

What's on the minds of agency chief executives?

LONDON, UK / JOHANNESBURG, SA: The Independent Agency Selection & Search Company (IAS) and UK counterpart the AAR, recently conducted a survey and polled the top 25 CEOs of global advertising agency networks and 15 UK counterparts.



Five questions were asked to get a sense of some of the challenges they are currently facing.

The answers depict their feelings...

1. If you could wish for one thing from your clients, what would it be?

- A better understanding from clients of the complexities and economies of running an agency
- Payments based on ideas
- Braver clients who support big ideas
- Less reliance on research and quantitative testing
- More client boardroom discussions about marketing communications.
- An understanding of the real economies of our business

2. What are the three biggest challenges your agency network is currently facing?

- Talent acquisition and growth
- Trying to maintain internal levels of investment across people, technology and geographic growth
- Changes in technology, and the growth complexity of production
- Demonstrating effectiveness on client business
- Managing the apparent split within clients companies, between marketing and procurement agenda
- A lack of significant new business opportunities.

3. Are your clients relying on agency services more, about the same or less now than before 2008?

- Globally 60 % of client rely on agencies services
- 40% of UK clients rely on agencies services

4. Where there is an increase workload is being seen, is the agency being remunerated fairly, less than fairly or not at all?

- Globally 40% of agencies are being remunerated fairly
- 27 % of UK agencies are being remunerated fairly.

5. Does procurement act as a facilitator, a barrier or have little or impact on your agency's ability to better service

client needs?

- A disappointing but clear point of view is given from 60% of CEO's, who agree that procurement generally prevents them from being a better agency to service their client needs.

"After sharing this research at the Winning New Business masterclass, we found that South African advertising CEO's have the similar views about clients, if not the same," says Johanna McDowell, IAS MD.

Conclusion

There is little that's surprising in the issues both global and UK CEO's have over the challenges they face. What is evident is the strength of feeling with which these concerns were expressed. If inward investment is not re-introduced to a significant degree, the sense is that not only will agencies suffer, but as a result, their clients will too.

The challenges identified are linked to increased pressure being placed on agencies, which are often met by a less than fair (if any) increase in remuneration, this creates greater pressure on margins, thus exacerbating the lack of inward investment.

Beyond a general economic upturn, there appears to be little that will significantly change this overall situation.

The perceived gap between procurement's lack of support of agencies, and agencies desire for their endorsement as genuine business partners remains worryingly wide.

It is generally recognised that the more clarity agencies can create in linking the impact of their actions to the impact on clients business, the greater chance of success they will have in justifying the value they believe they contribute.

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