

The Agency Edge

RESEARCH SERIES



2023 AGENCY EDGE

ATTITUDINAL SEGMENTATION
RESEARCH RESULTS

THIS YEAR'S QUESTION:

WHAT MAKES CLIENTS GIVE THEIR
CURRENT AGENCIES MORE MONEY?

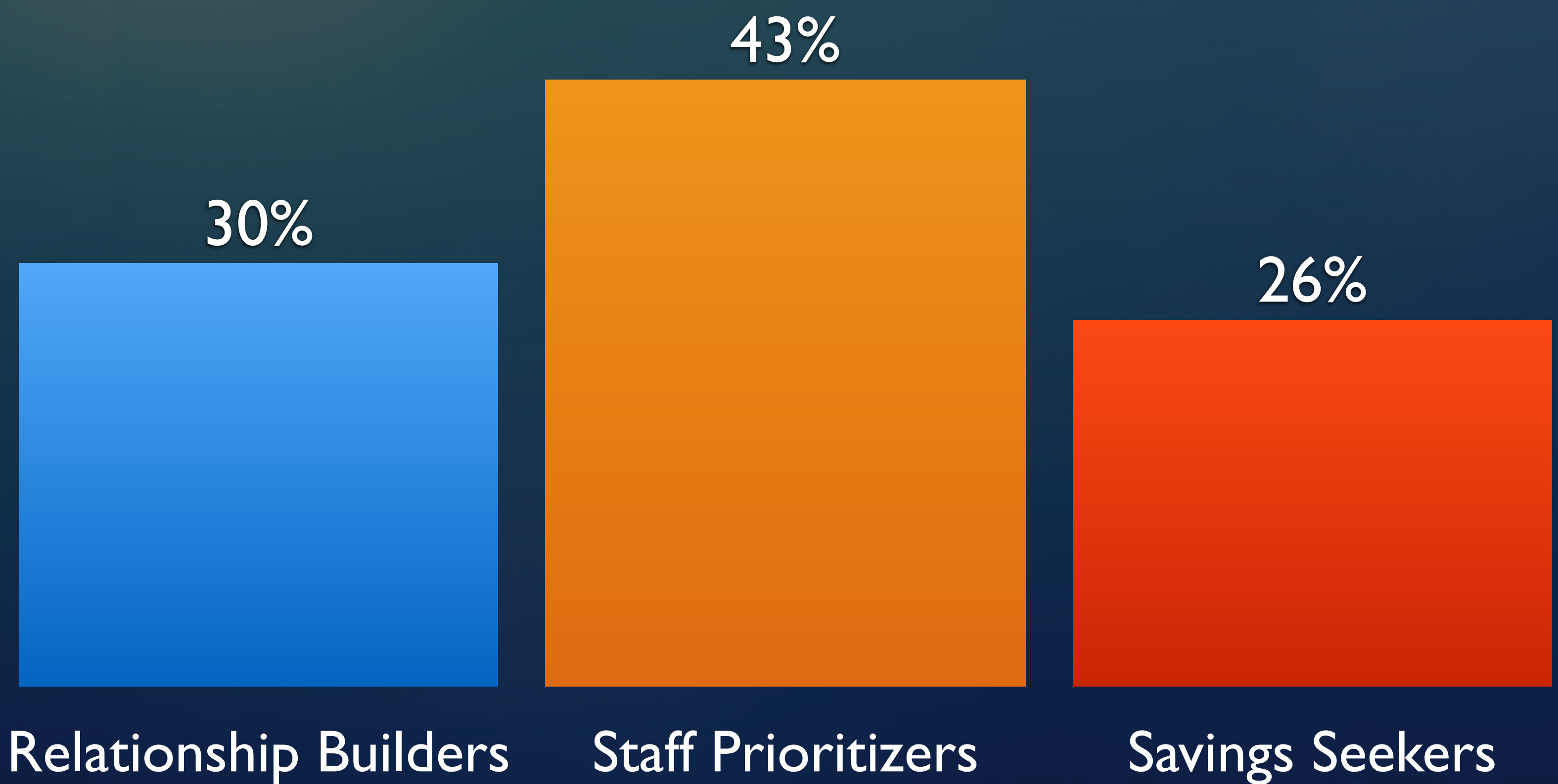
CHARACTERISTICS

- Online survey fielded in January 2023
- 512 respondents
- All marketing decision-makers in agency clients
 - <\$500M revenue
 - <\$20M marketing budget
- +/- 4.2 point margin of error at 95% confidence level

ATTITUDINAL SEGMENTATION

- ◆ Based exclusively on ratings of attitudinal statements
- ◆ No demographics or other data included
- ◆ Both the number of segments and their defining attitudes are the organic result of a statistical analysis and were not predetermined
- ◆ Each represents a group of respondents who share a set

3 ATTITUDINAL SEGMENTS



RELATIONSHIP BUILDERS

- ◆ Want strong, long relationships with agencies
- ◆ Want to learn from their agencies
- ◆ Collaboration w/in-house team leads to better outcomes
- ◆ Trusts guidance and recommendations of their agencies
- ◆ Interested in any new services their agencies can offer
- ◆ Credit agencies for their success
- ◆ Flexibility to adjust agency spending
- ◆ Working with agencies saves them money

STAFF PRIORITIZERS

- ◆ Need agencies that work as quickly as possible
- ◆ True agency experts in their space are hard to find
- ◆ Hard to find agencies that understand their needs and goals
- ◆ Want agencies to be more integrated into business ops
- ◆ Wish their agencies would spend more time getting to know their team
- ◆ Marketing team has more expertise than any agency they've worked with
- ◆ Like to switch agencies so they always have a fresh approach
- ◆ Coordination between agencies and in-house team complicates everything

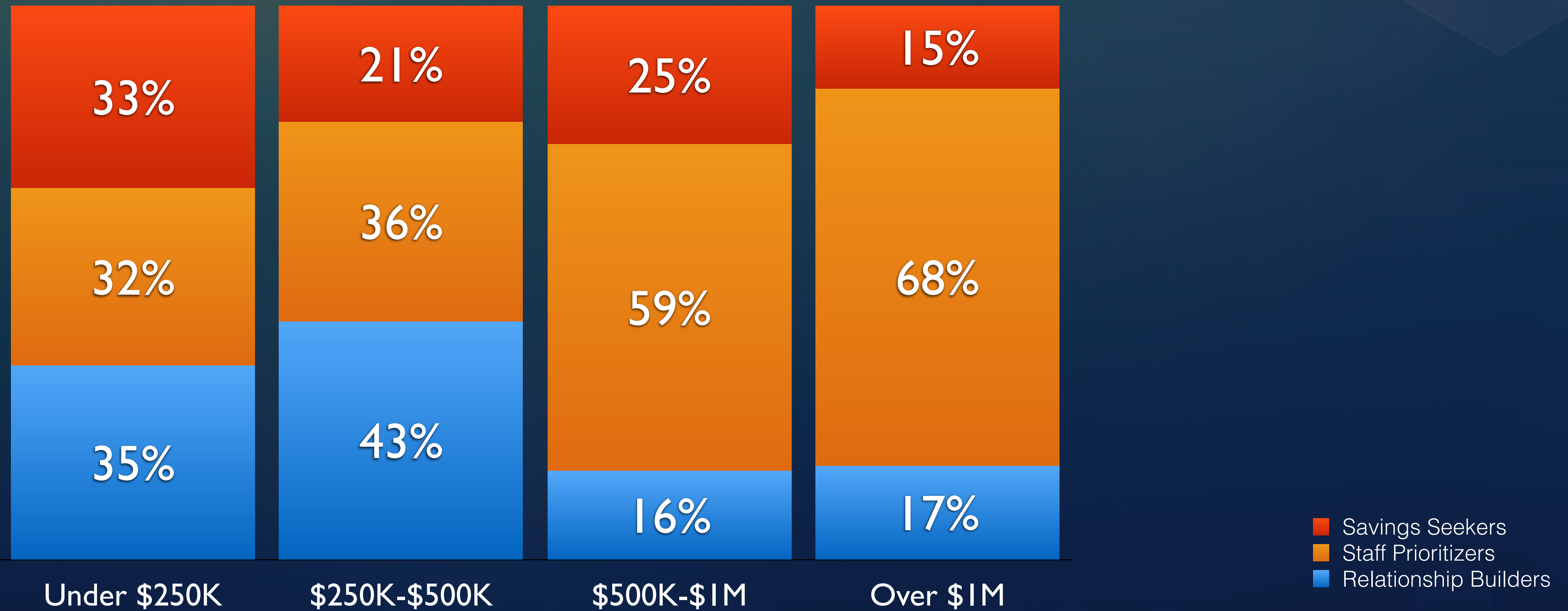
SAVINGS SEEKERS

- ◆ Always looking for ways to spend less with agencies
- ◆ Will only work with agencies if pricing is competitive
- ◆ Could handle marketing in-house if necessary
- ◆ Economic conditions have made it hard to justify agency cost
- ◆ Only want to hear how agencies can save them money

OTHER CHARACTERISTICS

- ◆ 53% work with more than one agency
- ◆ No difference in segment distribution B2B vs. B2C
- ◆ No difference based on years in business
- ◆ Savings Seekers significantly more likely to have <10 employees, <\$1M in revenue
- ◆ Regardless of segment, about 2/3 have in-house marketing team — but Staff Prioritizers have larger teams
- ◆ Staff Prioritizers more likely to have budgets over \$250K

BIGGER BUDGETS = MORE STAFF PRIORITIZERS

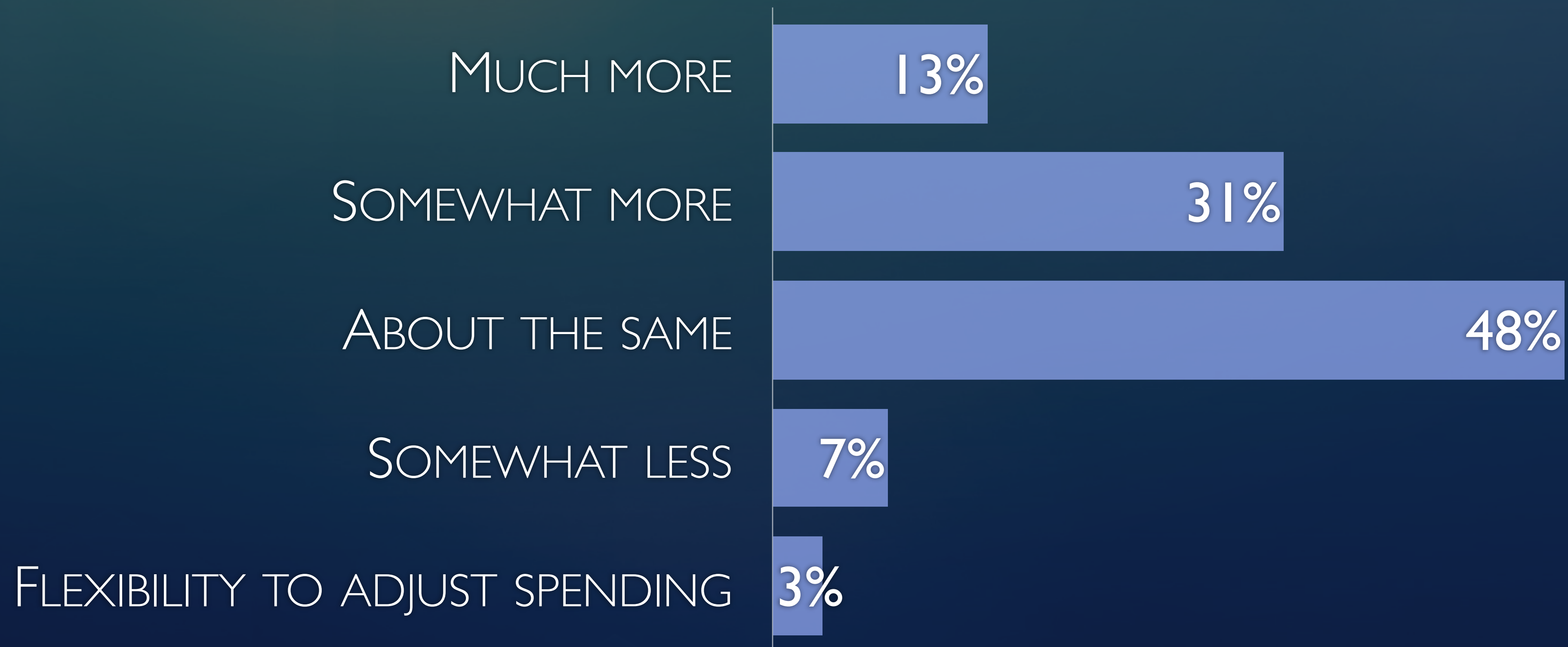


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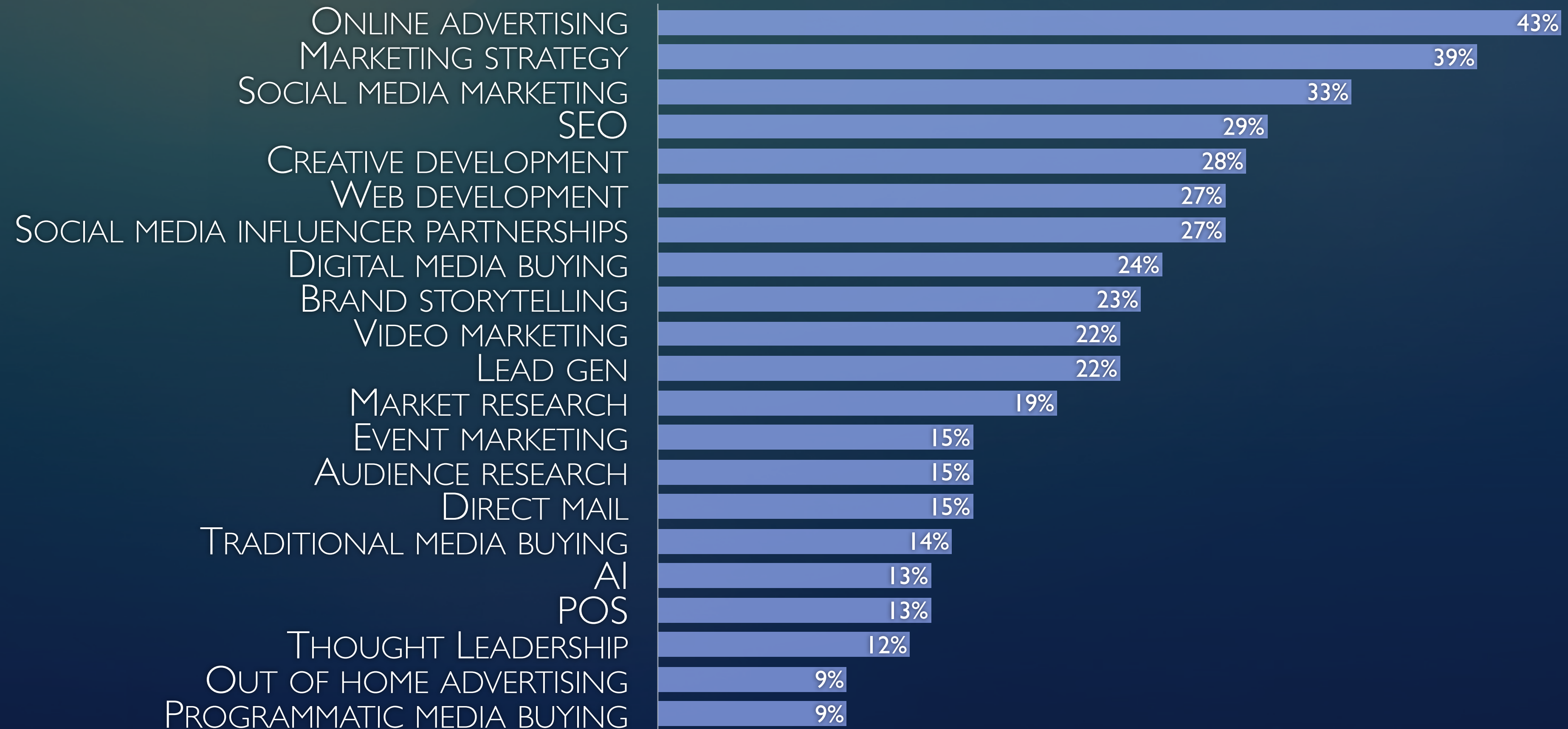
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GOOD NEWS FOR AGENCIES!

43% PLAN TO USE AGENCIES MORE OVER NEXT 2 YEARS



ACTIVITIES PURSUING IN NEXT TWO YEARS



GOOD NEWS FOR ADDITIONAL SPENDING

% STRONGLY AGREEING

WANT STRONG, LONG AGENCY RELATIONSHIPS

81%

COLLABORATION LEADS TO BETTER OUTCOMES

79%

TRUST AGENCY RECOMMENDATIONS

72%

INTERESTED IN NEW SERVICES FROM AGENCIES

59%

FLEXIBILITY TO ADJUST SPENDING

58%

AGENCY BUDGETS SHOULD BE FLEXIBLE

46%

WOULD SPEND MORE IF UNDERSTOOD THEIR CHALLENGES/GOALS

44%

% STRONGLY AGREEING

VARIES BY SEGMENT

WANT STRONG, LONG AGENCY RELATIONSHIPS

COLLABORATION LEADS TO BETTER OUTCOMES

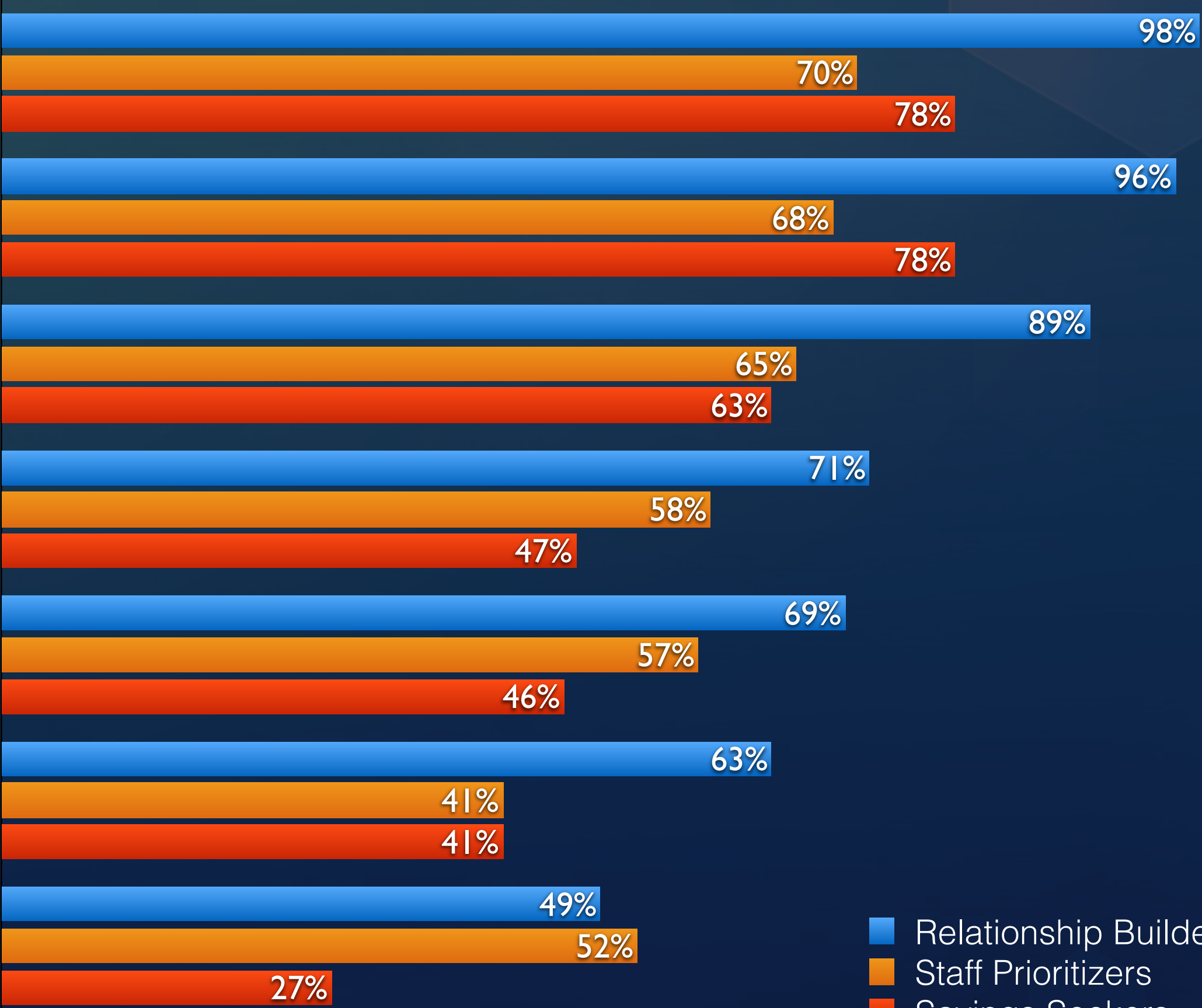
TRUST AGENCY RECOMMENDATIONS

INTERESTED IN NEW SERVICES FROM AGENCIES

FLEXIBILITY TO ADJUST SPENDING

AGENCY BUDGETS SHOULD BE FLEXIBLE

WOULD SPEND MORE IF UNDERSTOOD THEIR CHALLENGES/GOALS



Relationship Builders
Staff Prioritizers
Savings Seekers

% STRONGLY AGREEING

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WANT STRONG, LONG AGENCY RELATIONSHIPS

COLLABORATION LEADS TO BETTER OUTCOMES

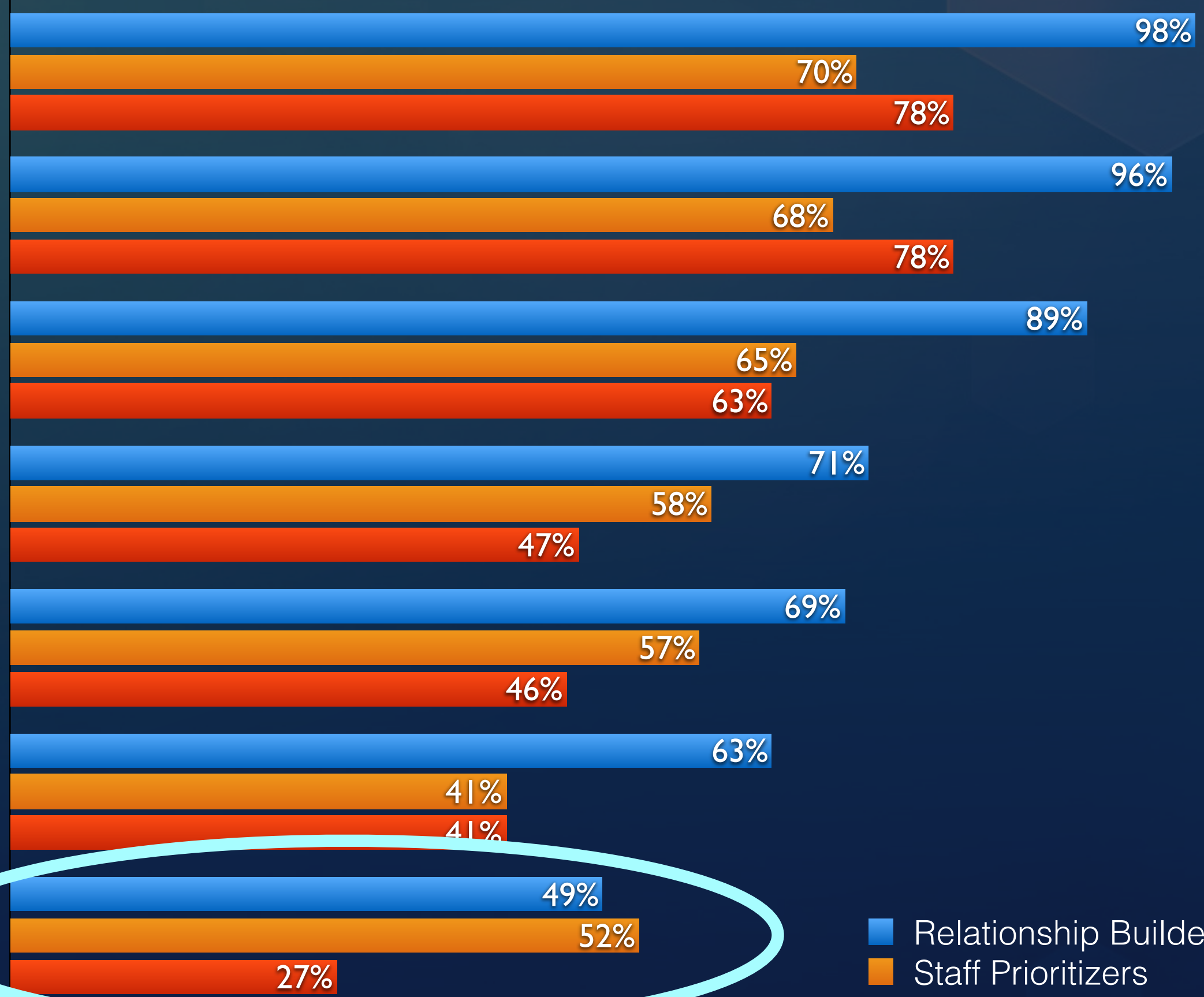
TRUST AGENCY RECOMMENDATIONS

INTERESTED IN NEW SERVICES FROM AGENCIES

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Relationship Builders
Staff Prioritizers
Savings Seekers

OUR RECOMMENDATION

- ▣ Prioritize Relationship Builders and Staff Prioritizers
- ▣ Savings Seekers are less viable right-fit clients

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BUDGET FLEXIBILITY



FIXED AND FLEXIBLE

- 62% set a fixed dollar amount for their agency budgets
- 33% set a percentage of revenue

EVALUATE RESULTS & OPPORTUNITIES REGULARLY AND ADJUST BUDGET

60%

INCREASED AS NEEDED BASED ON OPPORTUNITIES

20%

INCREASED ONLY UNDER DIRE CIRCUMSTANCES

10%

CAN'T BE CHANGED

10%

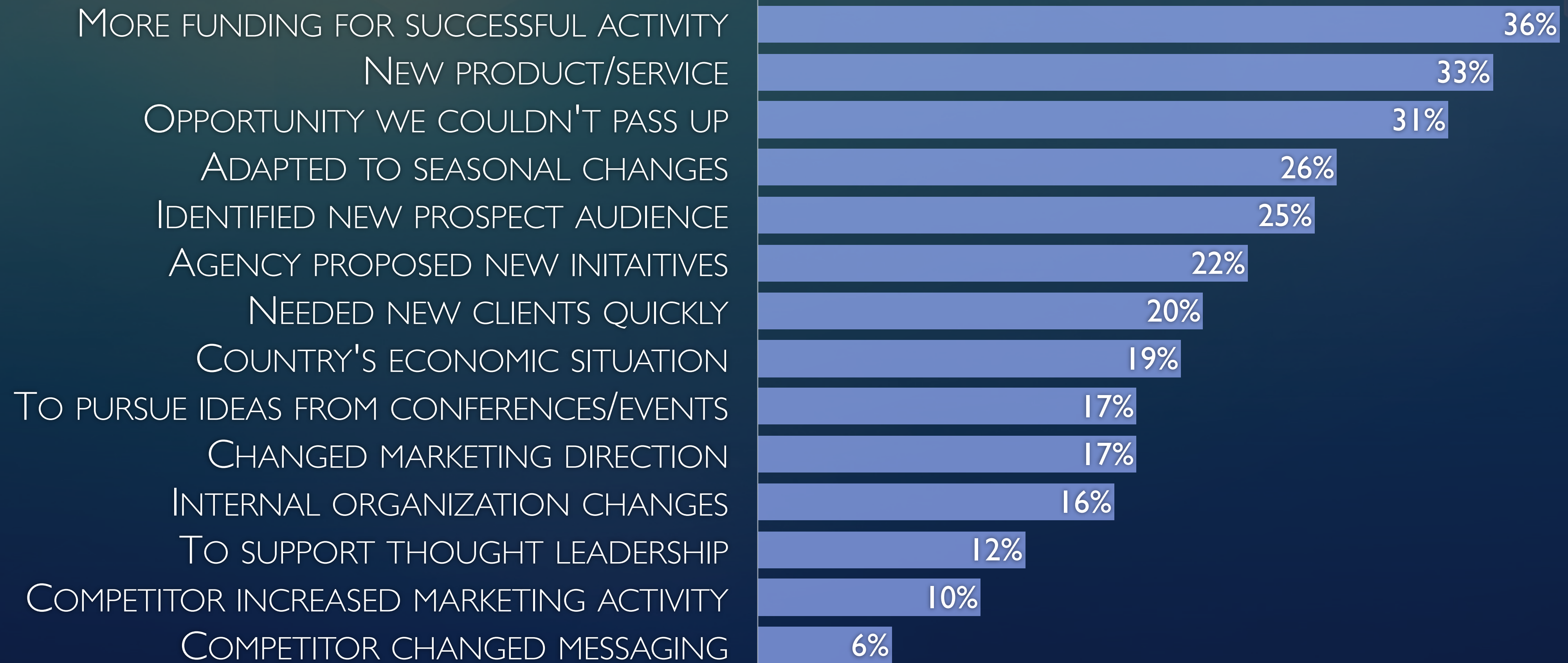
FIXED AND FLEXIBLE

59% have increased agency budgets mid-year.

HAVE INCREASED AGENCY BUDGET MID-YEAR



WHY INCREASED AGENCY BUDGETS



WHY RELATIONSHIP BUILDERS INCREASED BUDGETS

MORE FUNDING FOR SUCCESSFUL ACTIVITY

45%

NEW PRODUCT/SERVICE

42%

OPPORTUNITY WE COULDN'T PASS UP

42%

AGENCY PROPOSED NEW INITIATIVES

31%

NEEDED NEW CLIENTS QUICKLY

25%

WHY STAFF PRIORITIZERS INCREASED BUDGETS

MORE FUNDING FOR SUCCESSFUL ACTIVITY

29%

NEW PRODUCT/SERVICE

29%

TO PURSUE IDEAS FROM CONFERENCES/EVENTS

24%

COMPETITOR INCREASED MARKETING ACTIVITY

18%

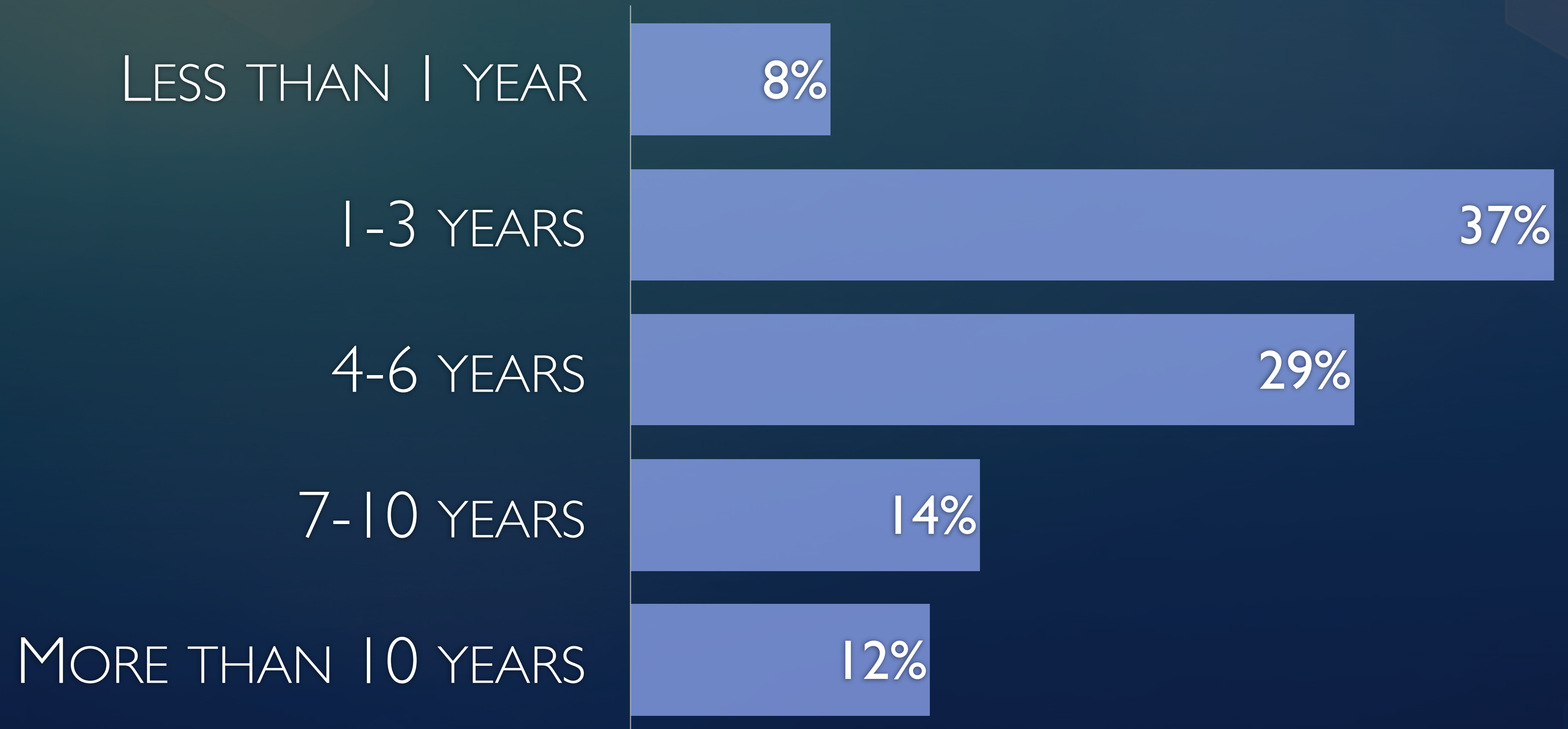


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AGENCY RELATIONSHIPS

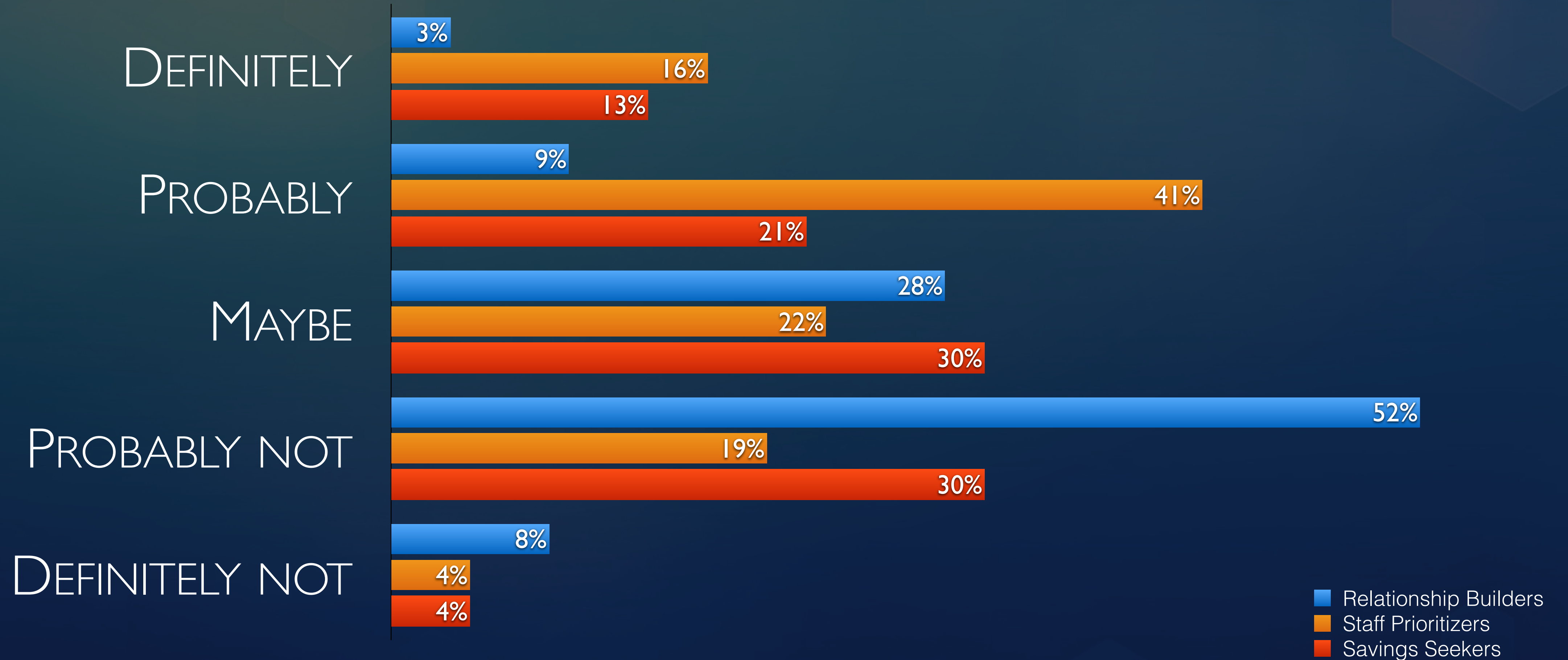
TENURE WITH BEST AGENCY



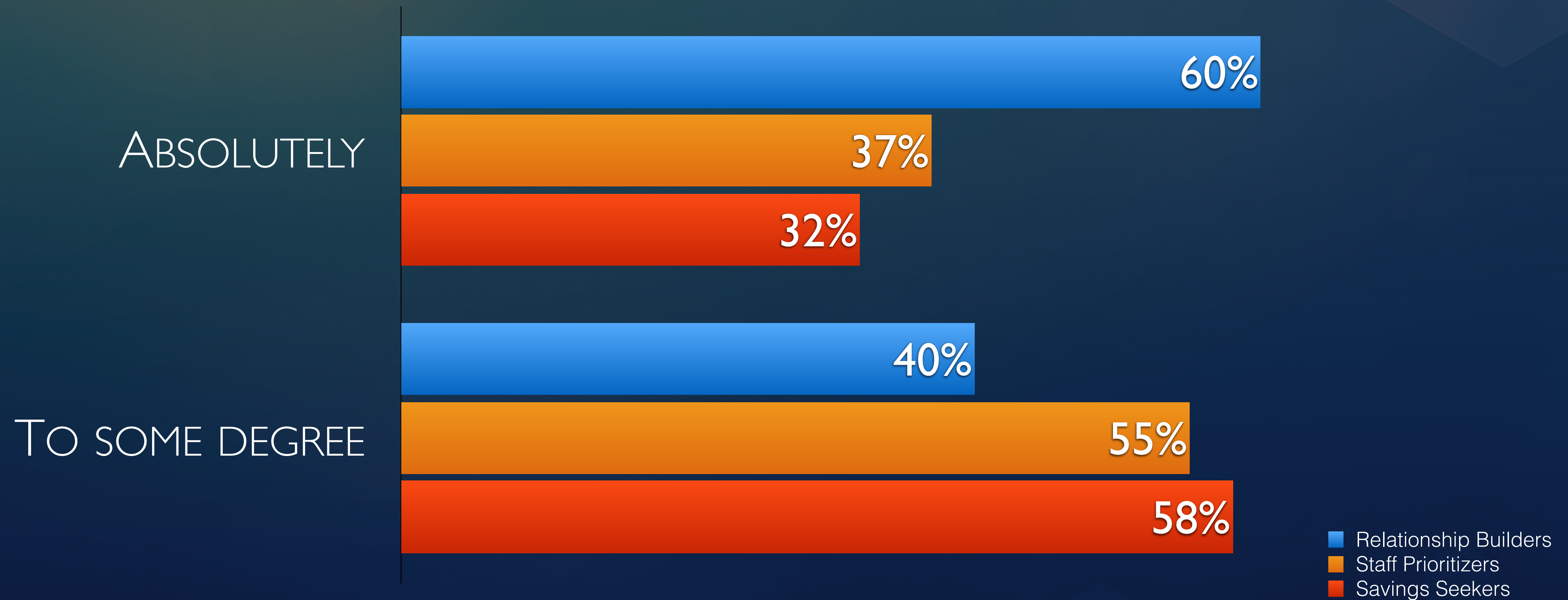
RELATIONSHIP PLANS

- ◆ 35% plan to continue working with their best agency for at least five more years.
- ◆ Half of Relationship Builders plan to work with their best agency for at least five more years.

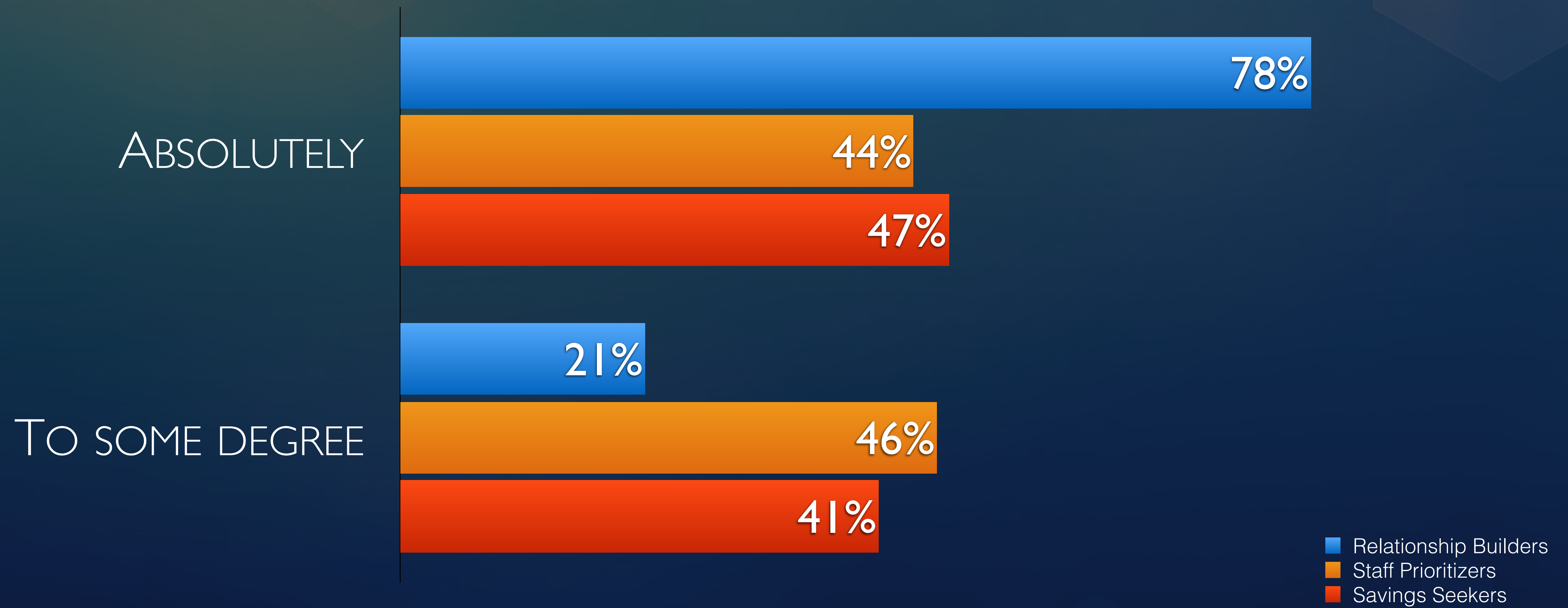
BETTER ROI WITH IN-HOUSE TEAM ONLY



TRUST AGENCY STRATEGIC RECOMMENDATIONS



AGENCY CARES ABOUT US REACHING OUR GOALS



AMI MEMBER-ONLY RESULTS

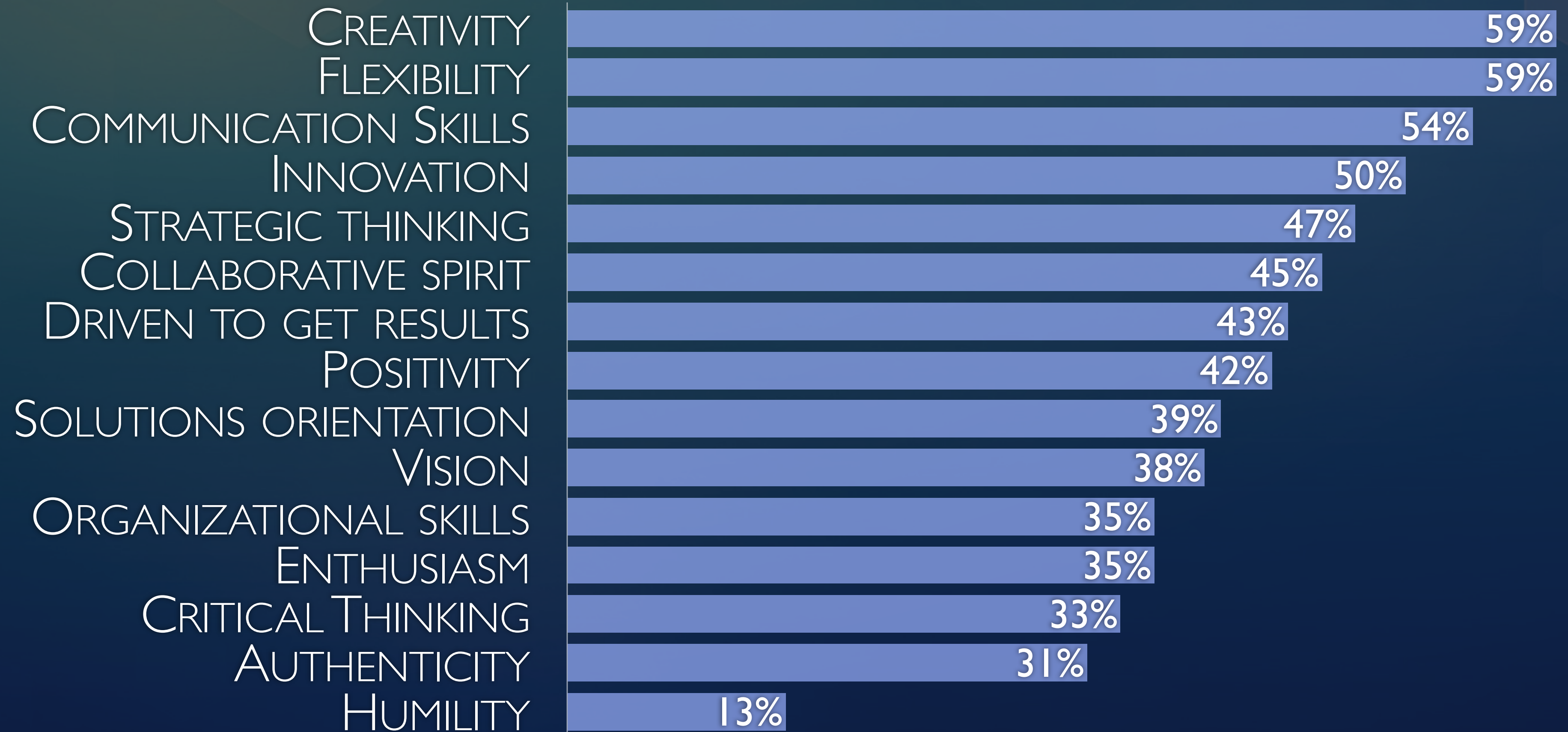
- ◆ Where clients' best agencies exceed expectations
- ◆ Best agency Net Promoter scores by segment
- ◆ Where agencies are seen as better than in-house teams
- ◆ Where in-house teams are seen as better than agencies
- ◆ Why clients end agency relationships
- ◆ How long they take to end their agency relationship once they start thinking about it

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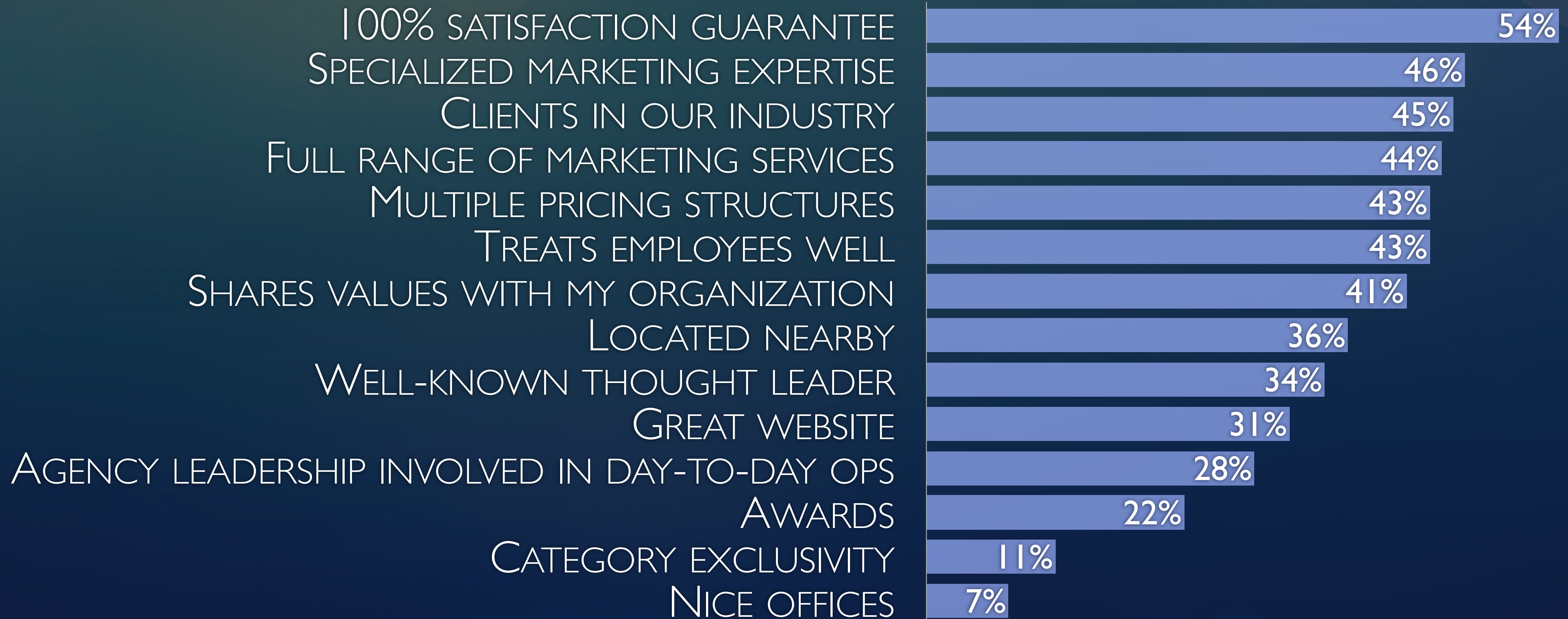
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WHAT CLIENTS WANT

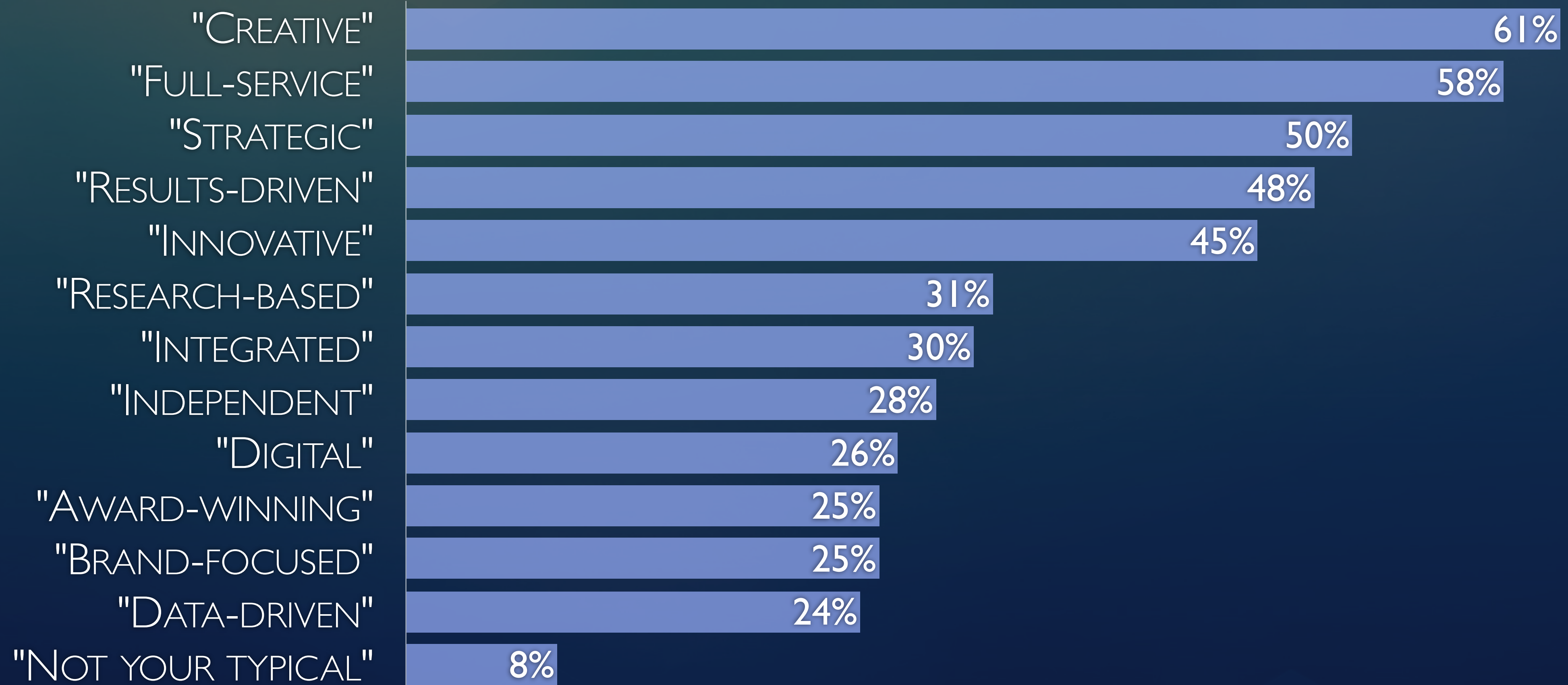
IMPORTANT AGENCY QUALITIES



IDEAL AGENCY CHARACTERISTICS



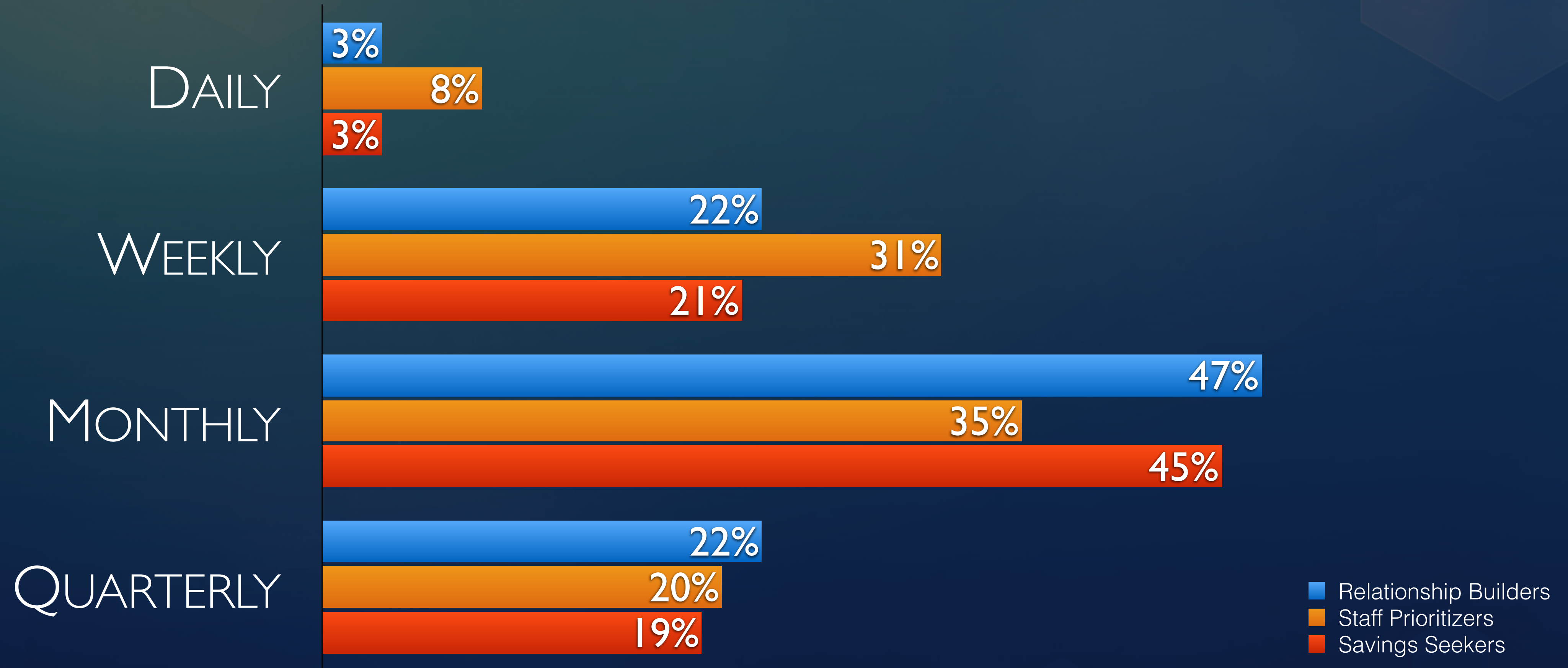
APPEALING AGENCY DESCRIPTORS



POSITIVELY AFFECTS OPINION OF AN AGENCY



WHEN WANT IN-DEPTH REPORTS



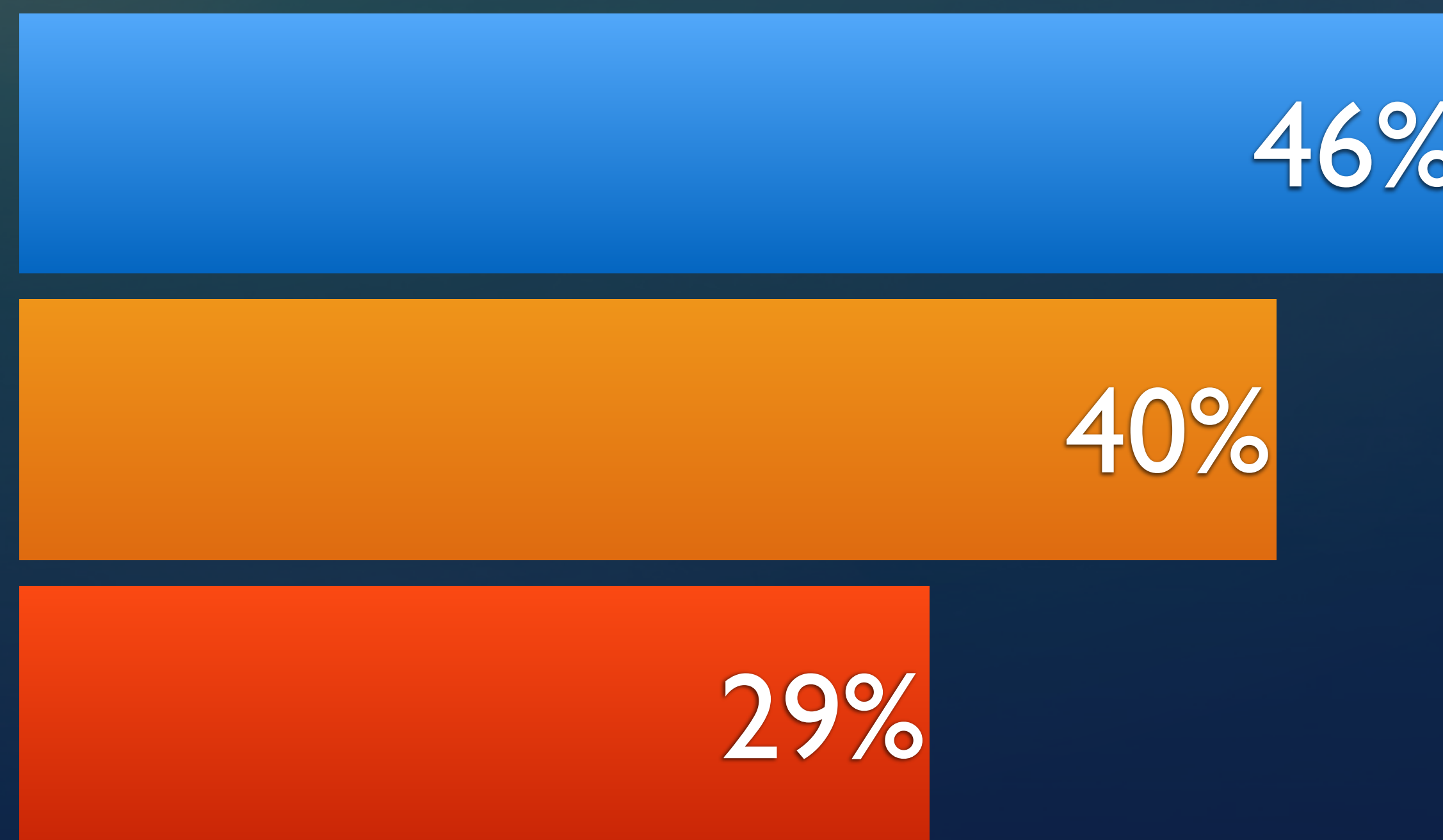
■ Relationship Builders
■ Staff Prioritizers
■ Savings Seekers

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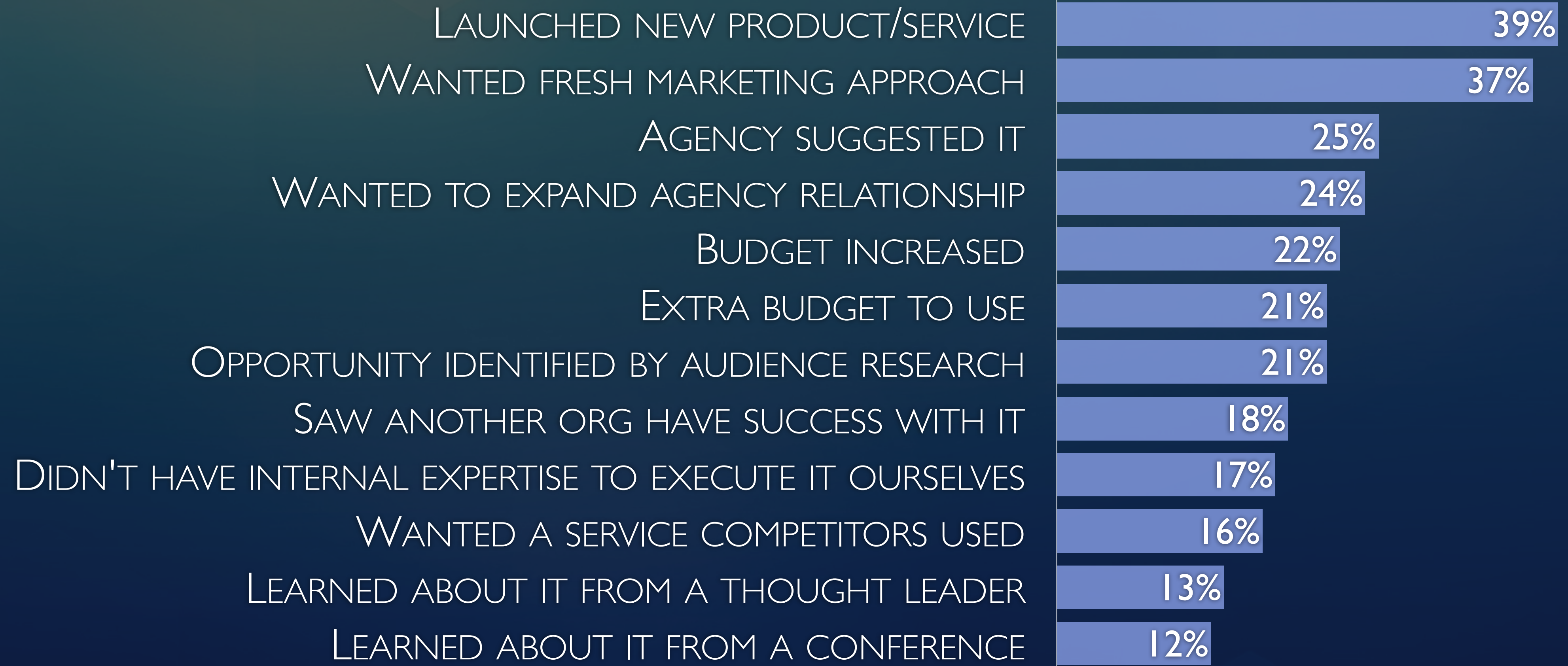
BUYING ADDITIONAL SERVICES

BOUGHT ADDITIONAL SERVICES LAST YEAR

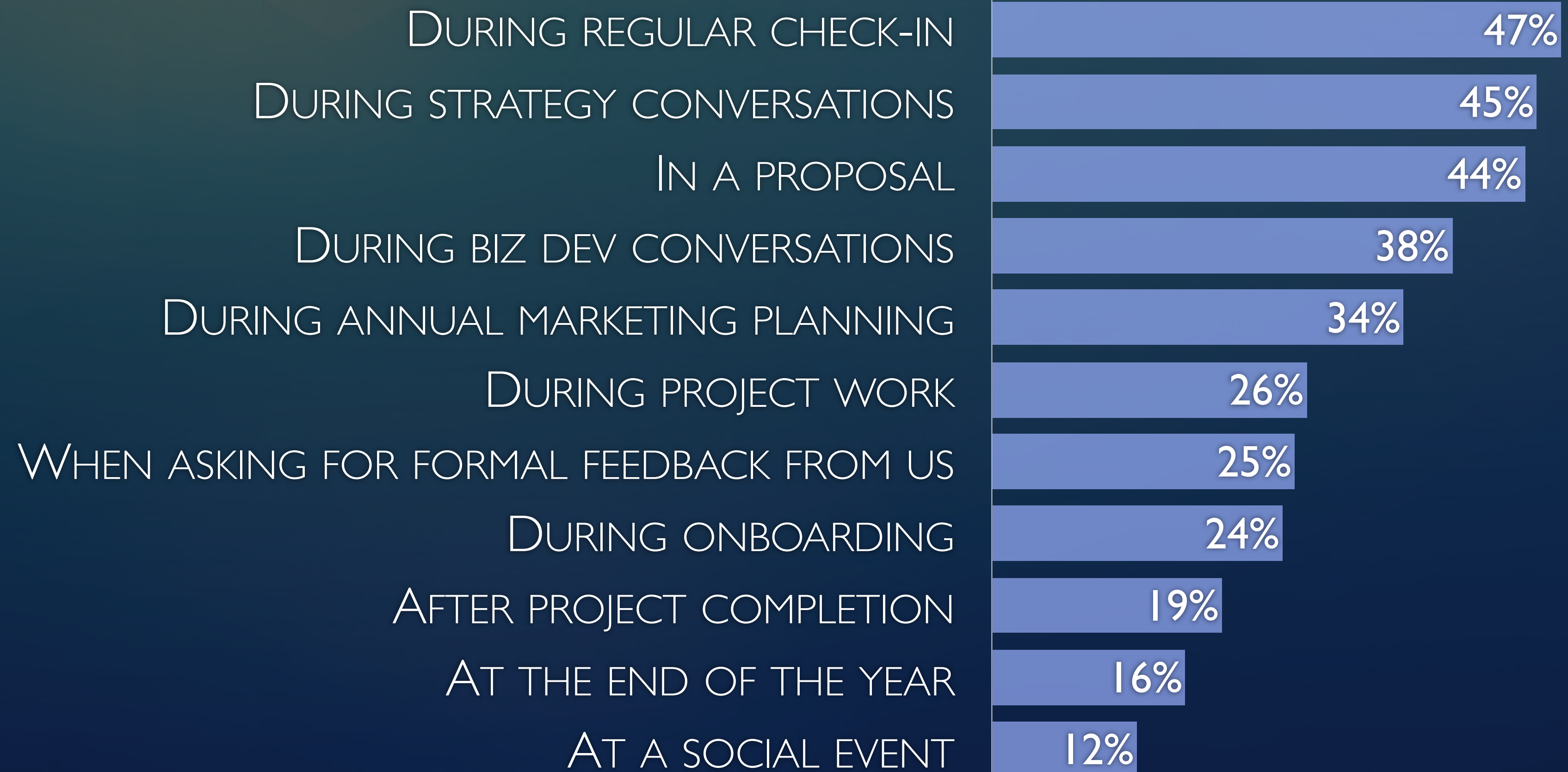


- Relationship Builders
- Staff Prioritizers
- Savings Seekers

WHY BOUGHT ADDITIONAL SERVICES



WHEN WANT TO BE PITCHED NEW SERVICES

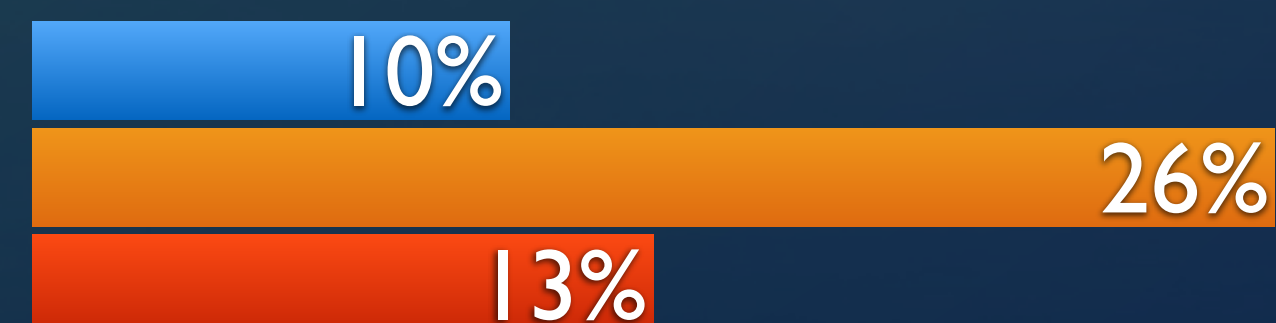


STAFF PRIORITIZERS MORE LIKELY

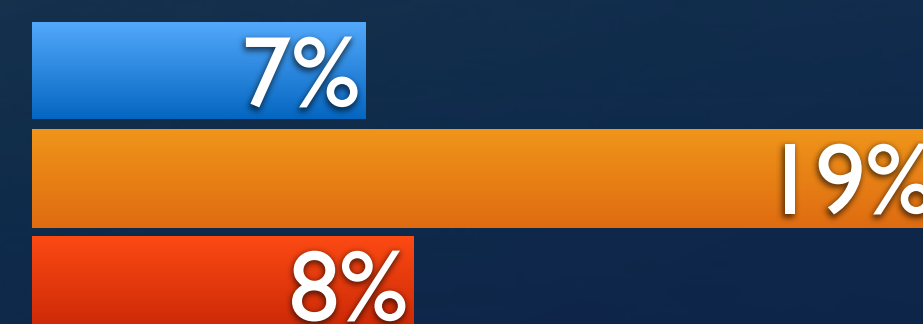
OPPORTUNITY IDENTIFIED BY AUDIENCE RESEARCH



SAW ANOTHER ORG EXPERIENCE SUCCESS WITH IT



LEARNED ABOUT IT FROM A THOUGHT LEADER

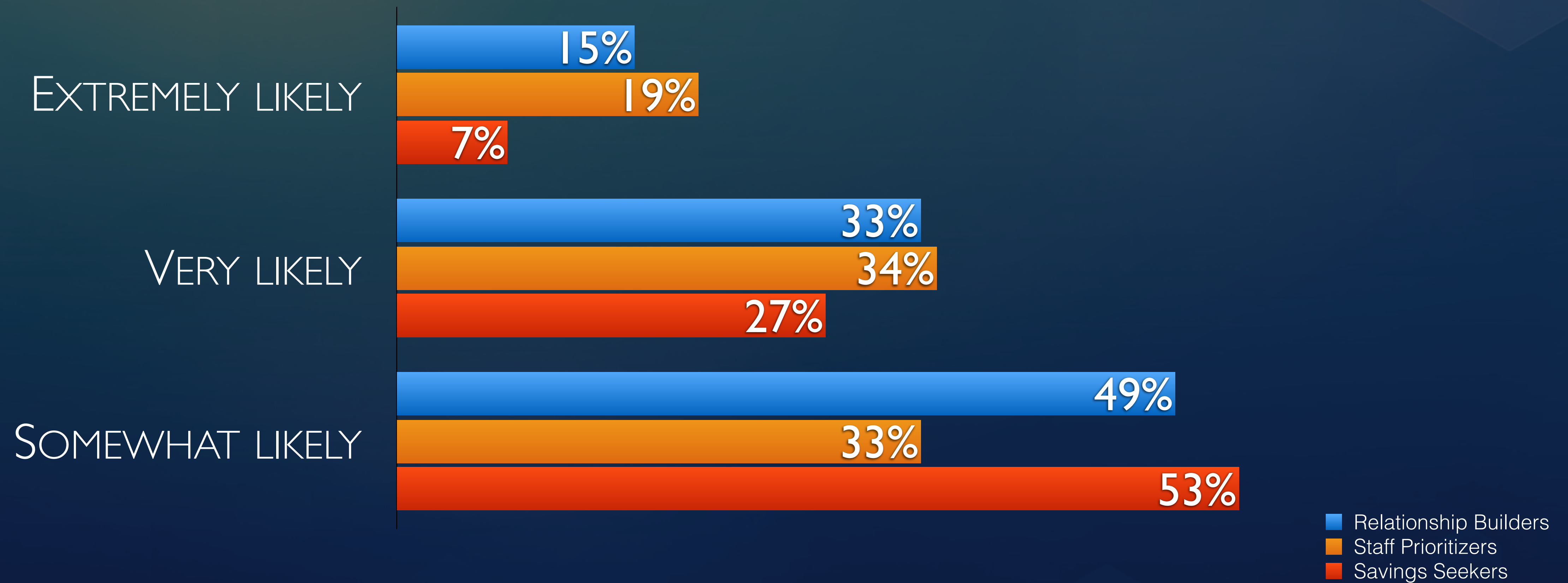


LEARNED ABOUT IT AT A CONFERENCE



■ Relationship Builders
■ Staff Prioritizers
■ Savings Seekers

LIKELY TO BUY NEW SERVICE FROM BEST AGENCY



RELATIONSHIPS WITH AGENCY LEADERS

- Who is most interested in social relationships with owners
- If not interested, why not
- Preferred social activities with agency owners
- How often they want communication with owners