

# Creative Industry Outlook for 2010: A FunctionFox Report

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## Introduction

The FunctionFox Creative Industry Outlook 2010 survey was developed to determine what creative professionals are preparing for in 2010, and to compare how the industry has progressed since the similar survey and report conducted by FunctionFox 12 months prior. Deployed on November 17, 2009, the FunctionFox Creative Industry Outlook Survey for 2010 was completed by over 240 creative professionals in North America.

Respondents were asked a series of four questions relating to staffing, projected revenue, challenges, and opportunities.

## Overview

The results of the survey are prepared in this report, and include the following sections:

- [Results & Findings](#)
  - [Staffing](#)
  - [Revenue](#)
  - [Challenges](#)
  - [Opportunities](#)
- [Conclusions](#)
- [Methodology](#)
- [Appendices](#)

## Results & Findings

### Staffing

When asked if firms will be increasing, decreasing or maintaining staff size in 2010:

37% of firms surveyed will be increasing staff size over the period of the next 12 months. This represents an increase of 14% compared with just 23% of firms that planned on increasing staff over the same period last year.

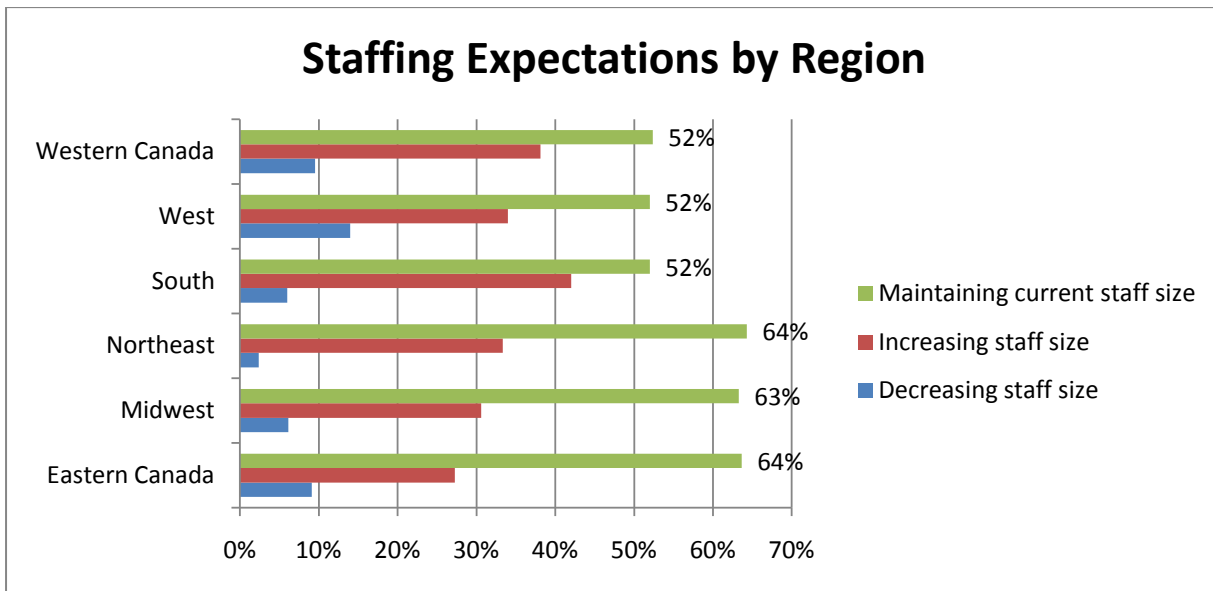
A further 56% of firms expect to be maintaining current size over the next 12 months.

Only 7% of small creative firms are planning on decreasing staff in 2010, compared with 16% of firms who were planning on decreasing staff over the same period from the year prior.



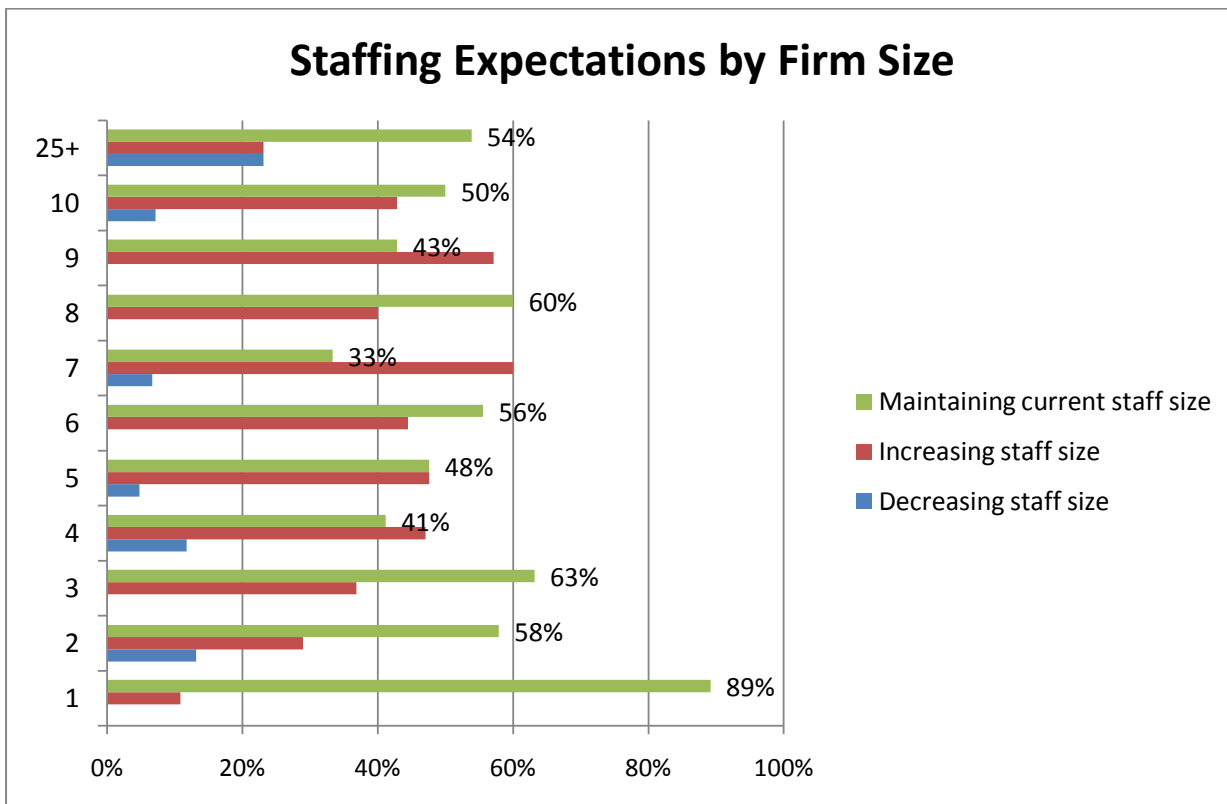
## Staffing Expectations for 2010 by Region

The expectations of maintaining current staff size in 2010 versus increasing or decreasing staff is relatively consistent throughout various regions of The United States and Canada.



## 2010 Staffing Expectations by Firm Size

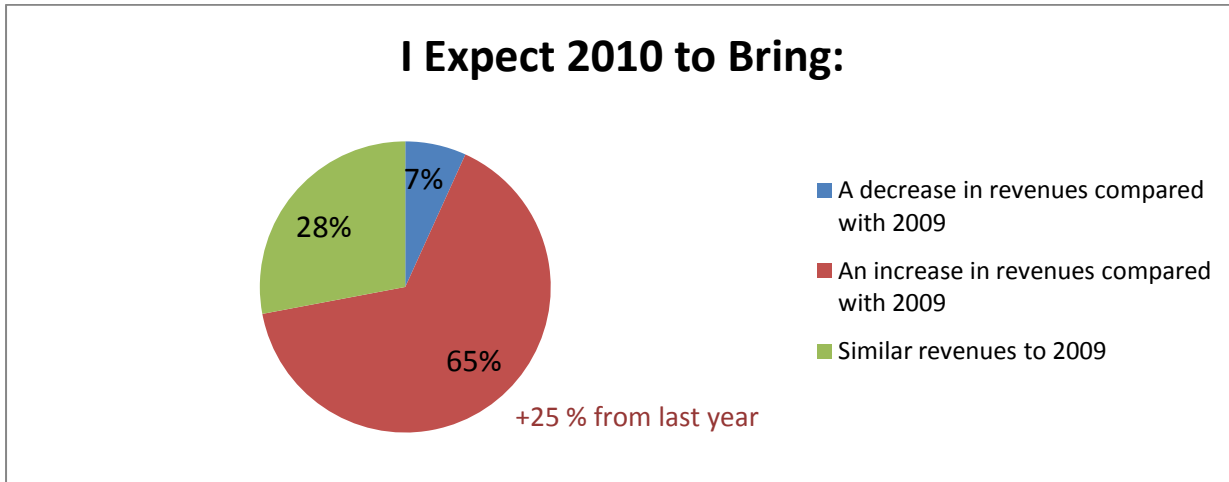
Smaller firms expect to maintain current staff size in 2010, while firms with more than 25 staff are more likely to decrease staff size over the period of the next 12 months.



## Revenue

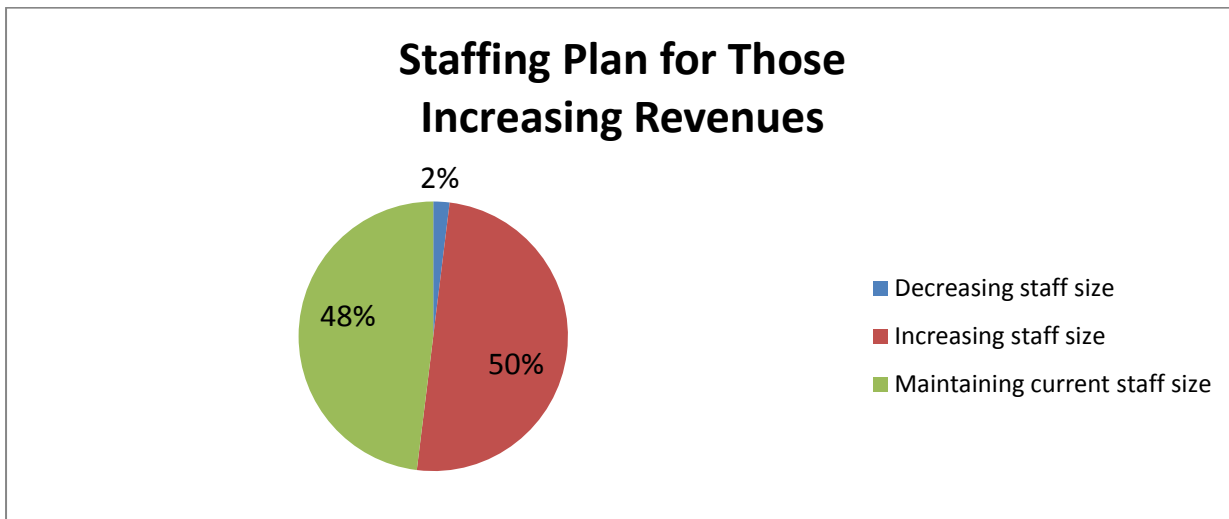
When asked if firms are projecting an increase, decrease or similar revenues in 2010 compared with 2009:

65% of small creative firms forecast an increase in revenues for 2010 – up 25% from the same period last year. 28% of firms forecast similar revenues to 2009, while a remaining 7% predict a decrease in revenues in the coming year (compared with 28% from the same time last year).



## Staffing Expectations for Those that are Planning on Increased Revenues

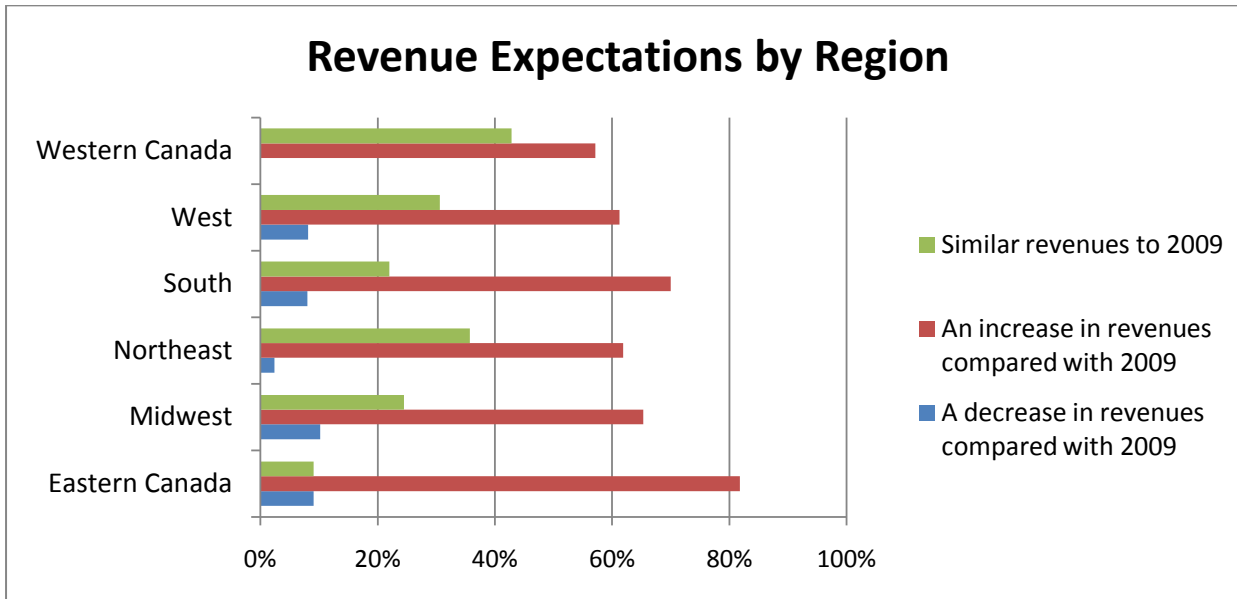
Of those who are planning on increasing revenues in 2010, 48% are planning on doing so with the same size staff that they have currently, while 50% intend to increase staff to help meet increased revenue goals.



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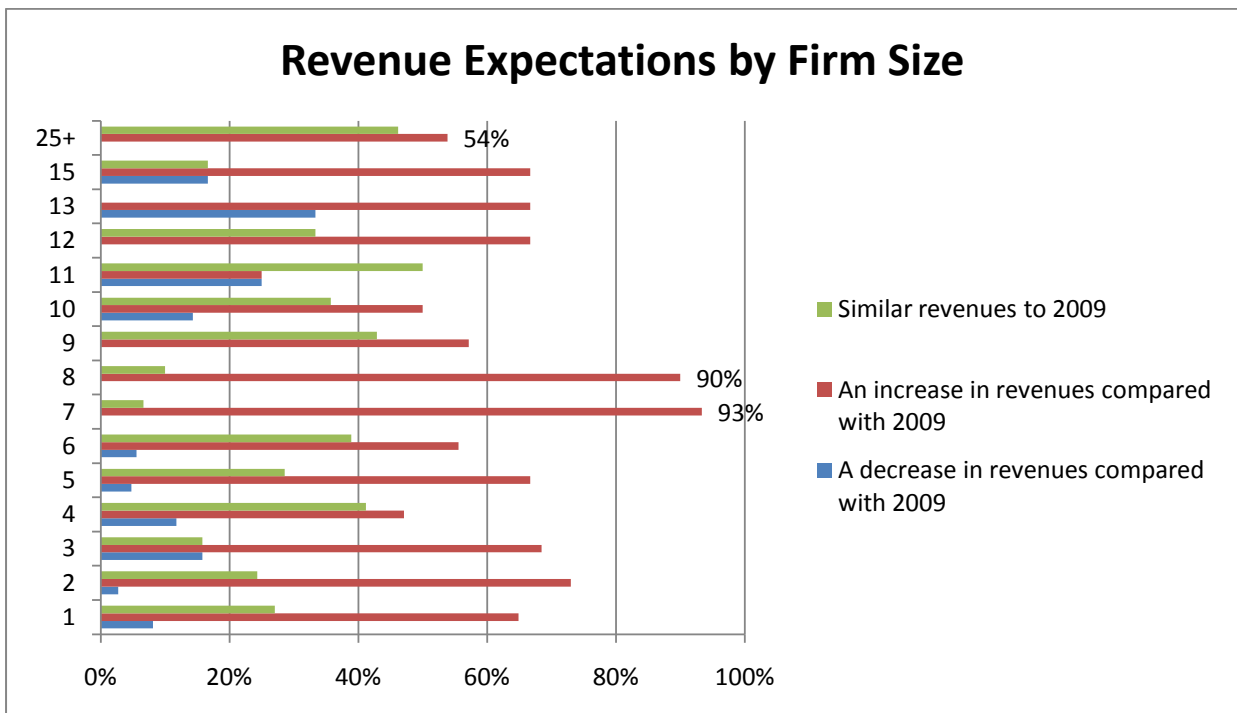
## Revenue Expectations by Region

Creative firms all across North America are predicting increased revenues for 2010 as compared with 2009, with the percentage of firms expecting increased revenues up significantly from the same period last year (up 25%, noted above).



## Revenue Expectations by Firm Size

7 and 8 person firms are the most optimistic about their abilities to increase revenues in 2010, with 93% of 7 person firms and 90% of 8 person firms predicting increased revenues in 2010 respectively. 54% of firms with 25+ staff are also predicting increased revenues compared with 2010 (up 9% from the same time last year), while 66% of firms with fewer than 25 staff are predicting increased revenues for 2010 (up 27% from the same time last year).



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## Challenges

Respondents were asked to rank the challenges facing their business from most challenging to least challenging, with options relating to categories in New Business, Lowered Budgets, Staffing, Technology and Profitably.

36% of respondents cited their greatest challenge for 2010 as, “New Business: Finding new clients”.

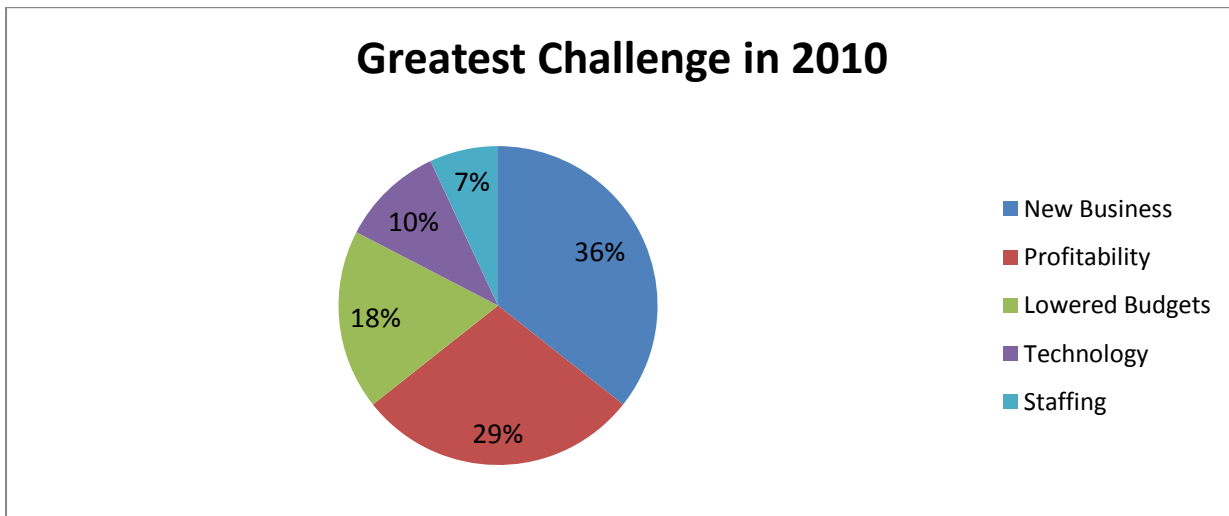
29% said, “Profitability: Reaching desired (target) profit margins” will be their greatest challenge in 2010.

44% claim that, “Staffing: Attracting and retaining necessary talent” will be their least significant challenge in 2010.

The following table shows details of how respondents ranked each category:

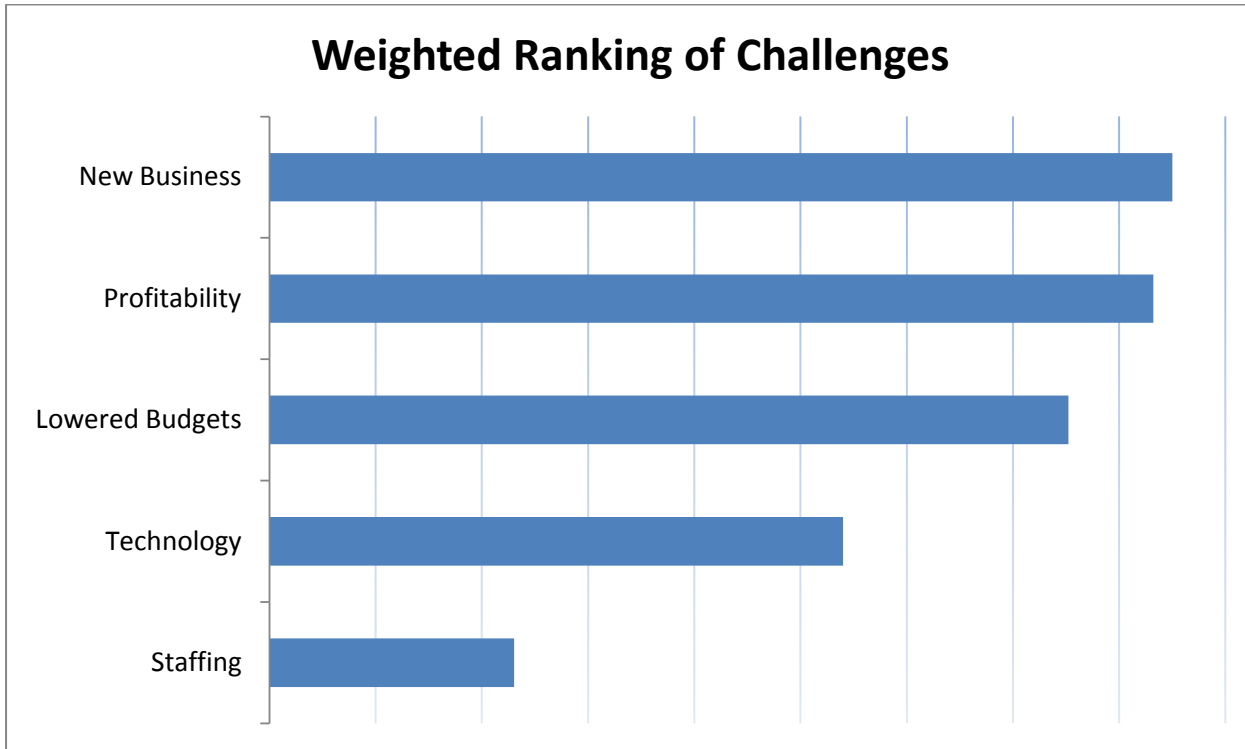
	1 - Least Challenging	2	3	4	5 - Most Challenging
New Business: Finding new clients	9%	10%	21%	25%	36%
Lowered Budgets: Expected to do more, with less	10%	17%	28%	27%	18%
Staffing: Attracting and retaining necessary talent	44%	27%	13%	9%	7%
Technology: Keeping current with changes in technology and media	31%	34%	14%	10%	10%
Profitability: Reaching desired (target) profit margins	6%	12%	24%	29%	29%

New Business and Profitability were areas representing the greatest challenge among creative professionals.



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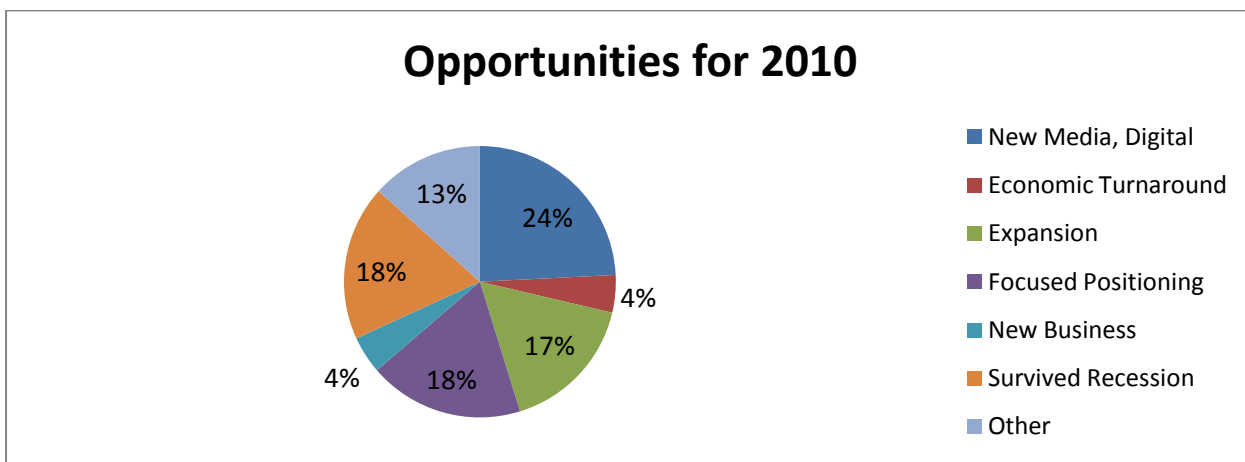
While only selected as the “most challenging” by 18% of respondents, the expectation to do more within lower budgets was a commonly selected 2<sup>nd</sup> and 3<sup>rd</sup> area of concern among creative professionals, and is overall of high concern among those surveyed. The significance of Lowered Budgets as a challenge is seen clearly in the weighted ranking of all challenge areas, shown below.



## Opportunities

Regarding opportunities for 2010, respondents were asked the simple open-ended question of, “**What do you see as being the greatest opportunity for your firm over the next 12 months?**”

Without prompting, as many as 24% of respondents suggested that opportunities relating to new media, the web and/or social networking offered the greatest opportunity for their firms. Other common areas of opportunity related to surviving through a recession (18%), refocusing on more niche markets and services (18%), and plans to expand business in 2010 (17%).



## Conclusions

### **A Brighter Outlook for Creative Professionals**

Creative Professionals are expecting significantly more growth heading into 2010 than they were heading into 2009, with a full 65% of firms expecting to increase revenues over the next 12 months – an increase of 25% compared with the previous year. Increased revenue expectations are common across all regions in the US and Canada, with 93% of firms planning on maintaining or increasing staff size. With as many as 18% of respondents noting ‘surviving the recession’ as being their greatest opportunity for the year ahead, creative professionals are well poised for a bright 2010 in terms of revenue, staff and business growth.

### **Increased Job Security and Availability Within Small Creative Firms**

Where last year, 16% of creative firms were decreasing staff sizes, this year a full 93% of small creative firms plan on maintaining or increasing staff in the year ahead. Greater security will be offered by those 56% of firms surveyed who will be maintaining current staff sizes over the next 12 months, while a further 37% of firms predict to be offering job availability as they increase staff size. This theme is common and consistent throughout North America, for firms of all sizes, with firms with 25 or fewer staff being more likely to maintain or increase staff size than those firms with more than 25 staff.

### **New Media Technologies and Strength in Positioning Remain Common Opportunities**

The use of newer technology, media and communication tools, as well as the opportunity to focus on core specialties and niche markets will remain common opportunities for creative professionals in 2010. Opportunities to embrace technology and benefit from new forms of media are common areas of opportunity for creative professionals, with as many as 24% of those surveyed citing examples of the web, social media and interactive as areas of greater opportunity in the coming year. Strength of positioning will remain an area of opportunity as well, as 18% of creative professionals will be sharpening focus and strengthening their offering to a particular target or niche. These themes were the number one and two opportunities cited in last year’s survey as well, and will likely remain staples for successful creative professionals for years to come.

### **Smaller creative firms remain, and expect success in 2010**

Smaller creative firms who’ve remained nimble through a recession are now poised for success and expecting results in 2010, with over 90% of 7 and 8 person creative firms expecting to increase revenues in 2010. With 66% of firms with 25 employees or less expecting increased revenue over the next year compared with only 54% of firms with over 25 staff expecting increased revenues through the same period, smaller firms appear poised and ready to turn their businesses around for 2010.

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## Methodology

### Purpose

The FunctionFox Creative Industry Outlook for 2010 was constructed to allow creative professionals to share insight into challenges, expectations and opportunities facing their business heading into 2010.

### Survey Method

Respondents representing disciplines of graphic and web design, advertising, marketing and communications – creative professionals – were invited to participate in the survey in November 2009 via email. The survey was delivered as an online survey using reputable online survey software.

### The Survey

A copy of the survey as it appeared online for respondents is included as [Appendix A](#) of this report.

### Survey Deployment Date

November 17, 2009

### Survey Closing Date

December 8, 2009

### Sample Size

The survey was completed by 244 respondents. Partially complete surveys were eliminated from results.

### About the Sample

FunctionFox is a leading resource provider for thousands of creative professionals. FunctionFox [newsletters](#), [articles](#), [webinars](#) and [software](#) cater specially to professionals in design, advertising, public relations, web and marketing communications. FunctionFox Newsletter subscribers offer a representative sample of creative professionals, as the subscriber base of the newsletter specifically represents over 45,000 creative professionals. Assurance that this sample is representative of creative professionals was further checked and validated in question 6 of the FunctionFox Creative Industry Outlook for 2010 Survey, where respondents confirmed type of business. Respondents who failed to answer question 6 were eliminated from survey results.

### Further Information

For questions regarding the FunctionFox Creative Industry Outlook for 2010, please contact [info@functionfox.com](mailto:info@functionfox.com) or call 1.866.369.8463



## Appendix A: Original Copy of the Survey (as it appeared online)

### FunctionFox Survey: Creative Industry Outlook for 2010

Interested in knowing what other creative professionals are preparing for in 2010?

... And what's changed over the last 12 months?

Simply complete the following anonymous survey (3 - 4 minutes).

1 In the next 12 months my firm will be:

- Increasing staff size
- Decreasing staff size
- Maintaining current staff size

2 I expect 2010 to bring:

- An increase in revenues compared with 2009
- A decrease in revenues compared with 2009
- Similar revenues to 2009

3 Rank the following challenges facing your business in 2010, with **1 being the least challenging**, and **5 being the most challenging**

	1	2	3	4	5
Lowered Budgets: Expected to do more, with less	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
New Business: Finding new clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Staffing: Attracting and retaining necessary talent	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Technology: Keeping current with changes in technology and media	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Profitability: Reaching desired (target) profit margins	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4 Open Ended: What do you see as being the greatest opportunity for your firm over the next 12 months?

Submit

Page 2 of the Original Survey:

## FunctionFox Survey: Creative Industry Outlook for 2010

### Page 2 of 2

Location, type of business and firm size are used to properly relate survey information. Information submitted is anonymous and used only to improve the relevance of survey results. Please provide:

5 Zip / Postal Code:

6 Type of business:

- Design
- Advertising
- PR
- In-House Department
- Full Service
- Other, please specify

7 Size of your firm (staff):

 ▼

8 **Optional:** Enter your email address to be sent a copy of the survey results.

Your email address will not be tied to your survey responses in any way.

Submit

**Note:** This sample copy is presented as an image as the actual survey is closed.

## Appendix B: Creative Industry Outlook for 2009

### Last Year's Report

The FunctionFox Creative Industry Outlook Survey was first conducted in November 2008, with the resulting report issued in December 2008. For a year to year comparison between the results of this report and last year's Creative Industry Outlook, visit <http://www.functionfox.com/FunctionFox-Creative-Industry-Outlook-2009.pdf> to download a free PDF copy of The FunctionFox Creative Industry Outlook for 2009.

