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The Next Wave Of Agency Growth

Demand For Creativity, Analytics, And Consulting Signals Growth Opportunities

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Executive Summary

As brands and agencies emerge from the shocks of the COVID-19 pandemic and into headwinds of economic uncertainty, they face a heightened need for digital marketing to be an engine for growth. As Forrester predicted last year, in 2022, the pendulum is swinging back toward creativity providing CMOs the distinction their brands need to attract customers, and the catalyst that agencies need to further evolve their models.[1] The CMO's future marketing partner will employ new and complex constructs of talent, technology, and creativity to deliver accountability, business impact, and differentiation.

In July 2022, Google commissioned Forrester Consulting to assess what this means for the future of agencies and unearth opportunities for growth. To explore this topic, Forrester conducted a global online survey of 2,059 senior digital marketing decision-makers at brands of all sizes and 2,152 senior decision-makers at digital marketing agencies. We found that three forces shape the future of agencies: consumers' embrace of digital and craving for novelty, clients' expectations for differentiation and accountability, and advertising landscape shifts including a proliferation of publishers, privacy changes, and the rise of automation. While familiar and new challenges create hurdles for agency growth, client demands signal opportunities in creative, data and analytics, and consulting.

Key Findings

Brands need agile, results-driven agency partners to tackle consumer and advertising landscape shifts. Consumers are digitally dispersed, particular about privacy, and experimental while evolving online consumption habits disrupt the advertising landscape. To adapt, brands require agile, results-driven agencies that can continuously improve customer experience with tailored creative and relevant marketing strategies. To address more strategic and complex client needs, agency leaders focus on capabilities, talent, and technology initiatives.

Talent challenges, legacy business models, and new sources of competition pose hurdles to agency growth. Brand and agency respondents both reported skills and talent as one of the biggest challenges within the agency ecosystem. Agency respondents also highlighted familiar challenges with client cost cutting and legacy business models not aligning with the growing demand for specialist services. Additionally, competition from consultancies for high-value projects is a greater concern this year.

Brand demand signals agency growth opportunities in creative, data privacy and analytics, and consulting. Brands will increasingly require agency support for creative strategy and execution, privacy-compliant customer insight and marketing analytics, and consulting on media, technology, and digital transformation. Leading agencies seek to meet these needs by building capabilities and working with the right specialist and technology partners.

Brands And Agencies Must Tackle Consumer And Ad Landscape Shifts

The CEO of a full-service agency in EMEA said, “The last two years have been very turbulent, not just with [the COVID-19 pandemic], but also with privacy changes, implementation of automation, and just a lot less being controllable by the agency.” Our global study of senior leaders at brands and agencies reinforced this view and revealed three forces shaping the agency ecosystem as agencies emerge from the tectonic shocks of the pandemic: consumers’ embrace of digital and craving for novelty, clients’ expectations for differentiation and accountability, and platform changes forcing a rethink of agency business models and value proposition.

What do these mean for the future of agencies? Let’s start with consumer shifts. Our 2020 EMEA study revealed consumers’ preference of relevant content over untailored ads and their increasing use of privacy-protection tools.[2] Two years later, consumer behavior is evolving further, and our global study found that brands and agencies want to adapt marketing strategies to consumers who are increasingly:

- **Digitally dispersed.** Consumers are on more online channels than ever, and marketers and agency leaders consider this as one of the most important trends for digital marketing strategy. Seventy five percent of surveyed marketers and agency leaders consider consumers’ reliance on multiple digital channels for information on brands as an important trend, and around 70% said the same about disjointed purchase journeys that combine several online channels.

- **Particular about privacy.** As the privacy landscape evolves, brands and agencies must understand their customers’ expectations and concerns to ensure that they’re correctly applying contextual privacy practices. Forrester research indicates that consumer attitudes towards privacy and data sharing vary based on context, and there are clear geographic and demographic divides in preferences.[3,4] Marketers (77%) and agency leaders (84%) unsurprisingly consider consumer privacy expectations and concerns as one of the most important factors impacting marketing strategies.

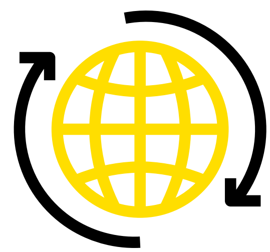
- **Empowered and experimental.** After the pandemic scrambled their worlds, consumers are flexing creativity as they test new ways to work and live. They are driving a culture of experimentation and novelty, and they look for brands to do the same.[5] This is top of mind for marketers in our study, with 70% stating that investing in creative differentiation and customized engagement is a critical or high priority for their organization.

Empowered consumers are drawn towards privacy-compliant, novel, and relevant online experiences, and marketers recognize the need to improve the quality of interactions prospects and customers have with their brands. Improving customer experience, personalization, and customer engagement are top priority initiatives for over 72% of marketers.

BRANDS SEEK AGILE, RESULTS-DRIVEN AGENCIES TO TACKLE CONSUMER AND AD LANDSCAPE SHIFTS

Marketers reinforced their organizations' needs for agency support to achieve marketing objectives. Our 2020 EMEA study revealed that brands expect agencies to be strategic partners and to provide customer-first strategies that drive demonstrable growth.[6] Demonstrating measurable results from digital marketing strategies (68%) and demonstrating the agency's role in achieving business goals (71%) continue to be among the top factors defining successful agency relationships according to global marketers in 2022. The top requirement, however, is agility: 75% of marketers said the agency's ability to adapt services and capabilities according to their company's needs is important for successful relationships.

These needs from agency partners are more strategic and complex than ever. Continuously improving customer experience with high-quality, tailored creative and relevant marketing strategies is key for agencies to become better strategic partners (see Figure 1). This has become more critical with the proliferation of new and emerging channels for online



"There's a ton of change happening in the ecosystem [with] the media mix [and] platform shifts. Then [with] data and privacy, there's regulation, there [are] platform changes, [and] there's the importance of first-party data."

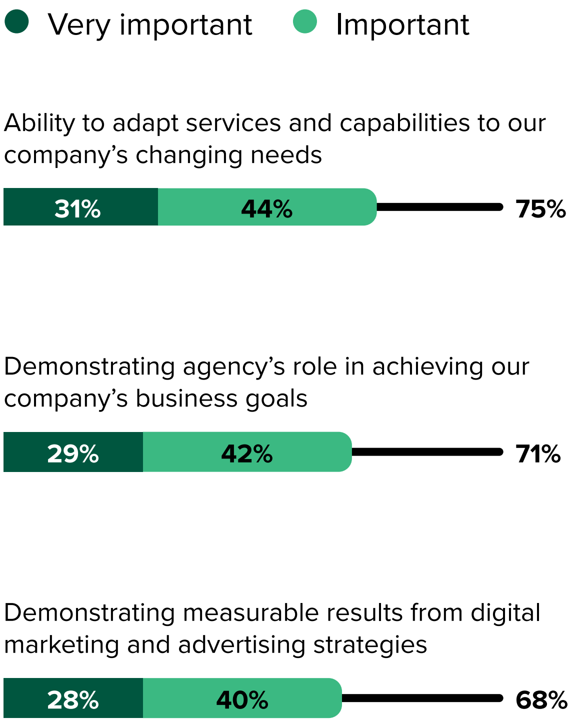
- CEO, performance marketing agency, Americas

consumption. One CEO of a performance marketing agency in the Americas noted: “On the publisher side, there's a lot of emerging players and shifts in terms of media mix and where advertising dollars are getting deployed [by brands]. And then we’re seeing headwinds in the streaming space on what an ad-supported model could look like.”

Figure 1

BRANDS

“How important are the following factors in determining the quality of your company's relationships with agencies?”



“Which of the following do agencies need to do to become better strategic partners to your business?”

Base: 2,059 senior digital marketing decision-makers at brands that work with a digital media agency
Note: Showing top results.
Source: A commissioned study conducted by Forrester Consulting on behalf of Google, August 2022

AGENCIES PRIORITIZE CAPABILITIES, TALENT, AND TECH TO MEET MORE STRATEGIC AND COMPLEX CLIENT NEEDS

Agencies are hyperfocused on growth through new business and client retention: New client acquisition (81%) and improving client retention (72%) are among the top critical and high priority initiatives for agency leaders. Top of mind for agency leaders is the need to address the more strategic, complex needs of brands. One partner of a full-service agency in APAC noted: “We’re used to getting channel-level needs, such as, ‘I want someone to run my ads on X platform.’ And now we’re getting problems like, ‘I need someone to help me grow.’” A SVP at a digital marketing agency in APAC added: “[Brands] are starting to think about it from a strategy [perspective] to see how they can target more-valuable consumers. So they look for agencies to help them improve their marketing strategy or campaign strategy or product strategy.”

To improve their ability to meet more strategic and complex client needs, agencies prioritize (see Figure 2):

- **Expanding capabilities.** Expanding agency capabilities to create new revenue opportunities is a critical or high priority for most agency leaders (77%), and it tops the list of priority initiatives in all regions. For EMEA agency leaders, this was a top-ranking priority in 2020 as well, both pre- and post-pandemic (75% and 71%, respectively). This year, global agency leaders are not only focused on expanding capabilities, but also creating new capabilities based on consumer adoption trends (72%).

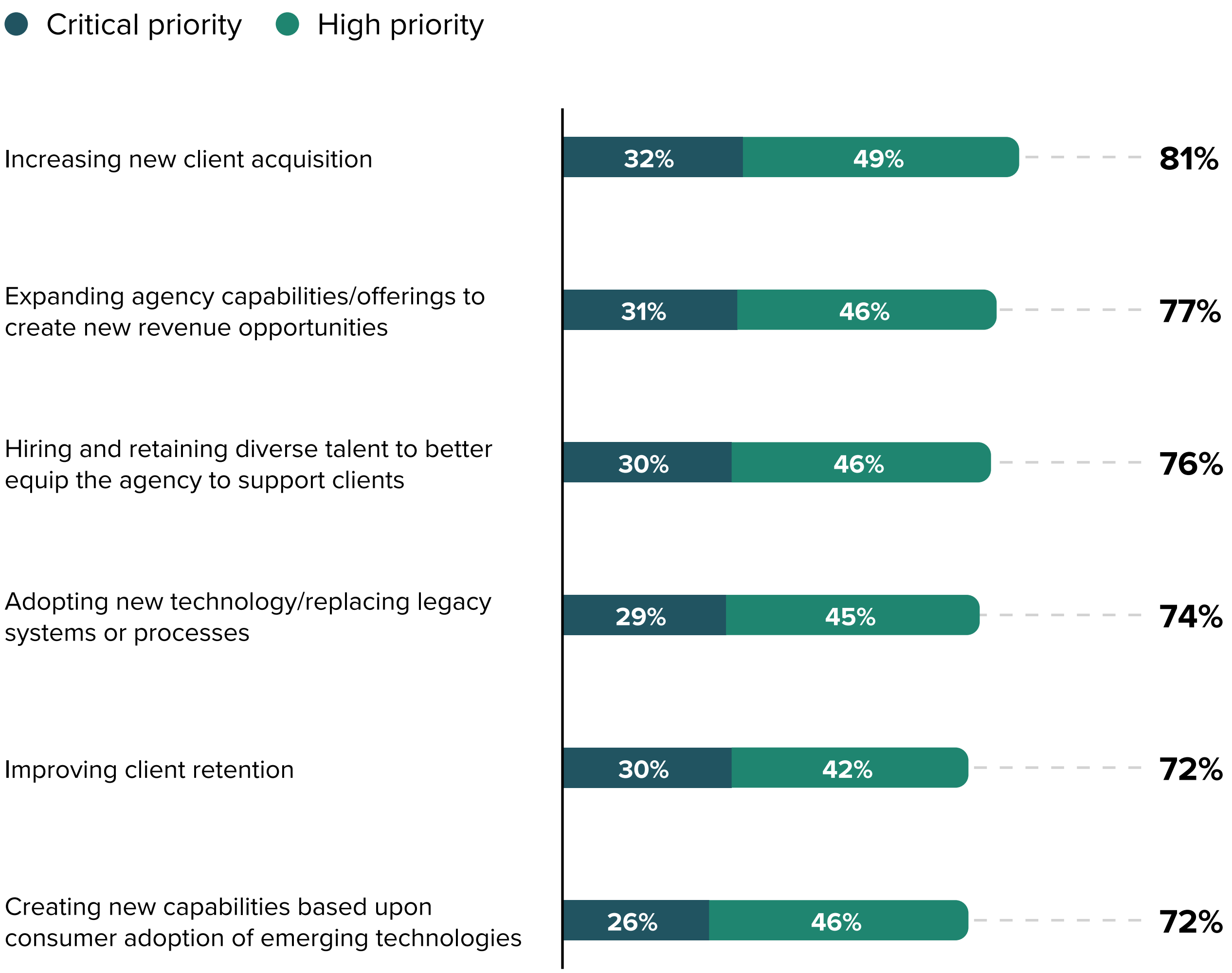
- **Acquiring and retaining talent.** Hiring and retaining diverse talent to better equip the agency to support client needs is a top priority for agency leaders (76%). This was the second highest priority in APAC (79%) and the third highest priority in the Americas (78%) and EMEA (74%). The type of skills and talent agencies now require go beyond digital marketing. One SVP of a digital marketing agency in the Americas said, “When you’re thinking about client businesses and strategies, you have to be staffed with really strong, savvy people who understand business and not just media.” The rise of automation is also a driver of the types of skills agencies seek: While martech drives best results through automation, agencies are more focused on hiring agile team members who can provide strategic support on growth, deliver insights, and differentiate on creative.

- **Enhancing technologies.** Adopting new technology and replacing legacy systems was the top-ranking priority for EMEA leaders in 2020, with 76% considering this a priority pre-pandemic and 73% saying the same post-pandemic. This continues to be in the top set of priorities for global agency leaders, with 74% considering this a critical or high priority.

Figure 2

AGENCIES

"How much of a priority are the following initiatives for your agency?"



Base: 2,152 senior leaders and decision-makers at digital marketing agencies
Note: Showing top responses for 'Critical Priority' and 'High Priority'.
Source: A commissioned study conducted by Forrester Consulting on behalf of Google, July 2022

Talent, Business Model, And Competition Are Hurdles

In 2020, our studies in EMEA and the Americas revealed that agency value was under scrutiny by brands: Their satisfaction on agency value relative to their cost/fees lagged behind agencies' self-evaluations.[7] The 2022 global study revealed that this disconnect in value exchange has not changed, with only 56% of marketers stating they are satisfied or very satisfied with agency value compared to 80% of agency leaders who consider the value they provide clients as good or excellent. Marketers revealed the root causes of dissatisfaction are (see Figure 3):

> "The war for talent is real, and that would be our key bottleneck to growing faster."
>
> **- Strategy director, digital agency, EMEA**

- **Skills and talent.** Marketers globally reported this as the biggest challenges with their agency rosters, and as we saw from agency priorities, this is top of mind for agency leaders to address. In EMEA, this has become a bigger problem since 2020, as 44% of marketing leaders at brands reported this as a challenge compared to 55% now. Interviewees from agencies highlighted talent acquisition and retention as one of their organization's biggest challenges. One group director at a full-service agency in the Americas said: "Talent acquisition is always a struggle for a lot of reasons. One is rising costs and being able to meet those at different bands for different skill sets."

- **Creative capabilities.** Globally, this is the second biggest challenge marketers face with their agency rosters, and this is the top challenge in the Americas. Previous years' data indicates that this is also a bigger challenge now for EMEA because 39% of marketers cited this as a challenge in 2020 compared to 49% this year. Agency partners are not currently meeting clients' heightened need for creative differentiation.

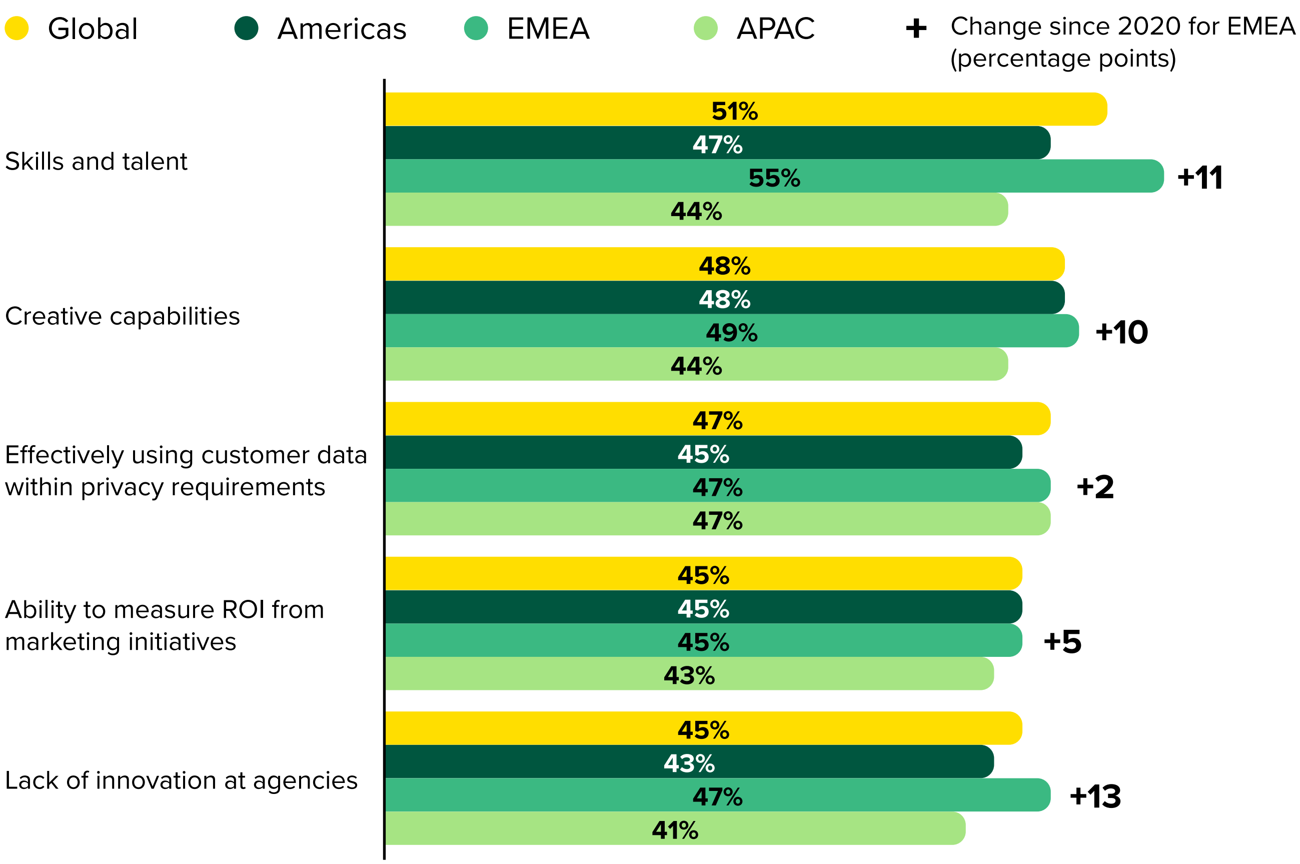
- **Effective and privacy-compliant use of customer data.** Globally, this is the third biggest challenge marketers face in 2022. As the privacy landscape and consumer expectations evolve, brand respondents indicated that agencies are not meeting their requirements in this area. Most agency leaders we interviewed noted the impact of privacy changes on areas such as targeting and measurement. In EMEA, this has remained a top concern for marketers for two years: 47% reported this as a challenge in 2022 compared to 45% in 2020.

One partner of a full-service agency in APAC summarized what these challenges mean for agencies and their clients. They said: “Agencies and marketers need wider capabilities. If you think of data erosion and a cookieless world, we obviously need to not just have media or measurement skills, but creative skills because we can’t target as precisely as we used to and we can’t measure as precisely as we used to.”

Figure 3

BRANDS

“What are your organization’s top challenges with your roster of marketing agencies?”



Base: 2,059 senior digital marketing decision makers at brands that work with a digital media agency
Note: Showing top results.
Source: A commissioned study conducted by Forrester Consulting on behalf of Google, August 2022

AGENCIES STRUGGLE WITH CLIENT COST CUTTING, BUSINESS MODEL CHALLENGES, AND COMPETITION

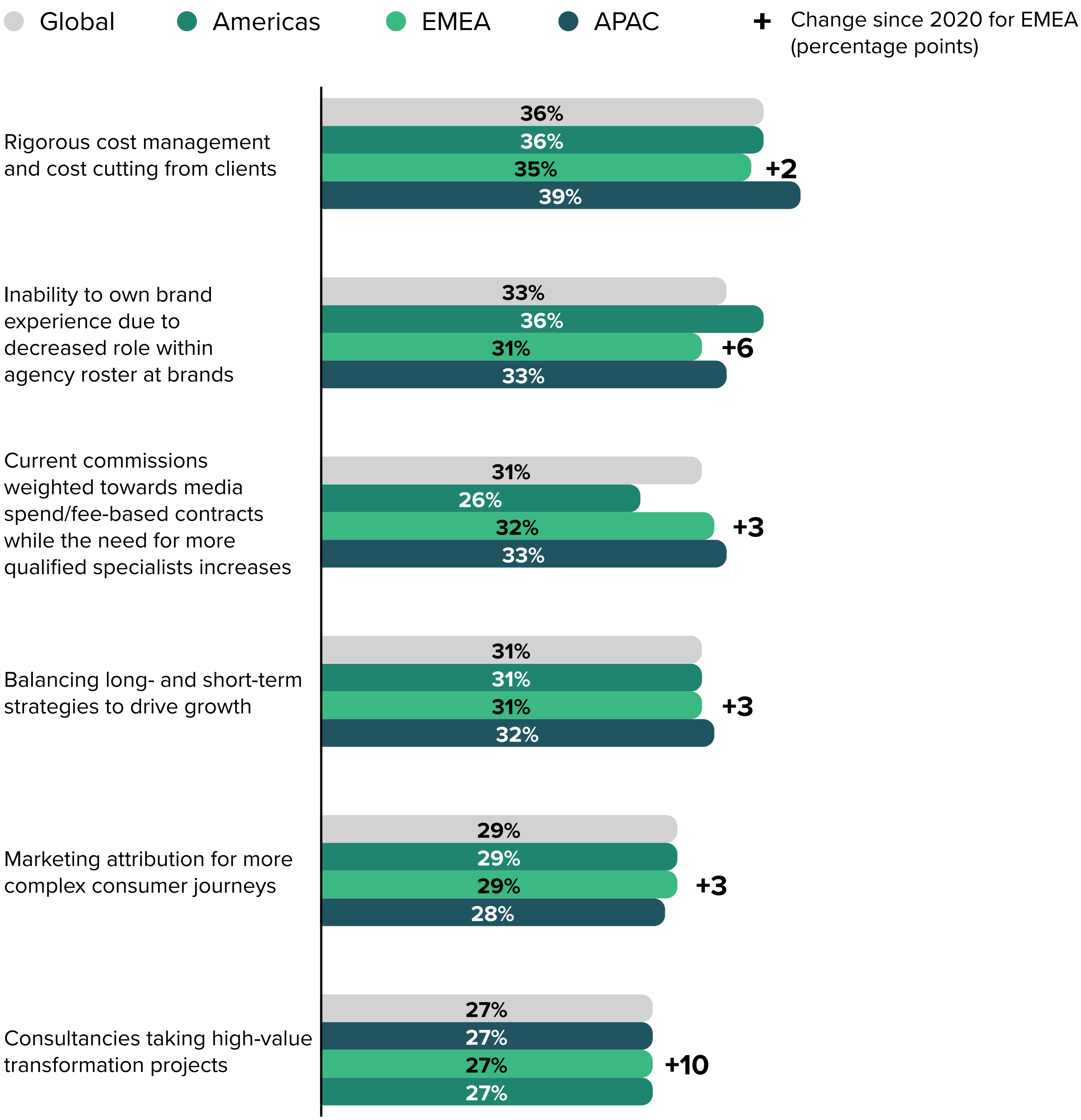
Agency data further reveals the disconnect in agency-client value exchange. Around a quarter of agencies struggle with brands' needs for seamless execution across campaigns and with the need to anticipate client needs and build capabilities that match industry shifts. Agency leaders reported their organization's ability to meet these client needs is hindered by familiar and newer challenges, including (see Figure 4):

- **Reduced budgets and influence at brands.** Rigorous cost cutting is the top challenge reported by agency leaders, followed by the reduced role within the agency roster at brands. Client cost cutting is a slightly bigger challenge for APAC agencies compared to those in other regions, while the reduced role within agency rosters is a bigger problem for EMEA agencies now (31%) compared to in 2020 (25%).
- **Legacy business models not aligned to demand for specialist services and long-term growth strategies.** While agencies prioritize enhancing capabilities and services to meet brand needs, they struggle with adapting their pricing models as the need for more specialist services grows. They also struggle to balance long- and short-term strategies for growth, while attribution becomes more difficult due to the increasing complexity of customer journeys. These are familiar challenges since respondents from EMEA agencies reported the same top challenges in 2020.
- **Competition from consultancies for high-value work.** More than a quarter of agency respondents stated that consultancies taking high-value projects is a top challenge. In EMEA, the proportion of agency respondents concerned about this rose from 17% in 2020 to 27% in 2022, indicating that as agencies move towards providing more strategic, consultative services, they face a new set of competitors.

AGENCIES

Figure 4

"What are the main challenges that impact your ability to meet clients' needs, both external and within your current business model/organizational structure?"



Base: 2,152 senior leaders and decision-makers at digital marketing agencies
Note: Showing top results
Source: A commissioned study conducted by Forrester Consulting on behalf of Google, July 2022

Demand For Creative, Analytics, And Consulting Signals Growth Opportunities

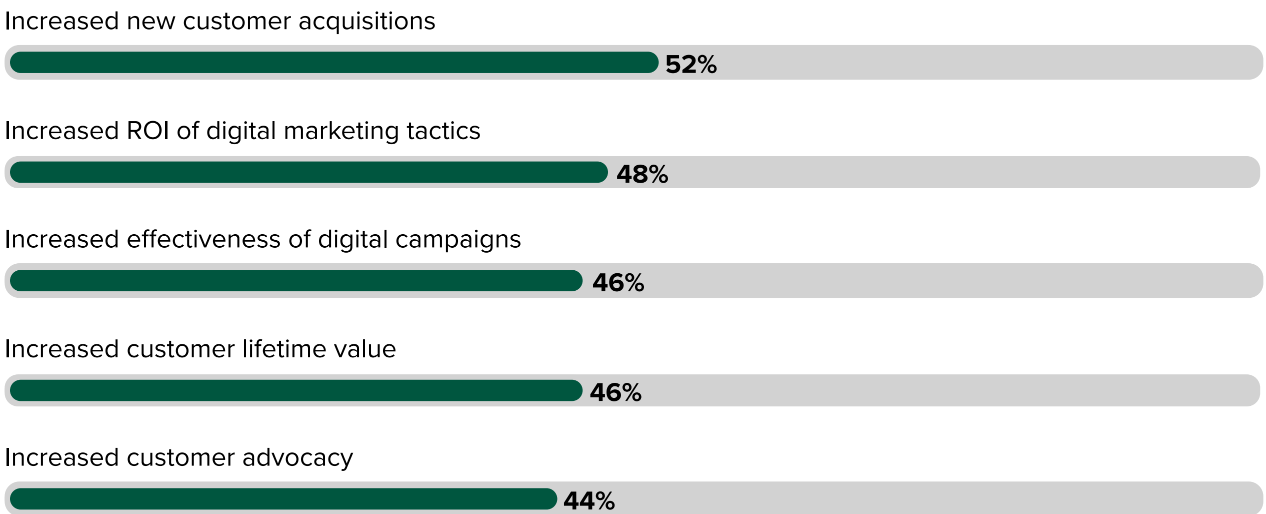
Despite a disconnect in value exchange, brands' reliance on agencies is stronger than ever, and it's set to grow. Brand respondents recognize the positive business impacts their organizations have experienced from working with agency partners on customer acquisitions, lifetime value, and ROI/ effectiveness of digital marketing (see Figure 5). As a result, 79% of marketers indicated their brands plans to increase spend on agency partnerships during the next 12 months. Seventy-seven percent said their organization also plans to increase its marketing budget in the next 12 months, despite uncertain economic conditions. They plan to lean on agencies to ensure effective marketing strategy: EMEA marketers indicated that their organization's agency partners have more influence on their marketing strategy compared to two years ago.

> 79% of marketers indicated their companies plan to increase spend on agency partnerships during the next 12 months.

Figure 5

BRANDS

"What business impacts has your organization experienced as a result of working with agency partners?"



Base: 2,059 senior digital marketing decision-makers at brands that work with a digital media agency
Note: Showing top results.
Source: A commissioned study conducted by Forrester Consulting on behalf of Google, August 2022

BRANDS WILL CONTINUE TO LEAN ON AGENCIES FOR EXECUTION AND ARE RECONSIDERING IN-HOUSING

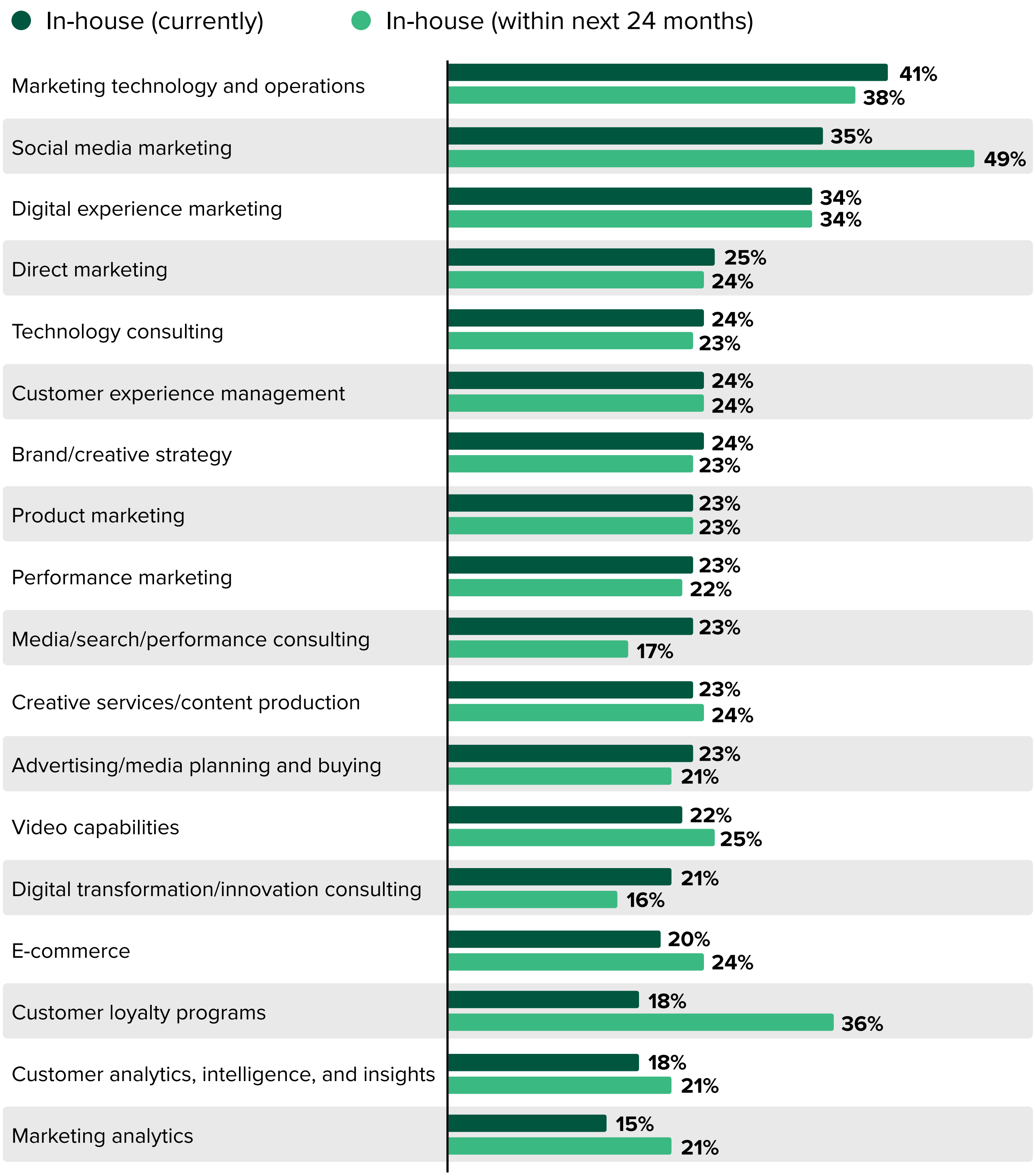
Brands continue to require agency support for “traditional” media and performance execution. Our study revealed that most brands will continue to need agency support on media planning/buying and performance marketing, with 76% or more brand respondents stating their organization needs agency support in these areas currently and within the next 24 months. An SVP of search at a digital marketing agency in the Americas' noted that although brand needs are becoming more strategic, they still rely on agencies for execution. They said: “We are getting much more strategic asks from clients and in RFPs and pitches, such as, ‘How do we prioritize growing our market share and serving our existing customers?’ So, the relationships with our clients are evolving, but they’re not evolving away from the need for specialist execution and insights in-channel. [It’s] not a lesser need for execution, but more of a need for integrated strategy.”

In-housing of marketing capabilities appears to be slowing down overall. The top three activities that marketers in EMEA and the Americas were conducting in-house in 2020 were marketing technology and operations, social media marketing, and digital experience marketing. Between 40% and 55% said these areas were in-house already or would be in the next few years. These areas have remained top of the list for in-housing in this year’s study, however, the figures have dropped to between 34% and 41% (see Figure 6).

The interviewed SVP of search highlighted that this could be due to the rapid pace of change in the digital marketing ecosystem and the important role of agencies in this context. They said: “A lot of [brands] have experimented with in-housing at some point and are coming back to agencies — not because their in-house teams weren’t good. It’s because it’s difficult to stay on top of everything with the rate of change and how quickly things are evolving. A key role that agencies can play is just providing that context from the breadth and depth of the client relationships they have.”

Figure 6

"Where are each of the marketing functions below performed? Where do you expect these marketing functions to be performed within the next 24 months?"



Base: 2,059 senior digital marketing decision-makers at brands that work with a digital media agency
Source: A commissioned study conducted by Forrester Consulting on behalf of Google, August 2022

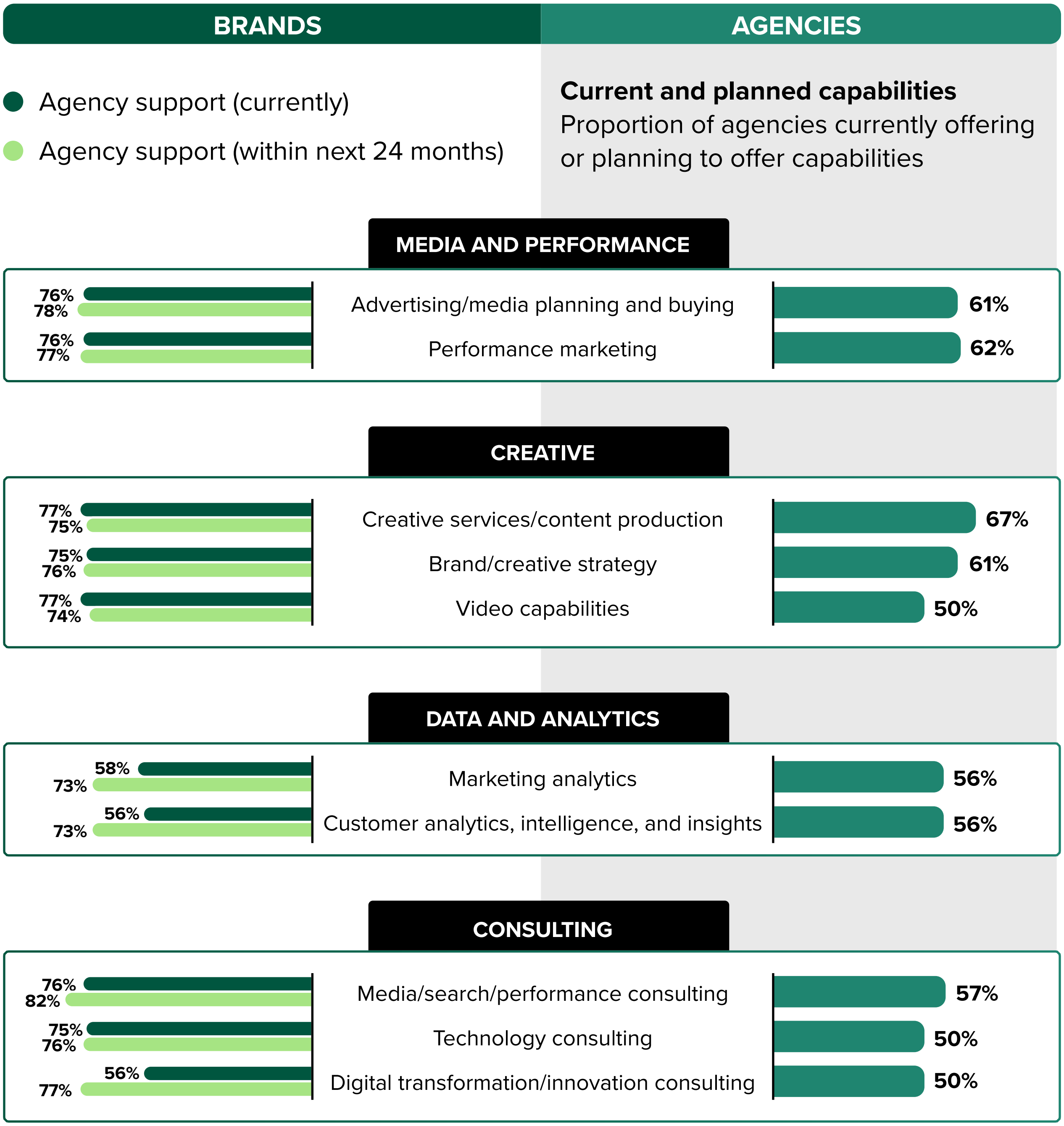
BRAND DEMAND INDICATES GROWTH OPPORTUNITIES IN CREATIVE, DATA ANALYTICS, AND CONSULTING

Comparing brand demands with agencies' current and planned offerings reveals gaps in demand and supply where agencies can find growth opportunities (see Figure 7). These are:

- **Strategy and execution for differentiated creative and content.** More than 74% of surveyed marketers stated their company requires agency support in creative capabilities including brand/creative strategy, creative and content production, and video capabilities. More than two-thirds of agency leaders in our study reported that their firm provides creative services and content production, and 61% said their firm provides brand/creative strategy. Only 49% of their firms provide video capabilities.
- **Data and analytics to improve customer understanding and marketing effectiveness.** The proportion of brands requiring agency support for customer analytics, insights, and intelligence will rise by 17 percentage points within the next 24 months. Similarly, the proportion seeking agency support for marketing analytics will rise by 15 percentage points within the next 24 months. However, only 56% of agency respondents said their firm currently provides or plans to provide these capabilities. An executive director at a digital media agency in APAC noted the growing importance in data analytics and data science due to privacy changes. They said: "Because we won't have any [consumer] identifiers, we have to move into AI, predictive, machine learning models, and probabilistic attribution models. The development of new ways of tracking and attributing which can bridge the walled gardens and ecosystems out there and still show the same efficacy is the thing that keeps me awake at night."
- **Consultative support to enable media, technology, and digital transformation.** A majority of surveyed marketers (76% or more) said their company will need consultative support from agencies for media/search/performance, technology, and digital transformation/innovation within the next 24 months. For digital transformation/innovation consulting, this figure rises from 56% who said their firm currently needs support to 77% who said their firm will need support in the next few years. With 57% of agencies providing media/search/performance consulting and only half providing technology or digital transformation consulting, there is a clear gap in these services compared to demand.

Figure 7

“Where are each of the marketing functions below performed? Where do you expect these marketing functions to be performed within the next 24 months?”



Base: 2,059 senior digital marketing decision-makers at brands that work with a digital media agency and 2,152 senior leaders and decision-makers at digital marketing agencies
Source: A commissioned study conducted by Forrester Consulting on behalf of Google, August 2022

Build Or Partner On Capabilities For Growth

The forces shaping the consumer world, the advertising landscape, and agency ecosystem form a pivotal moment for agencies. For agencies that wish to be future-ready and capitalize on the growth opportunities emerging from client needs and demands, business as usual will not work. Surveyed marketer and agency leaders indicated changes in business and delivery models are already under way, such as moving to:

- **Outcome-based compensation structures.** Brands' expectations for agency delivery of results has been solidified in business models. Our 2020 study revealed that agencies and brands in the Americas and EMEA expected to move from fixed-fee compensation structures, such as retainers and project-based models to outcome-based compensation, such as performance- and commission-based models. Two years later, the majority of brands and agencies have transitioned into these models as expected.
- **Partnership-based delivery models.** As marketing needs become more complex, many CMOs are turning to frictionless marketing partner models to improve integration and deliver better consumer experiences. According to Forrester research, nearly a third of CMOs at larger organizations intend to integrate creative and media assignments to boost marketing impact.[8] Agency respondents in our study said their firms are adapting delivery models based on these moves, with one managing director of an EMEA performance marketing agency explaining: "For us, there's no way to be a full-service agency. We want to work with different agency partners that are also specialists in their respective fields — like SEO or product optimization or affiliate marketing — to be able to help our clients with the most complex questions."

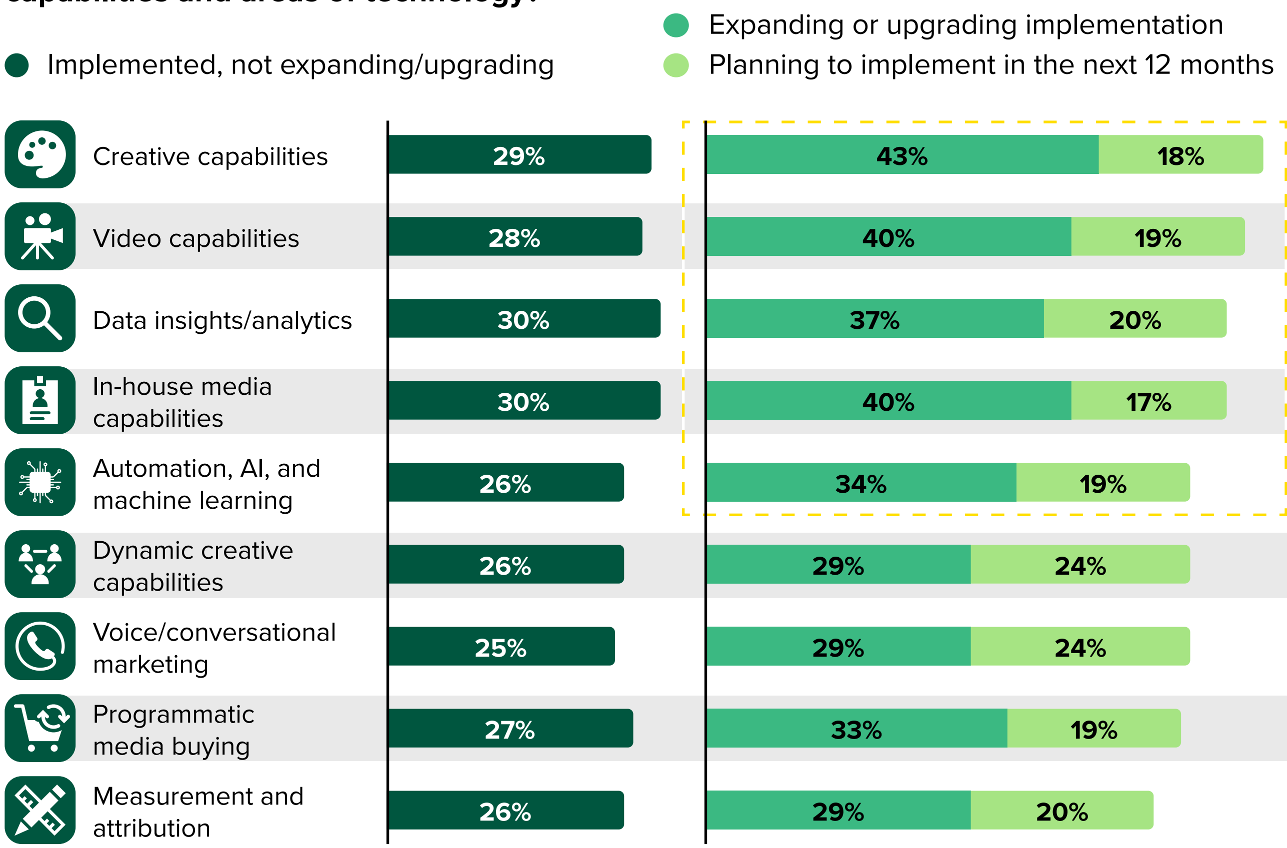
LEADING AGENCIES CAPITALIZE ON OPPORTUNITIES IN CREATIVE, DATA AND ANALYTICS, AND CONSULTING

Interviews with agency leaders as well as data on planned investment areas (see Figure 8) revealed that agencies are looking to capture the growth opportunities in:

- **Creative capabilities.** Sixty-one percent of agency leaders noted their agency is expanding creative capabilities or is planning to implement these capabilities. Similarly, 59% said their agency plans to implement or expand video capabilities. One CEO of a full-service agency in APAC noted: "[One] of the key areas that we'll need to focus on will be creativity. So, [we'll need] a lot more creativity in our campaigns [and to hire] more creative people where we haven't done before. You'll see more and more video output [and] image-based output rather than just text-based."
- **Data and analytics capabilities.** Fifty-seven percent of surveyed agency leaders noted their organization is expanding existing implementation or planning to implement data insights and analytics. A partner at a full-service agency in APAC illustrated how their organization is looking to improve analytics capabilities to tackle challenges and platform changes. They said: "We're building data projects [and] data research [to know] how we speak to [audiences] and what resonates with [them] and then building creative that answers that. And then [we're] measuring it downstream rather than how we used to measure with cookies and pixels. We're building a ton of data automation, but we're building data warehousing into big query so that we can draw on that and build our own industry insights."
- **Consulting services.** An SVP of a digital media agency in the Americas noted the type of consulting services their agency is growing. They said: "For example, we just are kicking off a strategic media project that is all about efficiencies and audience targeting and a go-forward strategy for bringing together some sub-brands under a parent brand, and that is a standalone strategic consult. It's a couple of months long. We're not running the media, so it's almost like coming in as a consultant would do. And we are doing more of those than we ever have before."

Figure 8

"What are your company's plans to invest in the following capabilities and areas of technology?"



Base: 2,152 senior leaders and decision-makers at digital marketing agencies
Note: Not showing "Not interested," "Decreasing or removing," and "Don't know/does not apply."
Source: A commissioned study conducted by Forrester Consulting on behalf of Google, July 2022

AGENCIES SEEK PARTNERSHIPS WITH OTHER FIRMS AND TECHNOLOGY PROVIDERS TO ADAPT SERVICES

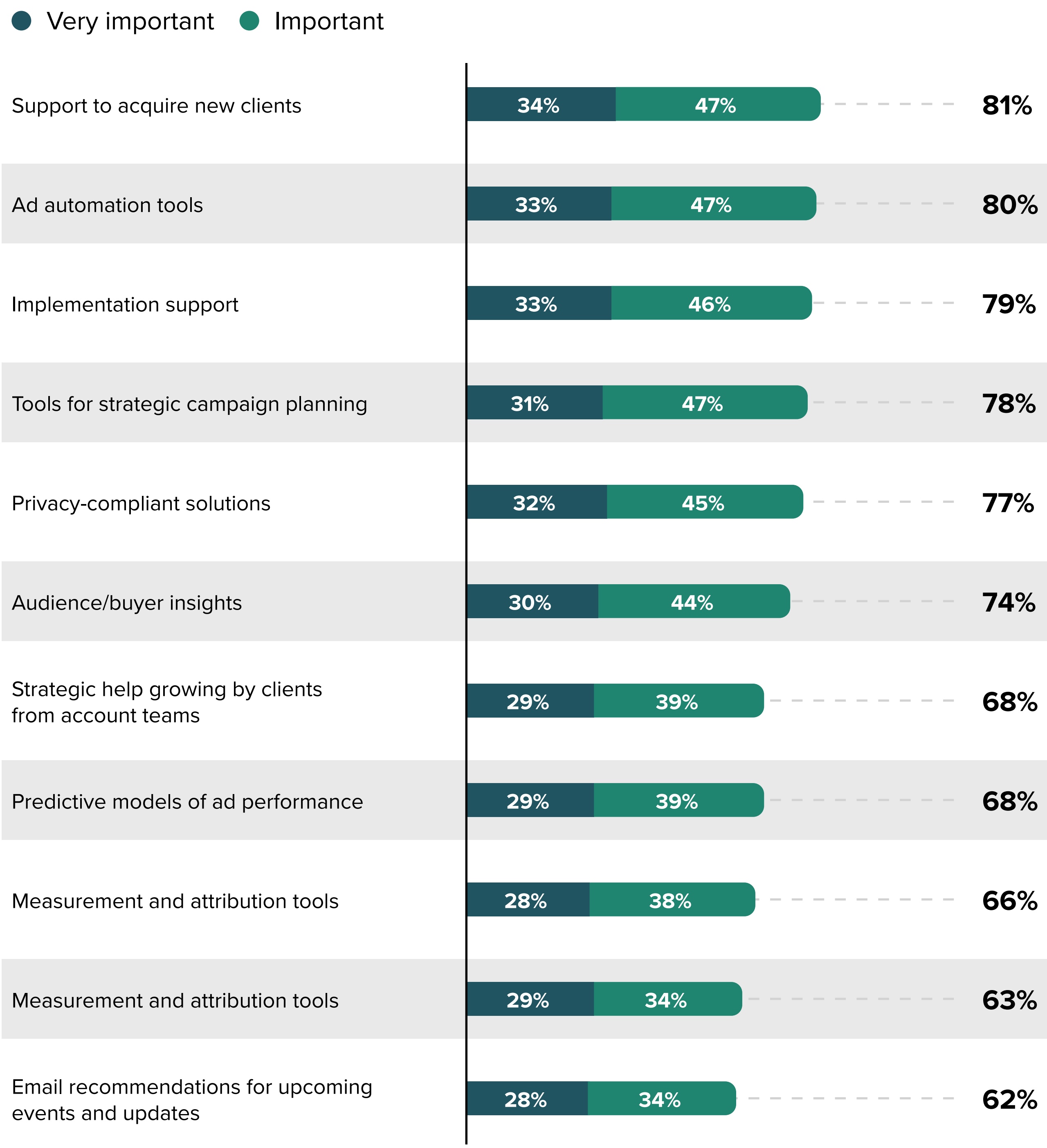
Agencies are exploring partnership-based delivery models to take advantage of the demand in creative and consulting capabilities. They are also seeking support from technology partners to tackle changes and challenges in consumer shifts, client needs, and the digital marketing ecosystem. Along with support for new-client acquisition, agencies seek tools for ad automation, strategic campaign planning, privacy compliance, and audience insights (see Figure 9). Agency leaders in our study noted their organizations are:

- **Partnering with other specialists to meet complex client needs.** A founder of a performance agency in APAC noted: “Creative and video is not our area of expertise. We work with partners that are able to provide these services.” A founder of a performance marketing agency in EMEA highlighted how their organization is working with consultancies to extend beyond its data and analytics expertise. They said: “We work together with consultancies. [In] our approach, we come from data and analysis. But, of course, we won’t be a partner for clients for general consulting topics. We know our place and where we are good. But we also know where we’re not good and what we can’t provide. So it’s necessary to have partnerships and collaboration with other companies so that you can help [brands] with an integrated project across different stakeholders.”
- **Deploying technology providers’ tools to enable efficient, privacy-compliant execution.** Automation through machine learning is now a given, and 80% of surveyed agency leaders said they consider ad automation tools to be an important offering from technology partners. With automation allowing more efficient execution, agencies are focused on layering value on top through creative, data and privacy best practice, growth, and digital transformation consulting. An SVP of search at a digital marketing agency in the Americas highlighted: “As we’re moving towards a privacy-centric future and towards more automation, there are fewer UI levers you can pull. And instead, success is based on the data that you’re able to supplement the platforms data with. What brands need from an agency partner is an understanding of how to unlock the value of their data and utilize their data in the best way possible from measuring conversions to using their CRM data to build audiences.”

AGENCIES

Figure 9

“Which of the following services/offerings from technology partners are most important for your agency?”



Base: 2,152 senior leaders and decision-makers at digital marketing agencies
Note: Showing top results for 'Very important' and 'Important'.
Source: A commissioned study conducted by Forrester Consulting on behalf of Google, July 2022

Key Recommendations

Three forces shape the future of agencies: consumers' embrace of digital and craving for novelty, clients' expectations for differentiation and accountability, and advertising landscape changes including a proliferation of publishers, privacy changes, and the rise of automation. While familiar and new challenges create hurdles for agency growth, there are also opportunities signaled by client demands in creative, data, and consulting. Forrester's in-depth survey of senior digital marketing decision-makers at brands and senior decision-makers at digital marketing agencies yielded several important recommendations:

Design holistic solutions to reach consumers and meet client needs more effectively.

Many CMOs are turning to more frictionless marketing partner models to improve integration and deliver better consumer experiences. The integration of agency, technology, and consulting services converges the landscape of holding companies, digital networks, and management consultancies. The result evolves the industry from advertising delivered by individual agency brands to marketing solutions delivered by teams of unified specialists.[9] Build specialist skills, and partner with other specialist providers to design holistic solutions that solve brands' challenges and achieve their objectives.

Develop agile skills and talent for the future.

Apply test and learn as a talent strategy to find the right combinations of skills. Cross-pollinate performance and brand skill sets to expose agency staff to new ways of working and thinking. Implement an apprenticeship model to grow existing talent for high-demand positions that are difficult to hire, like digital interface design, computer sciences, analytics, and strategy. Work with technology partners and online learning courses to create continual-learning training and development programs that enhance your organization's employee experience and offer differentiated development opportunities.

Enable the data and intelligence layer to make marketing that matters.

Harness automation and AI-powered tools through partnerships that enrich clients' understanding of high-value audiences and customer segments and reach them with differentiated creative and content. Through privacy-compliant uses of data, help brands step outside the echo chamber to better understand consumers and achieve measurable results.

Enhance creative capabilities to captivate consumers.

Prioritize ingenuity and creative problem-solving across content development and media-activation capabilities. Reach consumers with novel ideas and experiences in unexpected and delightful activations including immersive visual media, like video and mixed reality, to deliver the creative differentiation marketers in the Americas, EMEA, and APAC prize.

Appendix A: Methodology

In this study, Forrester conducted a global online survey of 2,059 senior digital marketing decision-makers at brands and 2,152 senior decision-makers at digital marketing agencies. Questions provided to the participants asked about consumer trends, digital marketing priorities, dynamics of agency-brand relationships, expectations from agency partners, market and internal challenges, and investment plans. Respondents were offered a small incentive as a thank you for time spent on the survey. We also conducted in-depth interviews with 19 agency leaders from agencies in the Americas, EMEA, and APAC. The quantitative and qualitative studies began in June 2022 and were completed in August 2022.

Appendix B: Supplemental Material

RELATED FORRESTER RESEARCH

"Predictions 2022: Agencies," Forrester Research, Inc., October 28, 2021

"Orchestrate The Value Of A Partner Ecosystem To Supercharge Marketing," Forrester Research, Inc., August 2, 2021

"The Agency Workforce 2023: Automation And AI Will Reshape Media And Creative Agencies," Forrester Research, Inc., August 2, 2021

Appendix C: Endnotes

[1] Source: "Predictions 2022: Agencies," Forrester Research, Inc., October 28, 2021.

[2] Source: "Reclaim Growth With Rapid Agency Transformation," A Forrester Consulting Thought Leadership Paper Commissioned By Google, July 2020.

[3] Source: "Forrester's 2021 US Consumer Privacy Segmentation," Forrester Research, Inc., March 30, 2022.

[4] Source: "Forrester's 2021 Consumer Privacy Segmentation: Europe," Forrester Research, Inc., September 22, 2021.

[5] Source: "Why Consumers Want Brands To Unleash Their Creativity," Forrester Research, Inc., May 31, 2022.

[6] Source: "Reclaim Growth With Rapid Agency Transformation," A Forrester Consulting Thought Leadership Paper Commissioned By Google, July 2020.

[7] Source: "Reclaim Growth With Rapid Agency Transformation," A Forrester Consulting Thought Leadership Paper Commissioned By Google, July 2020.

[8] Source: Jay Pattisall, "The Agency Landscape Converges On Frictionless Partner Models," Forrester Blogs.

[9] Ibid.

Appendix D: Demographics

BRAND SURVEY

GEOGRAPHY	
AMERICAS	**403**
EMEA	**1,121**
APAC	**535**

INDUSTRY	
Financial services	**9%**
Retail	**8%**
Technology and/or technology services	**8%**
Manufacturing and materials	**7%**
Travel and hospitality	**6%**
Energy and/or utilities	**6%**
Media and/or leisure	**5%**
Healthcare	**5%**
Education and/or nonprofits	**5%**
Consumer product goods	**5%**
Construction	**5%**
Business or professional services	**5%**
Government	**4%**
Electronics	**4%**
Chemicals and/or metals	**5%**
Transportation and logistics	**3%**
Telecommunications services	**3%**
Consumer services	**3%**
Agriculture, food, and/or beverage	**3%**
Legal services	**2%**

MINIMUM MARKETING BUDGET: $50M with minimum 30% spend on digital marketing

COMPANY SIZE (EMPLOYEES)	
100 to 499	**1%**
500 to 999	**26%**
1,000 to 4,999	**46%**
5,000 to 19,999	**19%**
20,000 or more	**8%**

COMPANY REVENUE	
$100M to $299M	**8%**
$300M to $399M	**12%**
$400M to $499M	**21%**
$500M to $999M	**35%**
$1B to $5B	**22%**
>$5B	**2%**

TYPES OF MARKETING DIRECTLY INVOLVED IN	
Digital marketing (has to be involved)	**100%**
Brand marketing	**47%**
Online display advertising	**36%**
Direct marketing	**32%**
TV/print advertising	**31%**
Search marketing	**30%**
Database marketing	**30%**
Performance marketing	**21%**

JOB POSITION	
C-level (CMO, CDO, CTO)	**9%**
Vice president (in charge of one/ several large departments)	**91%%**

JOB FUNCTION (VP)	
Marketing/advertising	**28%**
Digital	**24%**
Technology	**21%**
Operations	**17%**
Sales	**9%**

AGENCY SURVEY

GEOGRAPHY	
AMERICAS	**424**
EMEA	**1,156**
APAC	**572**

AGENCY TYPE	
Digital marketing agency	**27%**
Creative agency	**18%**
Branding/design agency	**16%**
Performance marketing	**13%**
Media planning and buying agency	**10%**
Search agency	**9%**
Social media agency	**7%**

AGENCY REVENUE	
$10M to $99M	**4%**
$100M to $199M	**4%**
$200M to $299M	**9%**
$300M to $399M	**8%**
$400M to $499M	**18%**
$500M to $999M	**38%**
$1B to $5B	**18%**
>$5B	**1%**

MINIMUM MARKETING BUDGET: $25M

AGENCY SIZE (EMPLOYEES)	
2 to 99	**2%**
100 to 499	**13%**
500 to 999	**22%**
1,000 to 4,999	**38%**
5,000 to 19,999	**17%**
20,000 or more	**8%**

JOB FUNCTION	
Executive management	**26%**
Marketing/sales	**18%**
Technology	**17%**
Creative	**12%**
Media	**11%**
Strategy	**8%**
Analytics	**8%**

JOB POSITION	
CEO or founder	**12%**
Other C-level executive	**16%**
Vice president	**42%**
Director	**14%**
Manager	**17%**

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