apples-to-apples comparison

The criteria used to choose which agencies to deploy the survey to was that the agency must be current partners, supporters, or have been introduced to The BrandLab and its mission. The criterion is identical to the past waves of research. The reason why these particular agencies were chosen to participate in the research this year is that the starting sample population must remain the same in order for there to be an accurate evaluation of trended data.

There are considerations on the sample population worth mentioning. First, the agencies that completed the survey are currently involved and have a relationship with The BrandLab. Even though the level of involvement varies, answers related to The BrandLab and questions more qualitative in nature may be inflated due to their partnership with the nonprofit. As stated in the 2014 Industry Insights report, this was done to provide useful insights about The BrandLab’s key stakeholder groups, and allow for the organization to set strategic direction about what their partners are saying.<sup>31</sup> Second, the data reported in this analysis is not representative of the entire Twin Cities advertising community, as only select agencies participated in the research. Third, there was no weighting of the data to account for agency population differences, meaning data was not

throughout the waves of research assures an accurate analysis to be conducted.

The questionnaire employed to achieve the objectives is the same questionnaire used in the past two waves of research, with slight adjustments. First, questions were added to the questionnaire this year to allow for additional insights to be garnered and to add needed context to the current state of the Twin Cities advertising industry. Insights from added questions will be indicated where mentioned. Second, in the past two waves of research, all respondents answered demographic questions, regardless of whether they stated they collect demographic data. The questionnaire this year has been adjusted to differentiate between agencies who say they collect demographic data versus those who do not. As such, the

demographic data represented in this report are among agencies who say they collect demographic data (22 agencies in 2016, 21 agencies in 2018). Historical data from 2016 has been adjusted to reflect this change.

With additional questions added, the survey deployed to agencies this year was 27 questions. The survey was sent via email to 56 agencies on July 20<sup>th</sup>, 2018. The survey was conducted through an online survey tool. Reminders were sent intermittently throughout fielding to optimize the response rate. Fielding concluded on August 24<sup>th</sup>, 2018 with a total of 42 completes, representing a 75% response rate.

## QUALITATIVE

In addition to the quantitative survey fielded, qualitative research was conducted to achieve a higher level of understanding and gather additional insights on the state of the advertising industry in the Twin Cities. Individuals recruited to participate in qualitative research stated in the quantitative survey that they, or additional individuals at their agency, would be interested in participating in additional research opportunities. A qualitative five (5) question survey was sent to these individuals with the request to send to at least three employees at varying job levels (HR representative, C-suite, management, mid-level, entry level, intern)

within their organization to glean insights from multiple individuals within an agency.

Twenty-two (22) individuals completed the survey and sent back answers via email. Of these 22 individuals, five (5) phone interviews were conducted to achieve additional knowledge about the state of the industry.

Objectives of the qualitative research include 1) diving deeper into why or why not individual agencies do a good job of hiring candidates of diverse ethnic and socioeconomic backgrounds, 2) understanding if the respondent feels leadership at agencies have specific initiatives in place to hire more employees of diverse ethnic and socioeconomic backgrounds, and 3) explore barriers to agencies hiring more employees with diverse ethnic and socioeconomic backgrounds.

## KEY FINDINGS AND INSIGHTS

### QUANTITATIVE

As previously mentioned, nearly all respondents see the value in a diverse workplace. But do the numbers reflect this sentiment? As compared to 2016, the proportion of employees of color employed at advertising agencies in the Twin Cities has increased directionally by 2 points; employees of color now account for 10% of agencies surveyed in 2018 (see Figure 5). This continues the upward trajectory in the number of employees of color from 2014, when employees of color accounted for 6.3% of agencies.

**White and Employees of Color in Twin City Advertising Agencies by Year**

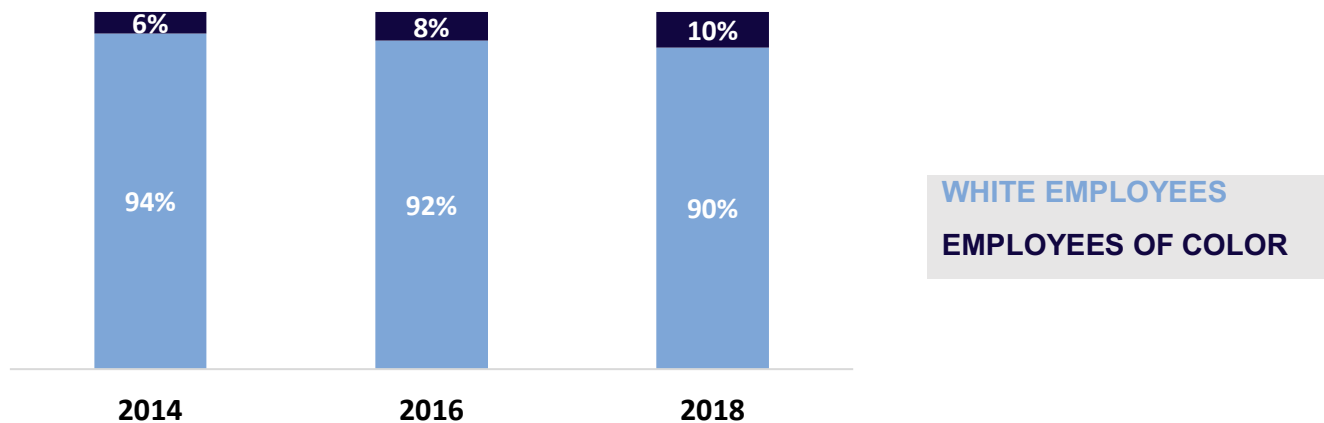


Figure 5

A positive trend in 2018 is the number of agencies reporting they collect demographic data on its employees. The number of agencies saying they do not either formally or informally collect demographic data is 26%, down from 35% in 2016. This may point to a focus on understanding the demographic dynamics of agencies, and a response to The BrandLab's emphasizing that collecting this data lays the groundwork for standardizing Twin Cities agency demographic data and will result in a nimble, year-over-year, accurate state of diversity.<sup>32</sup>

It was asked of respondents to indicate the job level distribution of white employees versus employees of color at their agency. The job levels specified are C-Suite, management, mid-level, and entry level, to allow for historical trending to be represented. Designation of individuals at these levels was interpreted by the individuals completing the survey, as no definitions were given. The data shows that the growth in employees of color is largely driven by those in entry level and mid-level positions (see Figures 6 and 7).

C-SUITE    MANAGEMENT LEVEL    MID-LEVEL    ENTRY LEVEL

**White Employees at Each Level (2018)**

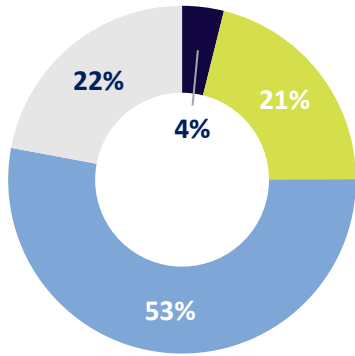


Figure 6

**Employees of Color at Each Level (2018)**

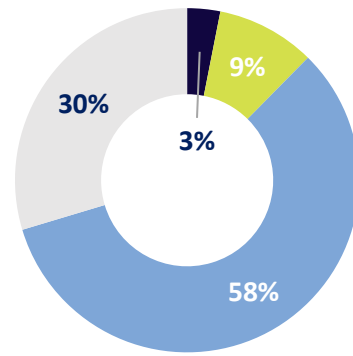


Figure 7

Although there is a higher percentage of white individuals at the management level, the concentration of both white and people of color is at the entry and mid-levels. As shown by Figures 8 and 9, the movement in 2018 job level distribution from 2016 is similar among both white and employees of color, with the exception of more people of color in the entry level in 2018.

**Diversity by Level (2016)**

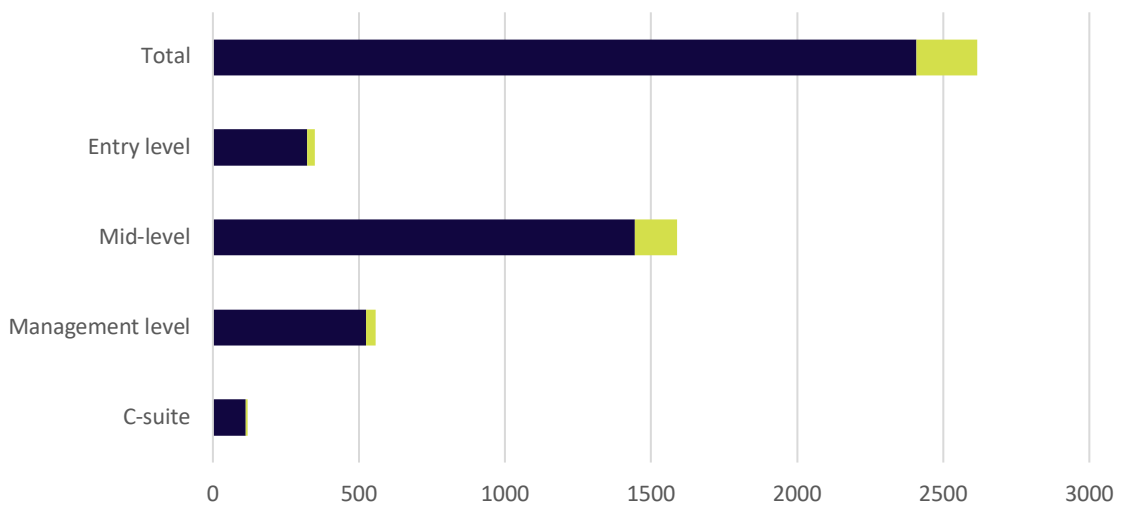
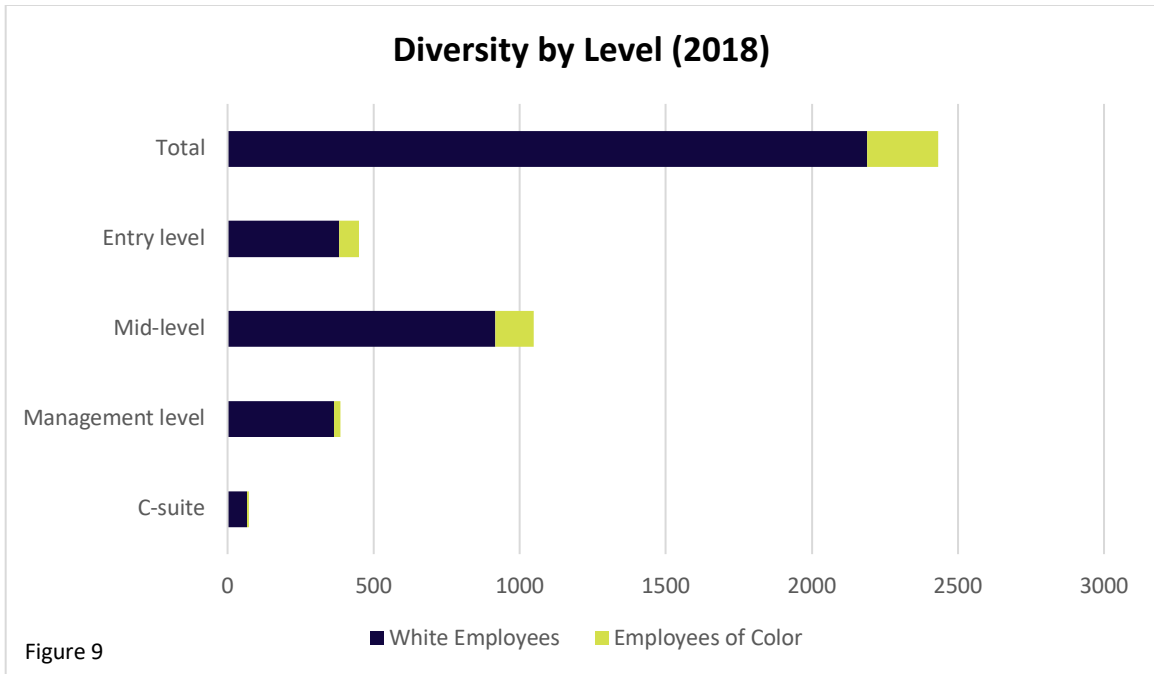
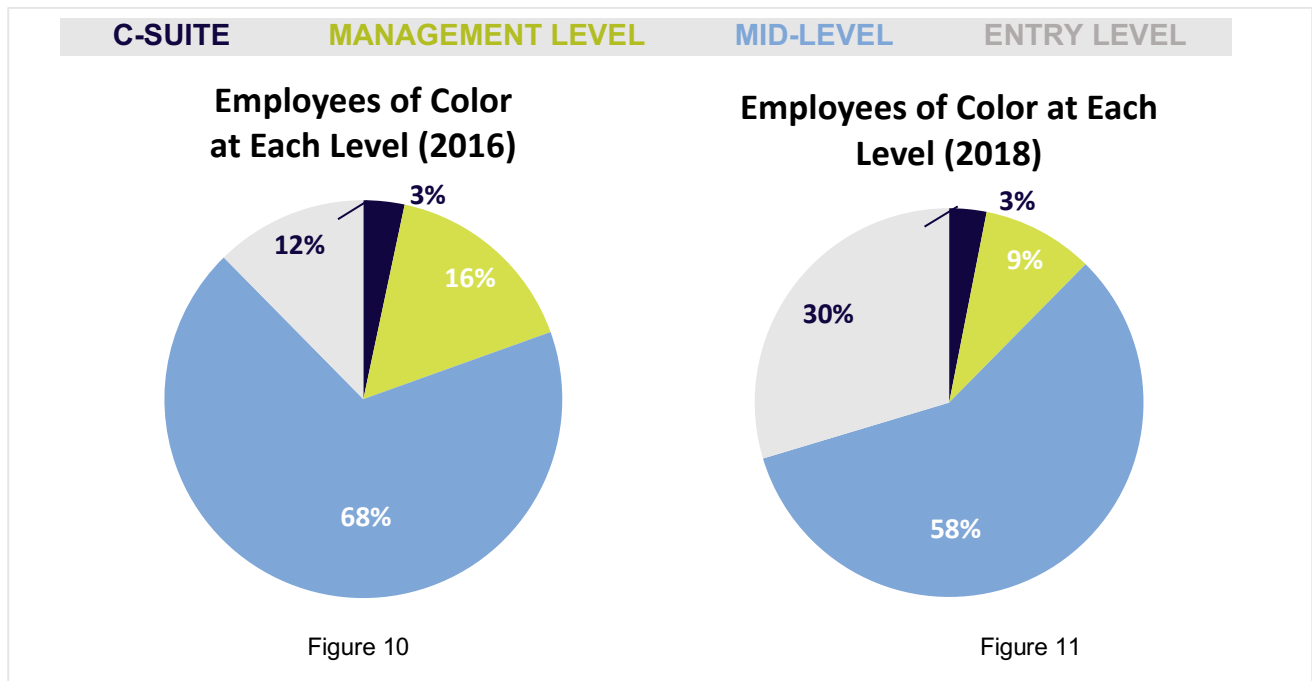


Figure 8

■ White Employees    ■ Employees of Color



Despite seeing similar trends in job level distribution among both white employees and employees of color, it's important to note the variance in employees of color at the entry level from 2016 to 2018 (see Figures 10 and 11).

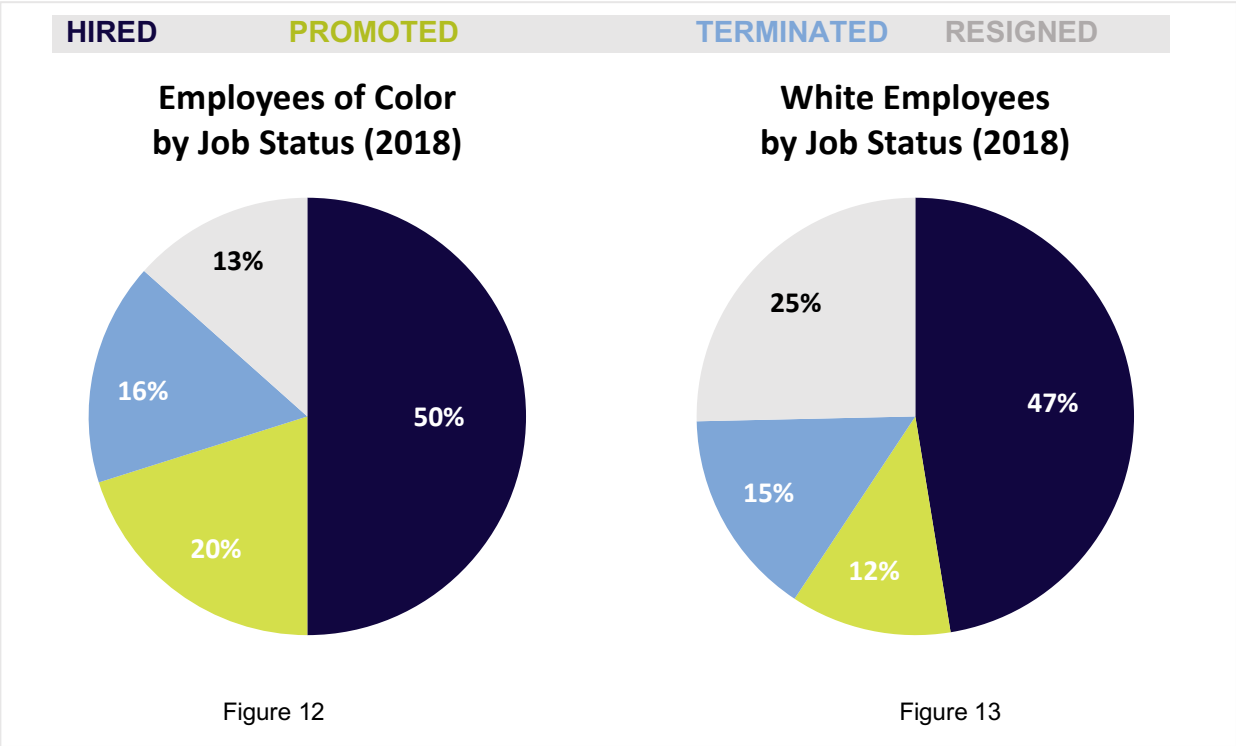


The question remains as to why the increase in overall employees of color is driven by the entry level, and why there is a corresponding 18 point increase in employees of color at the entry level from 2016 to 2018. There seems to be an industry focus on diversifying the talent pipeline and giving students of color internship opportunities, which could potentially develop into employment opportunities at the entry level. Seventy-nine percent (79%) of agencies say they offered paid internship opportunities in 2017 and 7% report they offered unpaid internship opportunities. With 81% of agencies reporting they offered either paid or unpaid internships in 2017, the potentiality of hiring the interns into full-time entry-level employees one could theorize is a possibility for employees of color at the entry level.

In analyzing questions that were added to the survey this year around specific diversity initiatives, roughly 7 in 10 (67%) agencies report they have initiatives in place to expand workplace diversity. Additionally, over half (55%) of agencies report they have specific goals in place to expand workplace diversity. Despite over half of agencies saying they have initiatives in place and/or goals to expand workplace diversity, only 36% say they felt they were effective expanding workplace diversity in 2017 (scored in the top 2 box on a 5-point effectiveness scale). This may account for the slight increase in employees of color, namely at the entry level, though not a significant increase overall.

What accounts for the decrease in employees of color at the mid and management levels? Figure 12 illustrates that 29% of employees of color either resigned or were terminated. Although not illustrative of movement at the different levels, asking quantitative survey respondents this year to speculate why employees resigned or were terminated may point to some trends. When asked why employees of color resigned, over half report that employees found a better opportunity at a different agency. No one reported that the employee(s) felt they didn't fit in at the agency. When asked why employees of color were terminated, the majority (38%) say it is due to overall agency downsizing. Because of the smaller sample size and because these responses were more speculative, future research should find the perspectives of those who have left agencies, or of people of color who have previously left agencies and compare with the responses from this report.

As shown in Figures 12 and 13, the number of both white employees and employees of color that were hired in 2017 are similar. Trends in resignations and terminations among both white employees and employees of color are also on par. The difference in white employees and employees of color is seen among promoted individuals. A hypothesis for more employees of color promoted may account for employees of color being promoted from internship positions into entry level positions, which was not specified in the survey but theorized above.



The question remains as to why employees of color are being hired, yet numbers are down in job levels other than the entry level. The issue may not be specific to white versus people of color but related to the evolving advertising agency as a whole. In a study from the 4A's in partnership with LinkedIn, 54% of people who left advertising said a major reason they changed industries was

because they felt there was little opportunity for advancement.<sup>33</sup> Considerable movement in advertising agencies is largely at the entry and mid-levels, as those who are at lower levels often have to move to other agencies for career advancement and/or higher pay.<sup>34</sup>

Another hypothesis as to why there is more movement at the entry and mid-levels is related to advertising agencies doing away with traditional "titles." Supported by the qualitative research of this study, agencies are not seeing the need for differentiating between entry, mid, and management levels and opting for global titles such as "strategist." As reported in *Advertising Age*, many smaller agencies are moving away from titles and opting for a flat structure, as "titles put up barriers to great work and are a significant headwind in our promise to provide faster, more agile, more effectively integrated ideas."<sup>35</sup> Continuing this trend, a number of agencies are also adopting a two-tiered or three-tiered structure with corresponding titles.<sup>36</sup> This may account for the finding that both employees of color and white employees are being hired, yet the disbursement of titles at the entry and mid-levels has seen varied movement in the past two years.





## QUALITATIVE

Despite the directional increase in the percentage of people of color employed at advertising agencies in the Twin Cities throughout the past four years, the question remains as to why roughly 90% of employees are white. The qualitative research conducted as part of this exploration may point to a few suggestions. When asked whether interviewees feel their agency does a good job at hiring candidates of diverse ethnic and socioeconomic backgrounds, the majority say no. Most feel it's what their agency should be doing, but resources don't exist to make this happen. A few individuals say most often when a position opens up, they need to hire someone who is not at the entry level and they need to hire them fast. The resources used to hire these candidates, such as online recruiting websites, do not offer a backgrounds and ensure they eventually acquire the skills needed to move up, but most agency environments aren't structured that way.

The lack of people of color at agencies may also be due to, some say, the way in which jobs are presented and how job descriptions are written. They are worded in a more traditional, perhaps inadvertent, way that appeals to a specific group of people. A potential solution to this is to ensure job descriptions at all levels are written in a manner that attracts all types of candidates and doesn't alienate anyone. Additionally, some say, a solution may be to recruit from non-advertising related sites or avenues. One respondent says their agency employs people that have not had agency-related experience prior to their current position. However, they say they haven't found those people with non-traditional related

diverse pool of candidates to hire from for the position needed and within the time constraints. Additionally, outside of websites used to recruit, candidates are found based on recommendations from within the agency, and those people tend to be a certain demographic (i.e. white).

A number of respondents allude to the fact that when a position needs to be filled, diversity isn't necessarily prioritized over the skills needed. The focus isn't hiring someone who is diverse, but rather based solely on qualifications. Some agencies, specifically smaller in size, don't have the capacity to train individuals who don't have the needed skills required for the position. Ideally, some say, the company culture would be to foster and nurture talent of individuals of all socioeconomic and ethnic

advertising backgrounds. Most people they find come from the advertising world. Varying the avenues in which to recruit, perhaps looking at non-advertising specific recruiting methods, may diversify the talent pool.

When asked of respondents to indicate whether they feel leadership has specific initiatives in place to recruit candidates of different socioeconomic and ethnic background, reactions are mixed. For some, they say their agency does have initiatives in place to hire diverse employees, but whether the initiatives are making a difference is questioned. Some who are aware of initiatives say they haven't seen much of a change whereas some say there's a change but it's slow. For some, there are loose initiatives in place, but no specific guidelines that require this change to occur. One respondent says that without

specific policies in place around how the agency hires, the default would be to hire how they know how—through traditional recruiting websites and direct networks.

Much of the policies in place, some say, largely revolve around the internship program. The candidates for internship positions are becoming more diverse; some allude this change to the agency partnership with The BrandLab or relationships with

higher education institutions. For those who say that they've seen some change in diversity at their agency, much of the diversity seen is at the internship level, not at the mid, management, and C-suite levels, which coincides with the quantitative findings in this assessment. There needs to be a focus at diversification at all levels for the agency demographic landscape to continue to experience change.

## CONCLUSION AND RECOMMENDATIONS

### *Findings*

**There is a 2 percentage point increase in employees of color at Twin Cities advertising agencies from 2016, largely driven by the entry and mid-levels. There has been an 18 point increase in people of color at the entry level from 2016 to 2018.**

**Questions remain as to why there was an 18 point increase in people of color at the entry level.**

**Eighty-one percent (81%) of agencies report they offered either paid or unpaid internships in 2017. Seven percent (7%) of these are offering unpaid internships.**

**There is no one source to find comprehensive demographic data on individuals employed in the advertising industry at the national level.**

**Sixty-seven (67%) percent of participating agencies say they have initiatives in place to expand workplace diversity, yet only 36% say they feel they're effective.**

### *Recommendations*

There has been steady change in the industry but there is a desire and a need to do more: **radical action is our course.**

Although much of The BrandLab's focus has been on diversifying the talent pipeline at the entry level through the classroom and internship programs, focus also on how to diversify employees at higher levels, namely the management and C-Suite levels should be considered when growing the Fearless program. Educate agencies on how to focus on *both* acquisition and retention, which will ensure those who have been hired at the entry level move up to higher levels which will diversify the industry at all levels in the coming years.

Future State of the Industry research can do more to disaggregate the data, especially around internships. The research could capture number of white and people of color at the internship level, in addition to other levels (entry, mid, management, and C-suite levels). Probe to understand if these interns were hired as full-time employees, and if the interns were found through The BrandLab. This would point to definitive trends, rather than hypotheses.

Encourage agencies to exclusively offer paid internships, and continue to measure the number of agencies offering internships (both paid and unpaid) to uncover trends over time.

Consider collaborating with larger national advertising partners such as the 4A's (American Associated of Advertising Agencies) to deploy a national survey to understand more comprehensively the demographics of the advertising industry.

Encourage agencies to put specific policies in place in hiring practices, and encourage agencies to aspire to certain goals related to diversifying their workplace. This will ensure that it's just not something that's said, but results must be shown.

**Much of the methods used to recruit, such as specific advertising recruiting websites and word of mouth methods, do not result in a diverse pool of candidates to hire from.**

Consider pursuing a deep dive into how agencies can recruit talent, outside of the typical methods. As mentioned in the qualitative research, some have recruited talent outside of the advertising industry. Understand and educate agencies on how to explore other avenues for talent, and emphasize how they can find talent at the higher (mid, management, and C-suite) levels.

**Current job descriptions may attract a similar demographic of candidate.**

Understand how to write job descriptions that will attract diverse candidates. Encourage agencies to think critically about how to write and share job descriptions to reach a larger and more diverse audience.

As the Twin Cities advertising agency is slowly shifting to mirror the shifting demographics of the United States, much of this shift is concentrated at the entry levels. This can be deemed as success for The BrandLab, as much of the initiatives have been focused at the classroom and internship levels, but there is a need to shift the focus slightly to acquiring talent at the higher levels. In addition to acquisition at all levels, retention must be a focus for individuals at entry level, as if this trend continues, in the coming years the Twin Cities advertising agency demographic landscape will presumably be more diversified at all levels.

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