ADvertising

Generates Sales and Jobs in Oregon

Advertising expenditures account for $61.9 billion in economic output in Oregon – that is 16.3% of the $379.6 billion in total economic output in the state. Advertising driven sales of products and services help support 265,582 jobs, or 15.6% of the 1.7 million jobs in Oregon. Every dollar of ad spending generates just under $22 of economic output, and every million dollars of ad spending supports 81 American jobs.

A landmark study by the world–recognized economic consulting firm IHS Global Insight highlights the sales activity and the jobs created in the U. S. economy that are stimulated by advertising. Each form of advertising, ranging from newspapers, magazines and television to the Internet helps businesses build brand awareness and communicate the benefits of their products and services to target audiences. In turn, this triggers a cascade of economic activity and stimulates job creation and retention throughout the U.S. economy.

The economic model developed by IHS Global Insight and Dr. Lawrence R. Klein (recipient of the 1980 Nobel Prize in Economics) estimates and predicts the impact of advertising on sales and jobs as distinguished from the impacts of other market factors such as consumer buying power, life stage buying behaviors, technological advances, and simply the need to replace obsolete or depleted items. IHS estimated the economic impact of advertising across four dimensions:

Direct Economic Impact. The dollars spent on and the jobs dedicated to developing and implementing advertising to stimulate demand for products and services including the work of advertising agencies and the purchase of time and space on radio and television, cable operators and networks, in newsspapers, magazines, the Internet and other outlets. Stimulated transactions could range from the sale of an automobile to an insurance policy sold through a television advertising lead.

Suppliers Economic impact. Advertising generated sales set off chain reactions through the economy and create sales and jobs supported by first level suppliers to those industries that use advertising. This level of impact encompasses activity by the suppliers of steel, electrical wiring, semiconductors, fabric and leather for upholstery, plastic, rubber for tires and parts, radio and GPS receivers and other products and services that are used to produce the vehicle.

Inter-industry Economic Impact. In the automobile industry example, the manufacturing, retail and supplier levels sales help generate economic activity and create jobs in a host of related industries such as rail and truck transportation, gasoline and oil, insurance, and after-market sales of automobile products. Without the initial consumer purchase of the automobile, there would be no demand for dimension of products and services and no added sales and jobs at the inter-industry tier.

Induced Consumer Spending. Every person that has a direct, supplier, or inter-industry job also plays the role of consumer in the U.S. economy. They spend a portion of their salaries in the economy on items such as food, consumer goods and services, healthcare, and other needs. This spending initiates multiple rounds of economic activity, stimulating additional sales and creating jobs.