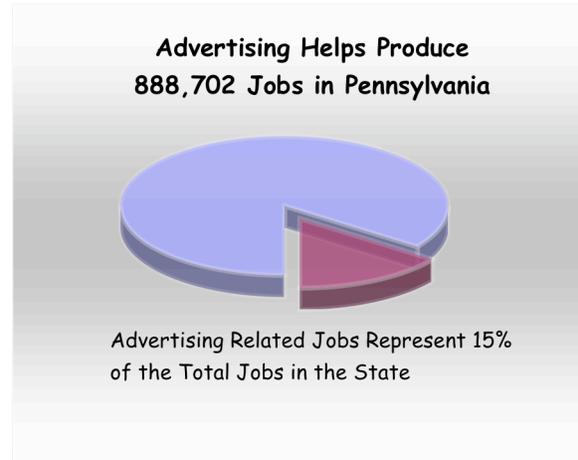


ADVERTISING HELPS GENERATE ECONOMIC ACTIVITY AND JOBS IN PENNSYLVANIA

Advertising is an economic force that helps generate total economic activity in Pennsylvania of \$218 billion – that is 20% of the \$1.1 trillion in total economic activity in the state. Sales of products and services that are generated by advertising help support 888,702 jobs, and that represents 15% of the 5.9 million jobs in the state.

A landmark study by the world recognized economic consulting firm Global Insight highlights the sales activity and the jobs created in the state's economy that are stimulated by advertising. The study was completed under the direction of Dr. Lawrence R. Klein, who was awarded the Nobel Prize in Economics in 1980.



The economic model developed by Global Insight and Dr. Klein 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. The sales and jobs that are stimulated by advertising occur at three levels in the economy:

Retail and Manufacturing – The first and broadest includes sales of products and services by manufacturers, retailers and their sales people and employees. This first tier of economic activity also includes the preparation of advertising that businesses use to communicate with consumers. It includes the work of advertising agencies as well as the purchase of advertising time and space on radio and television stations, cable operators and networks, in newspapers, magazines, and other outlets.

Suppliers to Retail and Manufacturing – As the advertising generates sales, it sets off chain reactions throughout the economy that create additional jobs and sales as a second tier of vendors and wholesalers provide supplies and support to the first tier manufacturers, retailers, and service businesses. When advertising encourages consumers to purchase automobiles or trucks, for example, those retail and manufacturing level sales generate demand from 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 make the advertised product.

Interindustry Activity – Finally, advertising helps drive a substantial amount of sales and create jobs at a third level (called the interindustry level). In the automobile industry example, the manufacturing, retail and supplier level 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 purchases of the cars and trucks, there would be no demand for these third tier products and services and no added sales and jobs at the interindustry tier.

The combination of these sales and jobs at all three levels of impact illustrates the powerful energy that advertising injects into the Pennsylvania economy.

The Advertising Coalition

