



CreativeRace[®]

The Future of Relationships
Between Marketers and
their Agencies
March 2021

The future of relationships between marketers and their agencies

Business as unusual

At CreativeRace we'll help you understand what really drives the hearts, minds and spending patterns of customers.

Because when you can be an integral part of their lives rather just another distraction, you can outperform the market without having to outspend it.

As our market continues to evolve at a rapid pace, CreativeRace has carried out unique and unbiased research with UK Heads of Marketing to understand how agencies can best serve their evolving needs. For a number of years, the marketing landscape has experienced remarkable change at a speed unseen before now.

The digital revolution has transformed how we consume media forever, and is still doing so. New market entrants are disrupting categories and business models like never before, from Uber and Airbnb to Harry's and Just Eat.

On a broader level, we've experienced a continued series of socio-economic challenges and shocks. From the 2008 crash to Brexit, from Trump to the decline of high street retail. Then there's environmental issues and COVID-19, the defining challenges of our generation. This is definitely business as unusual.

So we wanted to check in with today's Heads of Marketing and CMO's, to better understand how to deliver on their needs in these unprecedented times. Working with YouGov, we surveyed marketing decision makers, asking questions about their challenges, relationships and views for the future – with agency perceptions central to their responses.

The findings were so thought provoking, we needed to gain more insight and context into some of the reasons for these results. So, we partnered with Prolific North to help us host a roundtable of leading CMOs from a cross-section of industries. There is plenty to consider in what follows for both marketers and agencies alike, I hope you find it as useful as we have.

Rob Shaw, CreativeRace CEO

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Most Heads of Marketing we surveyed would not miss agencies if they disappeared overnight. They expect them to change in the next few years and many don't trust them...

Executive summary

**All is not lost for agencies.
When we talked to a panel
of leading CMOs, they told us
they really value their agencies,
who they see as partners.**

They value relationships built on 'Positive Tension', where marketers and their agencies collaborate and are able to be honest, pushing each other to deliver the very best work.

They would miss the specialist expertise agencies bring, as the breadth of skills and disciplines required in today's marketing departments continues to increase. The world is moving fast, they need more experts to help them keep up.

So as the needs of marketers evolve, they need their agencies need to adapt too. Not only raising their creative game. Integrating this with better digital and PR. Powered by better insight, built on great data. Outperforming markets rather than outspending them. Able to stay ahead in an uncertain, busy world changing fast.

Methodology

At the end of 2020 we partnered with YouGov to carry out a nationally representative survey in order to support our own plans to develop broader capabilities and services in the coming months.

We recruited 1,000 marketing decision makers including 96 Heads of Marketing.

We asked 5 key questions focused on the expertise agencies offer and the quality of their relationships:

- **What would they like to see more of from agencies in the next five years?**
- **How important is cutting edge data and digital capability versus being able to understand what drives customer decisions?**
- **How much do they trust marketing agencies?**
- **How much do they think agencies prioritise solving client business issues over their own creative fame?**
- **If agencies disappeared overnight, would they miss them?**

Methodology

The results of the survey surprised us, so we decided to get under the skin of the responses to deepen our understanding of the context surrounding the state of play with brand and agency relationships.

This led us to partner with Prolific North in February 2021, to conduct an unbiased, in-depth roundtable session with leading CMOs from a cross-section of industries. The panelists were:

Liam Howley, Group CMO, Entertainment Magpie

Sam Dolan, Head of Marketing, Aunt Bessie's

Steve Leonard, Head of Marketing, Alder Hey Children's Charity

Hannah Squirrel, Customer and Marketing Director, Greggs

Leigh Peacock-Goodwin, Head of Marketing & PR, ATOM Bank

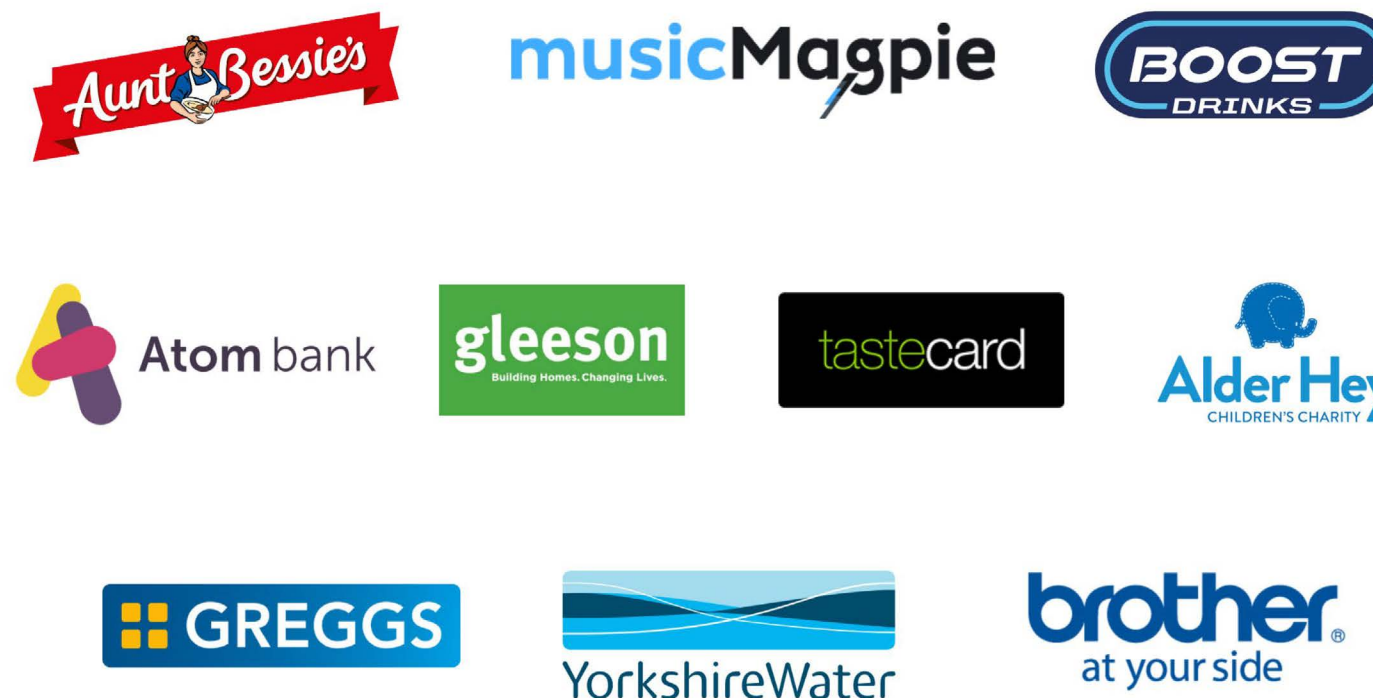
Anwar Sultan, CMO, Tastecard

Amanda Parkinson, Head of Marketing, Gleeson Homes

Aimee Linfoot, Head of Brand, Yorkshire Water

Michael Anderson, Head of Marketing, Brother UK

Adrian Hipkiss, Marketing Director, Boost Drinks



If agencies
disappeared
overnight,
most CMOs
wouldn't
miss them.

55.2%
of CMOs wouldn't miss their service

44.8%
of CMOs would miss their service

This key finding from the initial YouGov survey led us to question the long-term future of the relationship between marketers and their agencies, so we needed to dig deeper with the roundtable participants.

Only **45%** of the CMOs we surveyed agree they would miss agencies if they ceased to exist. Amongst all marketing decision makers, the number gets even smaller at **15%**.

It's fair to say that our panel of CMOs were equally concerned as the findings didn't resonate with their own experiences. Responses were unequivocal. They wondered why companies who were unhappy with an existing agency set-up, didn't seek to change or improve the relationship. The panel recommended that a bad agency relationship shouldn't lead marketers to write off the agency model, and they should simply seek better ones instead, as all agencies are not the same.

So, while many CMOs may not value their agencies, our panel believes it's the responsibility of marketers to find the right partners who suit their needs more.

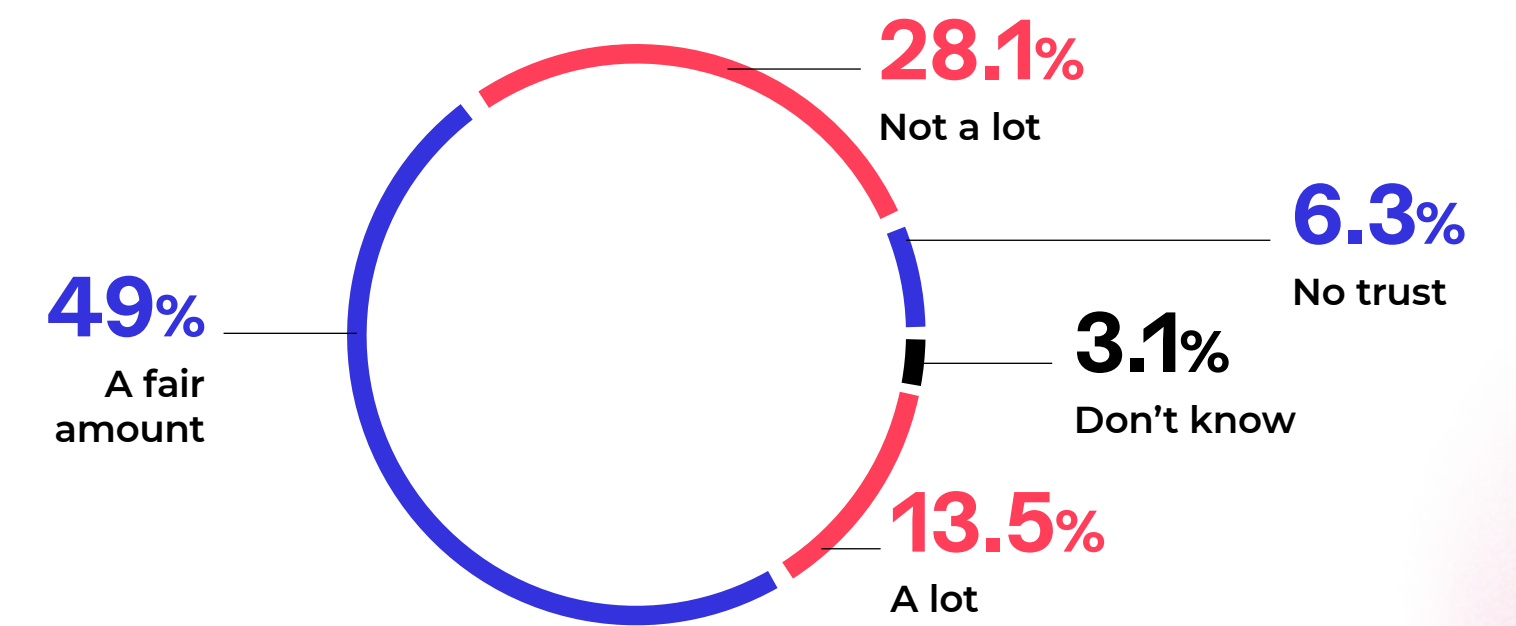
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**I'm absolutely staggered,
it's our responsibility as
marketers to get the most
out of our agencies.**

Hannah Squirrel, Greggs

Rebuilding trust is central to more valued relationships.

How much trust, if any, do you have in marketing agencies?



Overall, most CMOs agree they have a level of trust in agencies.

However, there is clearly work to do to build better relationships as **34%** of CMOs say they have little or no trust in agencies. There is a clear link between levels of trust and how much an agency is valued, since **60%** of CMOs who wouldn't miss their agency have little or no trust in them.

This concerned our panel, who agreed trust is central to valued partnerships. It was pointed out that agencies should look to be more transparent to improve trust levels, however, there was recognition that agencies need to make a profit and there might be challenges in fully aligning goals and shared interest.

Trust needs to be improved to allow agencies to rebuild valued relationships with CMOs. There is a way forward if agencies can be more transparent and show they have their clients' best interests as a priority.

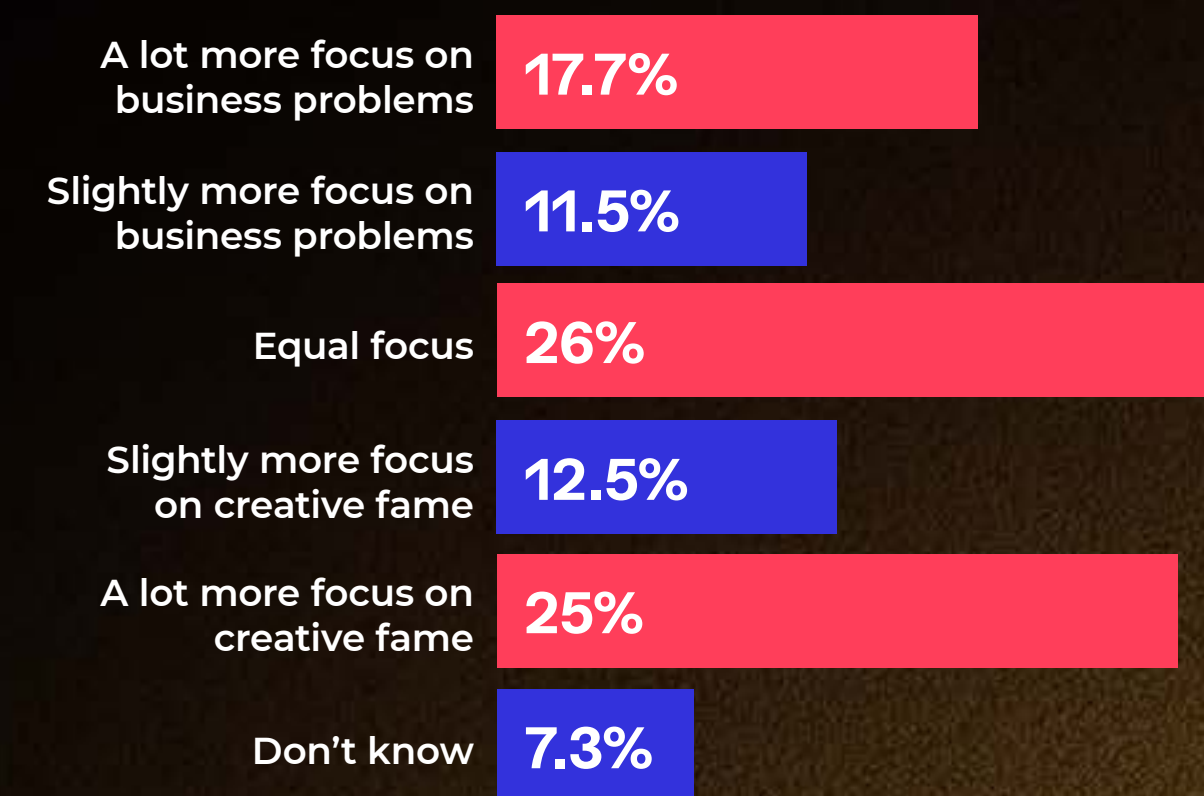
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Agencies are ultimately trying to make a profit and sometimes this means goals are not aligned.

Anwar Sultan, Tastecard

Most CMOs don't agree that agencies put client business first, but still want their agencies to push them.

How much focus do agencies have on client business problems over their own creative fame?



71% of the CMOs we surveyed can't agree that that agencies prioritise client business problems over their own creative fame. The figure is even higher for those who do not trust agencies, rising to **86%**, showing that aligning on business goals is central to successful relationships.

However, our panel was clear that creativity that makes their business famous is critical, because it's getting harder to cut through in increasingly crowded marketplaces.

So, they expect their agencies to push them into new territories because data from the Institute of Practitioners in Advertising, shows that Brand Fame is the most reliable strategy to build long-term ROI.

This discussion sheds new light on what kind of relationships work best: Positive Tension. Relationships honest and close enough to allow both sides to challenge each other, in order to get the very best work.

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**It has been proven that
the more creative fame
an ad has, the more effective
it is in the longer term.**

Leigh-Peacock Goodwin, Atom Bank

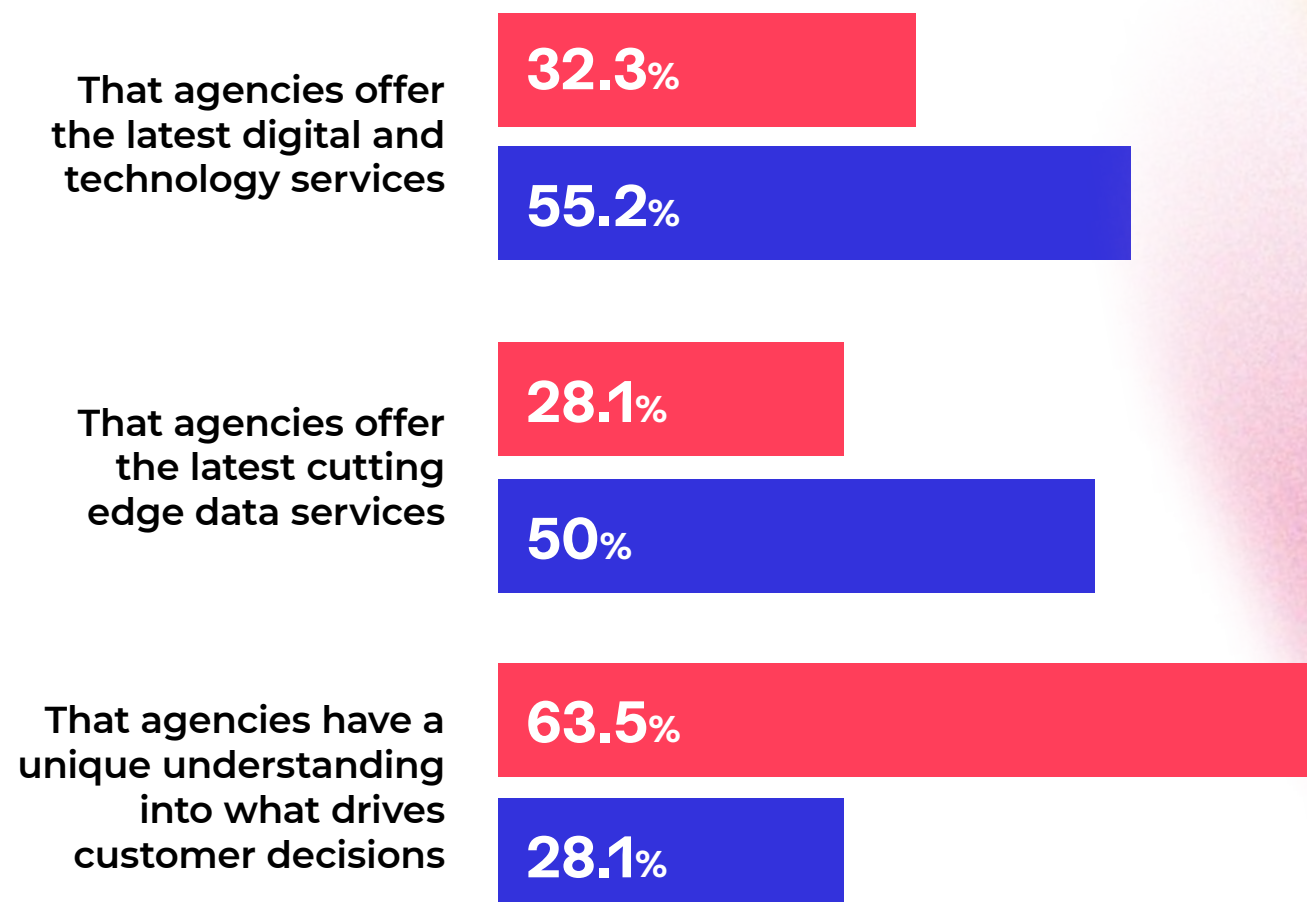
Agencies need digital and data capability, but it's great insight that sets the best agencies apart.

How important is the following to your business?



Very important

Fairly important



When we questioned CMOs on the relative importance of data and digital versus the core skills of generating insights into target customers, we found that customer understanding was fundamental. **63.5%** of CMOs believe a deep understanding of customers is very important, while only a third say the same about data or digital.

This isn't telling us agencies shouldn't offer these services within the mix, in fact half of CMOs believe data and digital are fairly important.

It's more that digital and data are not game changing skills anymore, they are prerequisites. In fact, our panel said that too much data can confuse rather than inform. They also said the best agencies deliver quality insight to cut-through in an increasingly competitive, complex and fast paced marketing landscape.

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Help with the why
is more important
than product focus.

Sam Dolan, Aunt Bessie's

CMOs are looking to achieve more with less.

What would you like to see more of from agencies in the next 5 years?



When we asked what CMOs wanted to see more of from agencies in the next 5 years, less than **10%** want them to stay as they are. Even those who would miss their agencies believe there is room for improvement and agency outputs need to work harder than ever.

45% of CMOs want help to make more of tighter budgets. Marketplaces have never been so crowded and they need cut-through more than ever, out-thinking competitors rather than outspending them.

A third require better digital and data capability, as we saw earlier, these skills are a prerequisite. However, creative and PR skills are in greater demand.

42% are looking for stronger creative ideas, while nearly **43%** require more PR that delivers results, a discipline able to build fame for brands without a hefty media spend, through a deeper understanding of the zeitgeist.

More integrated expertise to stay ahead in an uncertain, busy world.

The feedback shows that the best performing agencies need to focus on far more than specific services though, there is even more value to bring through better quality insight and the positive tension identified earlier.

43% wanted a more integrated offering, to provide access to more areas of specialist advice and expertise, for marketing teams that have to be generalists, covering a lot of areas.

Therefore, it's hardly surprising that **40%** of our survey reflected our panel's view that collaboration will be crucial so agencies can help their clients on the key issues they face, pushing each other towards the best work.

40% want the insight mentioned earlier to help adapt to the rapid changes in their market. As the pace of disruption on most categories continues, it's clear CMOs value an outside view built on customer understanding, so they can move more quickly than their competitors. So, the agency of the future will not only need to raise its creative game, it must integrate this with better digital and PR. All this needs to be driven by better insight, built on great data, so marketers can outperform their market rather than outspend them, able to stay ahead in an uncertain world changing fast.

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Agencies need to stay fresh; We want to see the specialism they can bring. Agencies need agility and adaptability, above all, being more progressive as new channels and new needs arise.

Adrian Hipkiss, Boost Drinks

Positive tension

While the findings in our survey gave us initial cause for concern, they also showed how agencies can rebuild their perceived value. We're grateful to the CMOs who gave their time to add further context and depth.

At the heart of valued marketer/agency relationships is the notion of Positive Tension. Long-term, honest, collaborative partnerships where both sides have permission to challenge and push into new territories. Is this what yours looks like?

- Do you have access to a broad mix of specialist experts who push you into new territories, across creative, digital, data and PR?
- Do they want to make your business famous or themselves famous?
- Are you both aligned to the same goals? Are you both transparent?
- Do you have a collaborative relationship where you both respect each other's different skills and experience?
- Do they deliver clarity in an increasingly complex, changing marketing landscape?
- Do they consistently deliver deep customer insight?
- Do they constantly push you forward, keeping you ahead of the curve? Do you invite them to?
- Do they help you Punch Above Your Weight? Delivering greater return on today's tighter budgets?

There are three key actionable themes to take forward.

More integrated offering across more disciplines

We found agencies still need to improve on the quality of their creative output, however that creativity needs to be applied to a broader range of marketing requirements. PR capability is in demand as much as strong creative ideas, while digital and data are no longer game changers but fundamental prerequisites. The more agencies break out of silos to deliver great work wherever it's needed, the more valued they will be.

Positive tension

CMOs want more collaboration, where agencies provide access to their specialist expertise to push marketers towards new territories. Agencies need to give CMOs confidence they are aligned behind their goals, but they want them to bring skills and experience to the table they don't have in-house.

Clarity in the clutter

The pace of change, media fragmentation and market disruption is getting quicker, it's getting harder to cut through to reach consumers who are filtering out marketing more, in increasingly competitive markets, with budgets that are often going down. So CMOs need better insight into their customers, to make better decisions on where to deploy their budget and outperform competitors without outspending them.

Brand marketers are adapting to business as unusual, the agencies that move forward with them will be the ones that succeed.

The question for agencies is - are you prepared to move forward? The question for marketers is - if you wouldn't miss your agency, why are you still with them?

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No. 1 Leeds, 26 Whitehall Road, Leeds, LS12 1BE | 0113 234 1630 | creativerace.co.uk