

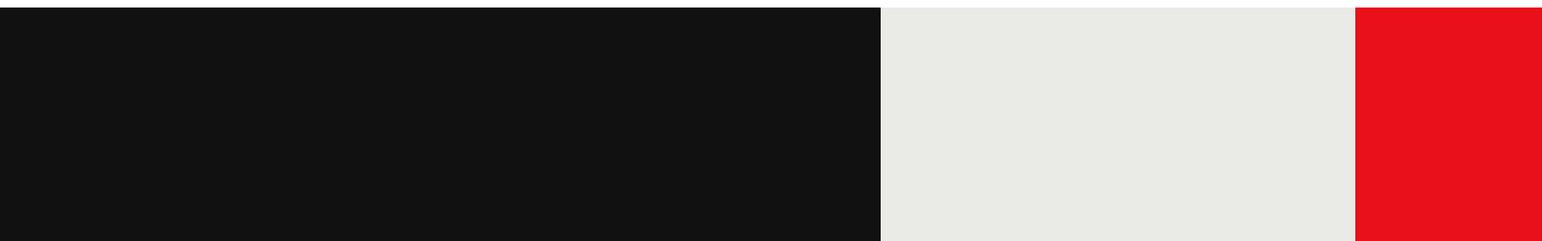
Agencies feel the squeeze, even without the pandemic

Article



Although the pandemic has been the elephant in the (virtual meeting) room since early 2020, it isn't the only hurdle agencies must overcome for continued growth and success.

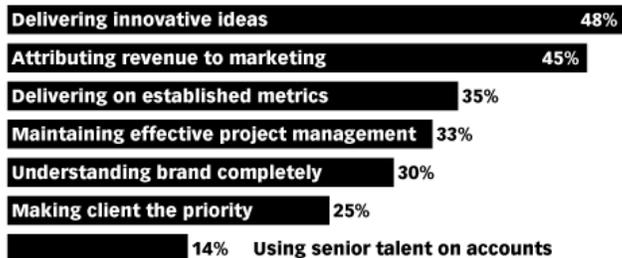
Pre-pandemic, Ascend2 asked marketing professionals worldwide about the barriers to success in a client-agency relationship: Roughly half of the respondents cited delivering



innovative ideas, 45% noted attributing revenues to marketing, and 35% said delivering on established metrics.

Barriers to the Success of a Client/Agency Relationship According to Marketing Professionals Worldwide, Feb 2020

% of respondents



Source: Ascend2, "Agency Trends: Strategies & Tactics," March 3, 2020

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Agency professionals also have their own pain points when it comes to managing and growing their business, according to a September 2020 survey by call tracking software provider CallRail. The most common challenge—finding new clients—was cited by 48% of respondents worldwide. Other pain points included increasing revenues per account (42%), finding employees with the “right fit” (33%), lacking time to focus on administrative tasks (31%), and moving on from clients that are a bad fit (22%).

Undergoing a performance review

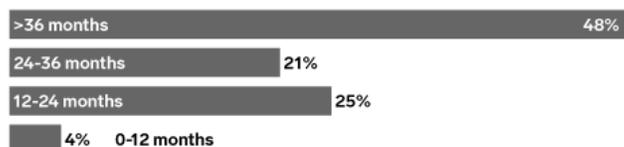
Agencies are used to feeling pressure from their clients. Evaluations and audits are a regular part of the brand and agency engagement. In the past few months alone, major brands including Coca-Cola, Facebook, The Home Depot, and Unilever have all announced global agency reviews.

Four in 10 brand marketers surveyed by Adweek Intelligence in October and November 2020 planned to retain their current agencies. However, another 38% noted they were planning to make changes to their agency roster in the next six to 12 months, and 22% said they weren't sure.

Although there are cases where brands have long-standing relationships with the agency partners, about half of digital marketing agency professionals worldwide said their average customer life span was less than 36 months, per the CallRail research.

Average Customer Lifespan at Their Agency According to Digital Marketing Agency Professionals Worldwide, Sep 2020

% of respondents



Note: numbers may not add up to 100% due to rounding
Source: CallRail, "2021 Digital Marketing Agency Outlook," Dec 14, 2020

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Most US brand marketers are satisfied with their current marketing agency roster in areas like innovation, tech and media partnerships, digital strategy, and campaign execution, according to October 2020 research from Forrester Consulting, Google, and the American Association of Advertising Agencies (4A's). But when it comes to value and cost, that's where fewer respondents were satisfied—55% were happy with the value the agency provides, and 44% said they were comfortable with cost, prices, and fees.

Agencies are accustomed to regularly receiving and acting on feedback to improve the relationship and deliverables. In fact, May 2020 research from the World Federation of Advertisers found 35% of agency respondents received feedback from their clients on an annual basis. For 21% of those respondents, performance evaluations were an annual occurrence with a midyear "light touch" review, while 16% did quarterly feedback sessions and 14% had an ad hoc system in place.

The same survey found that 43% of agency respondents said it was a challenge to provide the client with "honest" feedback during these performance evaluations. Other top obstacles included irrelevant feedback, a lack of client leadership engagement, and no forward-looking action plan for after the evaluation.

"We try to be as transparent as we can, and we self-evaluate along the way," said Stephanie Russell, chief client officer at Carat USA. "There should never be any surprises coming out in those audits. If a client were to come to us and ask for a full audit or say they are going to put the business out for review, our agency needs to know that we left nothing on the table, and that we brought our best and brightest to be the partners for this client."

To learn more about how agencies are navigating these challenges and seizing opportunities amid the pandemic and beyond, Insider Intelligence subscribers can read our recent report:

Report by Jillian Ryan May 10, 2021

The Marketing and Advertising Agency Report 2021

