

Advertising / By Suzanne Yanica and Emily Steel

Wanted: Online-Media Expertise

Madison Avenue Finds Limited Supply of Talent That Can Drive Web Ads

SOME ARE CALLING it the revenge of the nerds. Scouring demand for online advertising is creating an all-out battle on Madison Avenue for people who can create or sell interactive ads. A shortage of advertising talent with digital-media experience is sending salaries soaring—up as much as 60% in the past year, according to a new survey—and making it hard for some smaller digitally focused ad firms to compete.

"It's a tug of war out there," says Hamish McLennan, chief executive officer of ad firm Y&R, an ad firm owned by WPP Group.

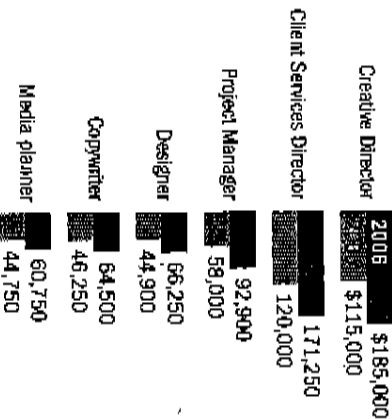
The lack of digital talent could slow the growth of online-ad spending, Yahoo's chief sales officer Wenda Harris Millard warned in a recent interview. Some think the effect is already being felt. Stewart Barry, a media and internet analyst at San Francisco-based ThinkEquity Partners LLC, says marketers across industries are looking to spend 15% to 20% of their budgets on digital media, but right now are spending less than 5% of their budgets in the space.

"This is not a demand- or a supply-constrained market. It is a human-capital-constrained market," he says. "There is more demand for expertise than there is expertise."

Part of the problem, Yahoo's Ms. Millard, is that skills required in the online and old-media worlds are so different that few people can easily "toggle back and forth." Creative directors at an interactive ad agency need to understand how to craft banner ads, email promotions and video spots that don't look like traditional TV commercials. Media buyers need to know all the newly popular Web sites as well as

Digital Demand

Average salaries for interactive jobs in the advertising industry



Note: 2008 data is the current average; 2007 data as of May Source: Talent Zoo

understand search functions and other new digital venues—a different role to buying space in newspapers or time on TV.

For jobs such as flash designers—people who craft ads using "Flash" online animation—interactive agencies want people with technology backgrounds.

"Digital marketing is like revenge of the nerds; it draws a totally different type of person," says Mr. Barry.

While plenty of ad firms invested in the digital space during the dot-com boom in the late 1990s, many firms sealed back after the bust in 2000. The recent resurgence in ad spending has caught the industry flat-footed, recruiters say.

Making matters worse, Madison Avenue firms are facing stiff competition from deep-pocketed online giants such as Google, which in recent months has run full-page recruiting ads in Madison Avenue trade publications such as Adweek. "Companies like [Microsoft's] MSN and Google are raiding anywhere they

can get talent," says Amy Hoover, an executive vice president at Talent Zoo, an Atlanta recruiting firm that specializes in the advertising industry. "Agencies can't compete with those kinds of offers."

Competition has driven the average salary for a digital creative director up 61% to \$185,000 this year, more than the \$179,000 average salary earned by traditional creative directors, according to a survey recently conducted by Talent Zoo. The firm surveyed 2,000 hiring managers and human-resource directors at companies around the country.

The hunt for talent is taking ad executives to the front steps of smaller interactive agencies. In the past year, Special Ops Media, a New York digital-marketing firm that employs about 70 people, has lost about seven employees to companies like CNET Networks, digital-marketing firm Digitalis and Forbes.com, according to Special Ops CEO Christian Anthony.

Bidding wars with more established firms are no longer cost effective. "You get to a point where the price just doesn't make sense anymore," Mr. Anthony says. "We don't have the flexibility to pay New York Yankee prices. We just don't play that game." Still, he notes that plenty of people prefer digitally focused firms over traditional agencies because they want to get experience in the digital arena.

Some ad firms are turning to college campuses and overseas to woo staffers. AKQA, a San Francisco online-ad firm whose clients include Coca-Cola and Nike, recently opened an office in Shanghai to service marketers but expects to also use the new location to scout out digital talent that it can bring to the U.S., according to AKQA Chief Executive Tom Bedecarrat.

Others are ramping up training, like Beyond Interactive, the digital arm of the media-buying operations of WPP Group's MediaCom. "We have to start working to increase the overall digital talent pool; it doesn't help anyone to keep stealing the same five people," says Kathleen Sheridan, managing director at Beyond.