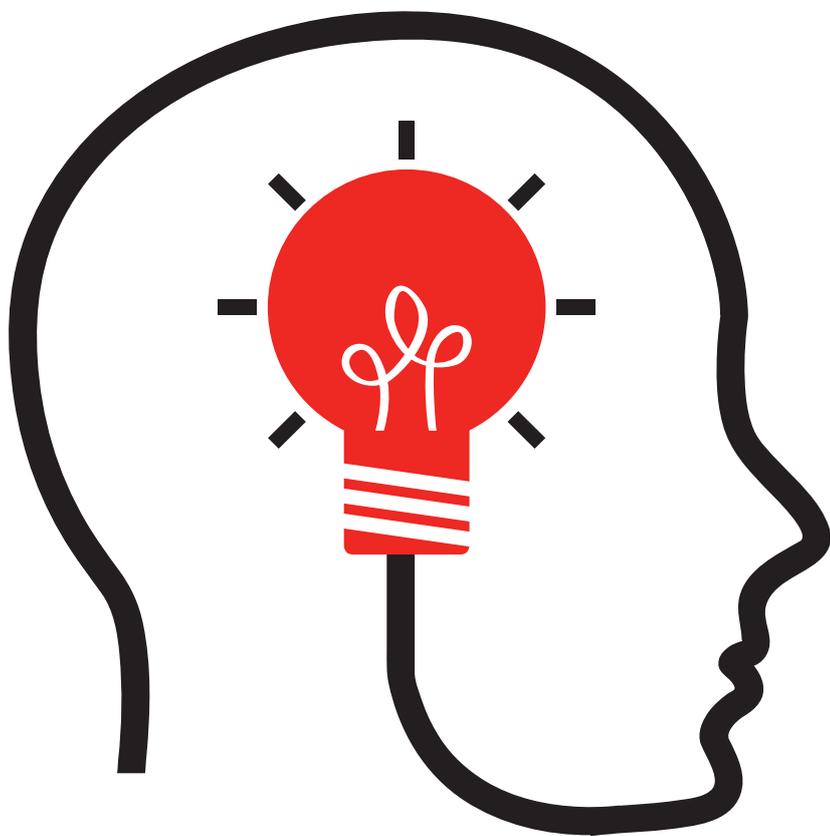


# SENIOR CLIENT AND AGENCY LEADERS RESEARCH 2016



The Experts in  
Client:Agency  
Relationships

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# Senior client and agency leaders research 2016

By Kerry Glazer and Vicky Gillan

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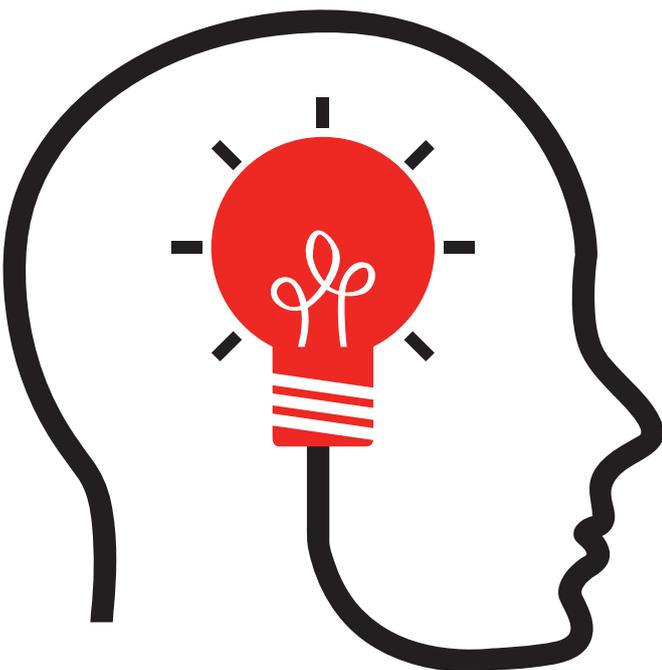
**Increasing competition and the need to respond with more ideas and innovation are the key challenges currently facing marketers.**

MARKETERS LOOK  
TO AGENCIES FOR IDEAS  
TO BEAT INCREASING  
COMPETITION.

Every two years, AAR undertakes research among senior marketers and agency leaders to examine the issues and trends in our industry, focusing on key aspects of client/agency relationships. Our 2016 AAR Senior Client and Agency Leaders Research uncovered a wealth of insights, not least the changes to how both sides see the challenges they face.

The other key themes that we pulled out of this year's research were:

- What marketers and agencies want more of from each other
- What stops agencies getting work right first time
- How collaboration could be improved
- What factors cause tension between marketers and their agencies
- What the main reasons are for the breakdown of client/agency relationships
- How both sides see the pitch process
- Attitudes to procurement ▶



## WHAT MARKETERS AND AGENCY HEADS WORRY ABOUT

In the two years since our last research, the list of the top ten challenges facing marketers has changed significantly. Increasing competition still tops the list, but the need for ideas and innovation has risen above the need to understand customer requirements and problems with budgets.

By contrast, agencies seem to be worrying less about competition than they were two years ago. Their current main concerns are recruitment and retention of staff, pressure on profit margins and rising operational costs, and the lack of new business. It's interesting to note that agencies' concerns are more inward-looking than those of marketers. Increasing competition, the number one worry for marketers, now only makes number ten on the agencies' list.

### SENIOR CLIENT TOP 10 RESPONSE



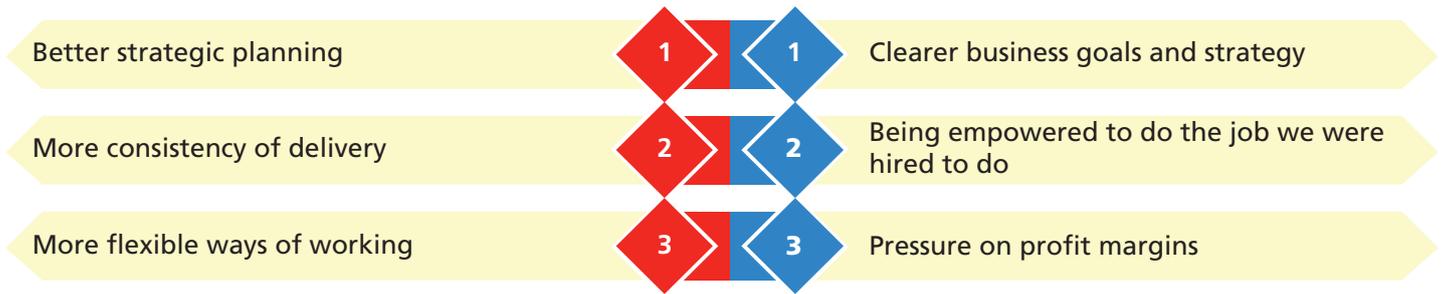
### SENIOR AGENCY LEADERS TOP 10 RESPONSE



We also asked both marketers and agencies what was on their wish-lists; what one thing they'd like more of from the other side of the partnership. Strikingly, strategy came top of both lists. The biggest thing clients want from their agency - by a large margin - is better strategic planning. They also mentioned more consistency of delivery across their roster, more flexible ways of working and - echoing the response to the question about challenges - they wanted more innovation and ideas.

Meanwhile agencies said they wanted clearer business goals and strategy from their clients, clearer written briefs on projects, and to be empowered to do the job they were hired to do. They would also like their clients to be more open-minded about new ideas and recommendations, suggesting the question of innovation is more complex than it might at first appear.

SENIOR CLIENTS WISH LIST AGENCY LEADERS WISH LIST



Another view of the problem emerged when 80% of clients either agreed or strongly agreed with the statement “Everyone is interested in emerging technologies, but few can explain how to implement the right ones into client solutions/businesses.” Interestingly, 79% of agencies felt the same way.

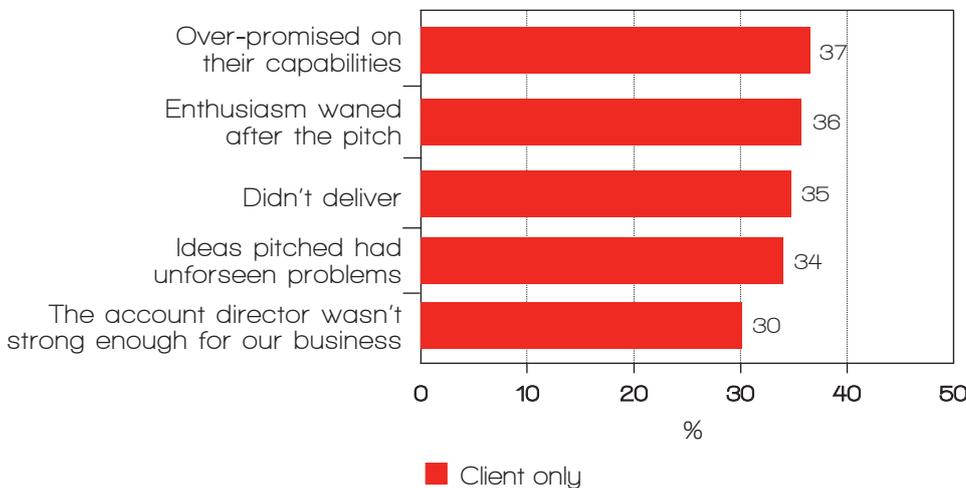
**BARRIERS TO GETTING IT RIGHT FIRST TIME**

Issues on both the client and agency sides play a role when the work isn’t “right first time”, and many of these can be traced back to unfulfilled expectations or poor communications.

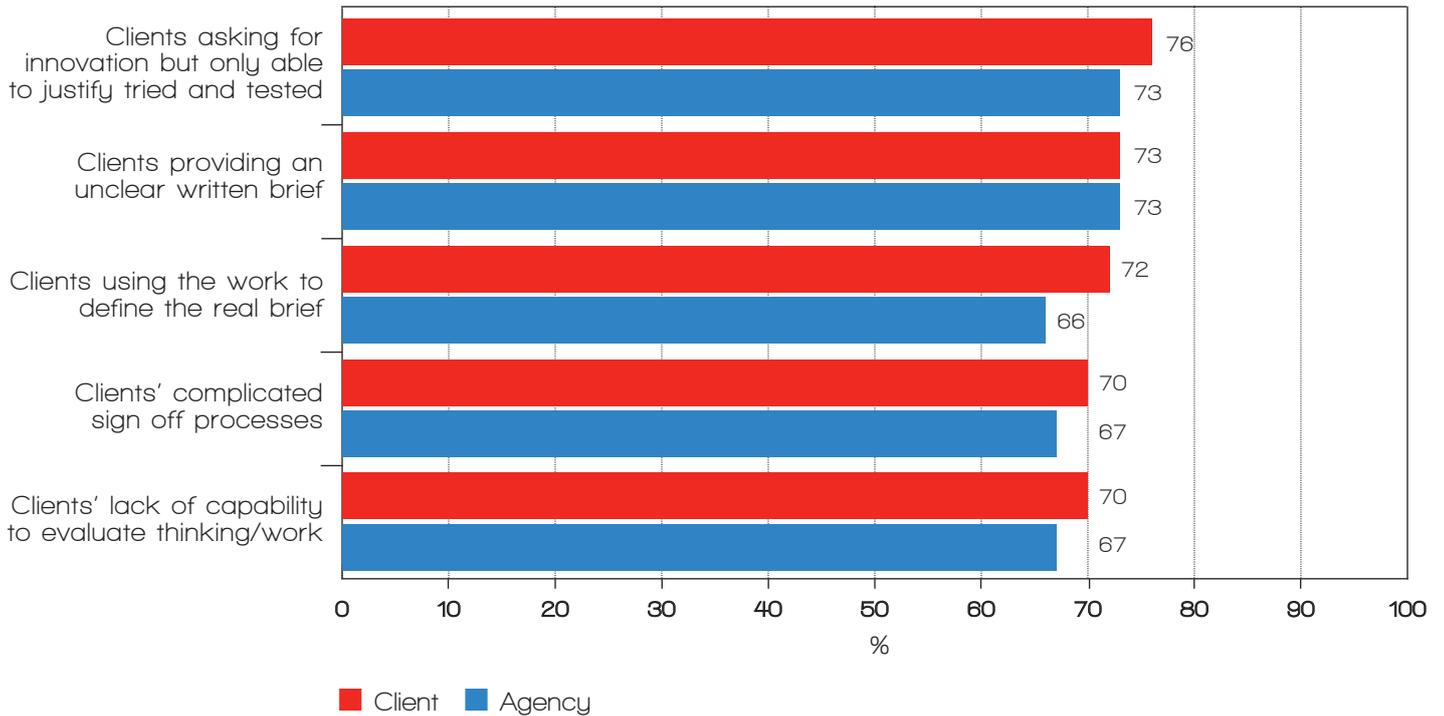
Two-thirds of clients reported they’d been disappointed by their agency post-pitch. The main reasons were the agency over-promised on their capabilities, their enthusiasm waned after the pitch, the ideas they pitched ran into unforeseeable problems, or they simply didn’t deliver.



TWO-THIRDS OF CLIENTS REPORTED THEY’D BEEN DISAPPOINTED BY THEIR AGENCY POST-PITCH.



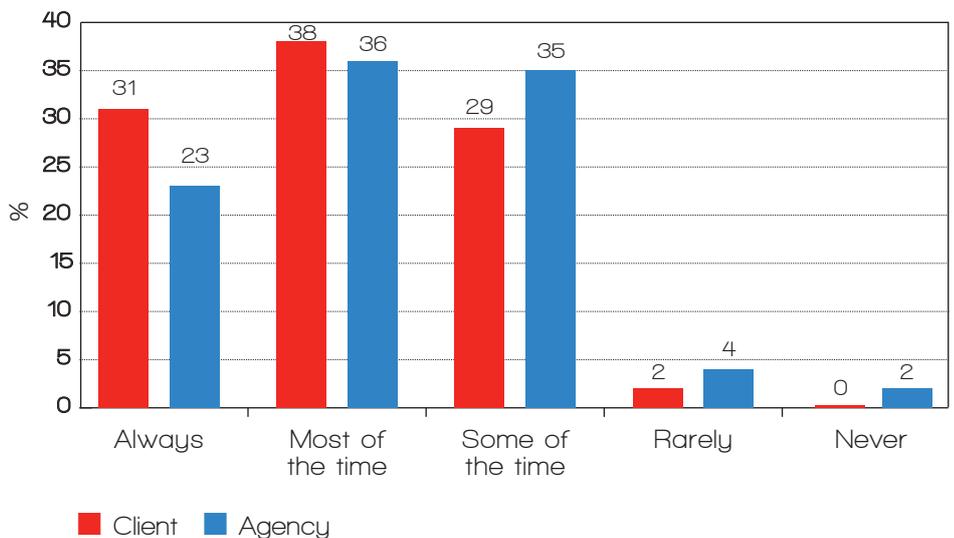
But there was also acknowledgement among marketers that their behaviour can create problems. Three-quarters of clients admitted that asking for innovation when they could only justify the tried and tested prevented the work being “right first time”. And the briefing problem highlighted on the agencies’ wish-list also cropped up here, with clients agreeing that providing an unclear written brief or using the work to define the real brief also made things difficult for agencies. ▶



85% OF MARKETERS  
AND 77% OF AGENCIES  
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One of the questions we introduced this year was what could be done to improve collaboration between clients and agencies. What came through very clearly was that both sides feel it's the client's job to take charge; 85% of marketers and 77% of agencies agreed that "collaboration is at its best when clients actively take responsibility to set and manage expectations internally and with their agencies."

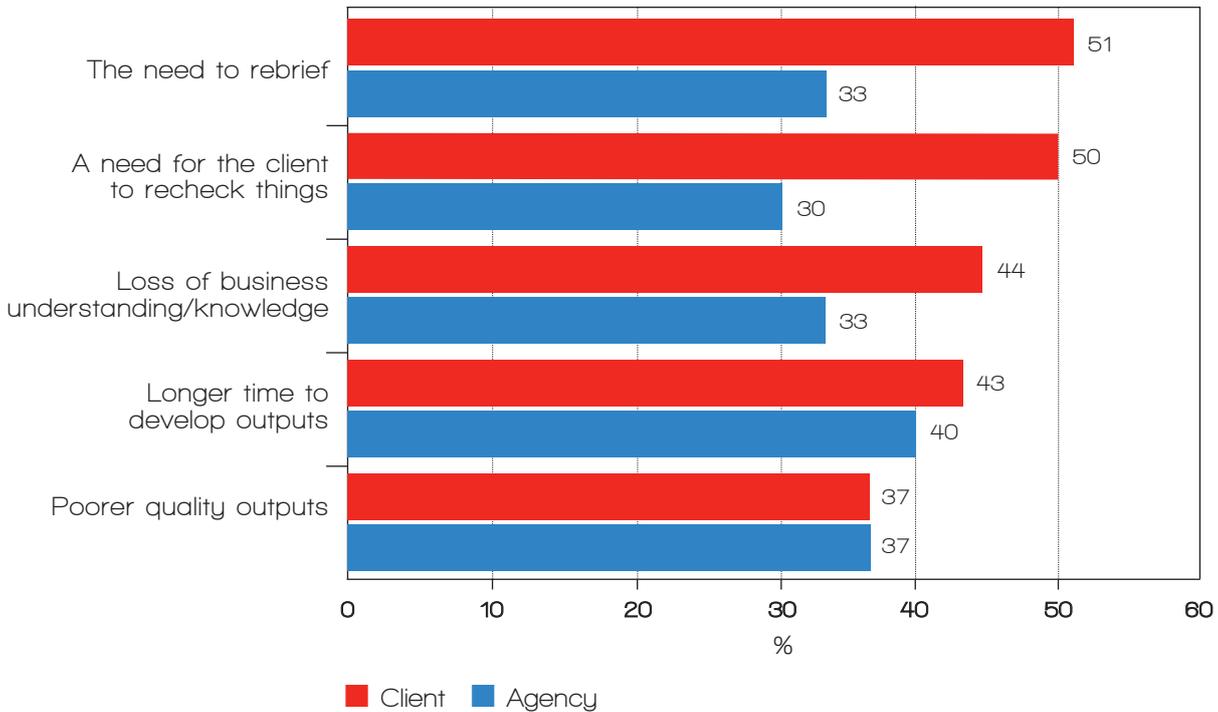
But when we followed this up by asking those who agreed how often it happens within their organisation, the results were slightly disappointing with only 31% of clients and 23% of agencies saying it always happens.



### STABLE AGENCY TEAMS MATTER TO CLIENTS

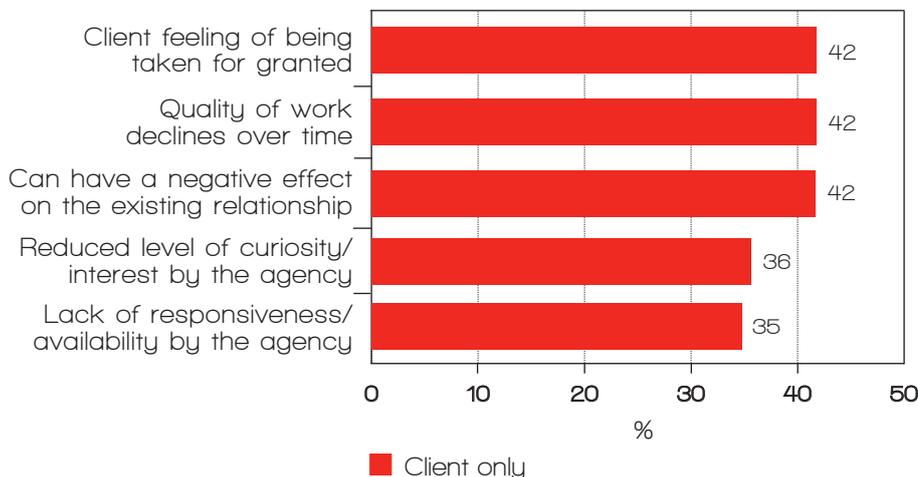
Another problem that both marketers and agencies agree prevents them working together more closely was agencies moving good people off clients' accounts at short notice. However, the small difference in attitudes - 66% of clients said this was a problem, compared to 61% of agencies - masked a bigger issue.

When we asked what the impact was of agencies moving good people, we found that clients were far more worried about the need to re-brief, the need for them to re-check things, and the loss of business understanding than agencies were.



### DON'T TAKE ME FOR GRANTED

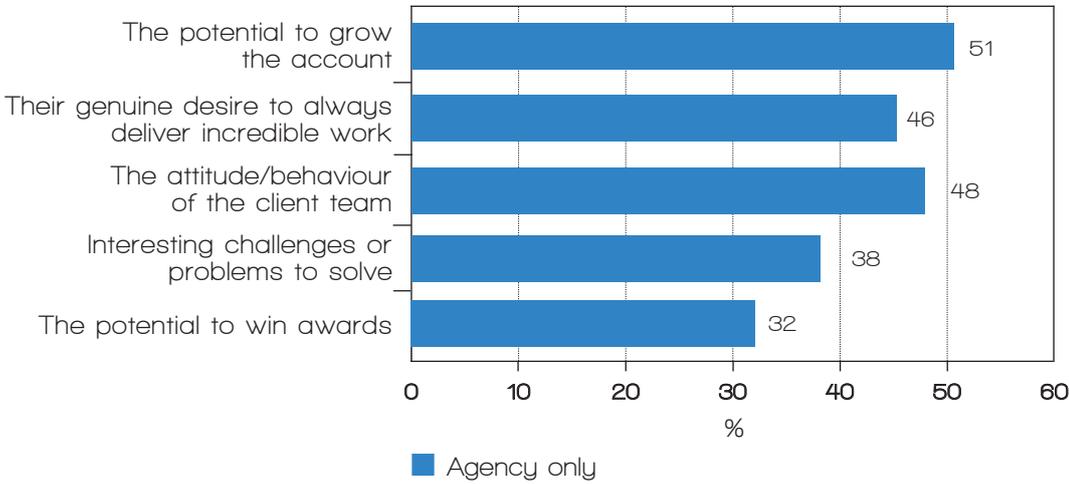
Clients' concerns about losing good people from their account also surfaced in their response to our question about improving the working relationship. 76% of marketers agreed that "agencies appear to value new business wins more than existing relationships", with 61% of agencies agreeing too. A third of marketers who saw this as a problem reported increased churn in the agency team, and a drop in both interest and responsiveness from the agency. Clients also felt taken for granted and saw a decline in the quality of the work, with a resulting negative impact on their relationship with the agency. ▶



The flip side of this is what motivates agencies to go the extra mile for a client. According to half the agencies we spoke to, the main drivers are the desire to grow the account, and their desire to always deliver incredible work. The strength of the relationship with the client, manifested in the attitude and behaviour of the client team, was another key factor.

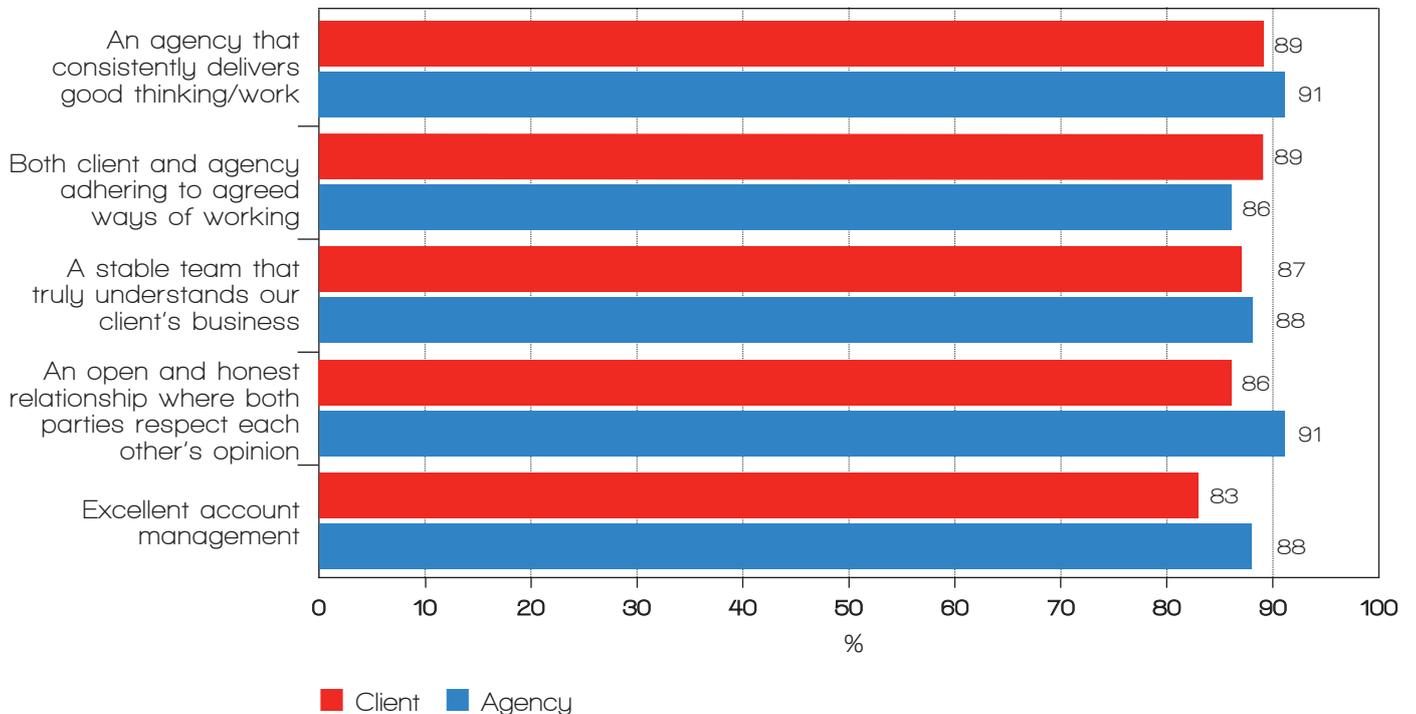


ATTITUDE AND BEHAVIOUR OF THE CLIENT TEAM A KEY DRIVER IN MOTIVATING AGENCIES.

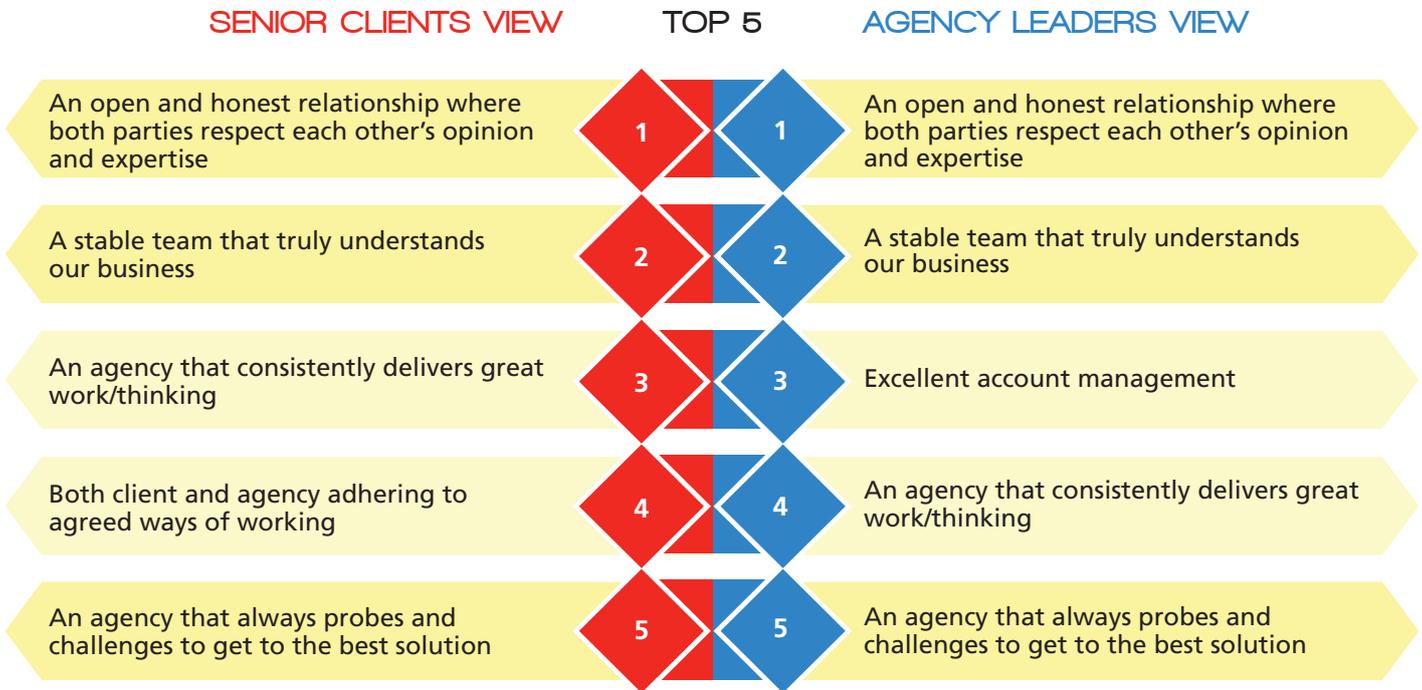


**KEYS TO A GREAT RELATIONSHIP**

So what makes a great client/agency relationship? We found general agreement between marketers and agencies here on a spread of reasons including the stability mentioned earlier: consistency, flexibility, openness and honesty and, of course, high-quality work.



Looking slightly deeper, when we asked what the single most important factor was, we found that marketers and agencies mostly agreed on the top two answers. Opinion then divided on the third. For clients, it was an agency that consistently delivers good thinking and work, while for agencies it was excellent account management.

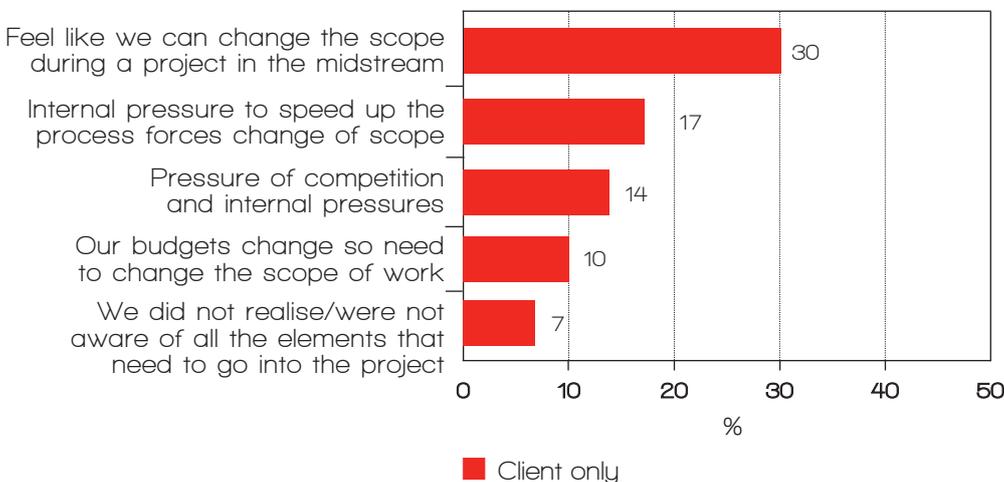


The problem of clients sticking to agreed working processes did crop up when we asked what could be done to help the working relationship. The fact that 62% of clients and 55% of agencies agreed this is getting worse highlighted a live issue, so we dug a little deeper.

We asked clients why they were departing from agreed decision-making processes more often. The main reason, cited by a third of them, was simply that they felt they could. Others mentioned internal pressures to speed things up, or external pressures from competition or economic conditions.

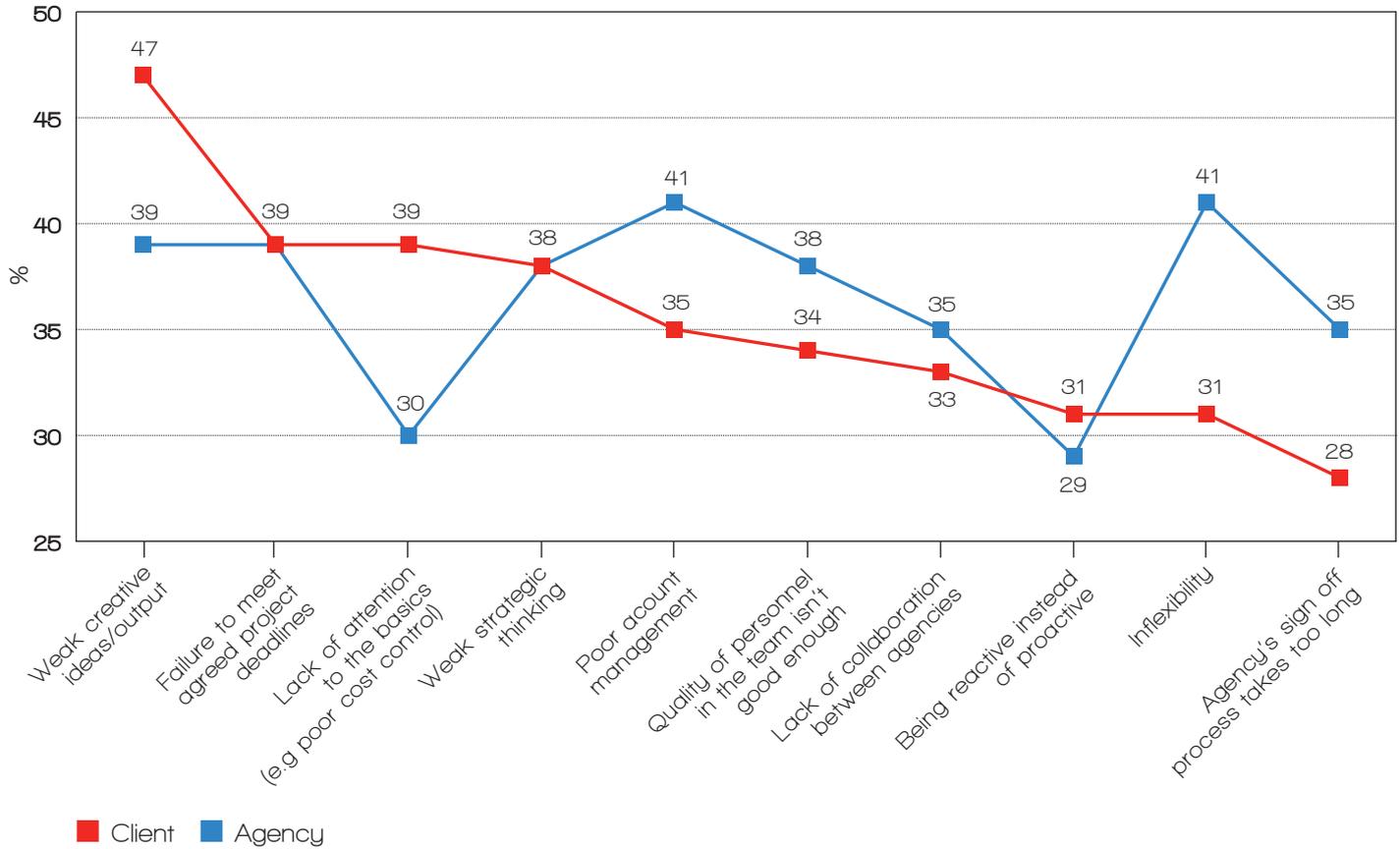


62% OF CLIENTS AND 55% OF AGENCIES AGREED THAT STICKING TO AGREED WORKING PROCESSES IS GETTING WORSE.



## RELATIONSHIP PROBLEMS

We also looked at client/agency relationships from the other direction; what makes them go wrong. We asked what undermines the relationship, and what the ultimate reasons for the breakdown of the relationship were.



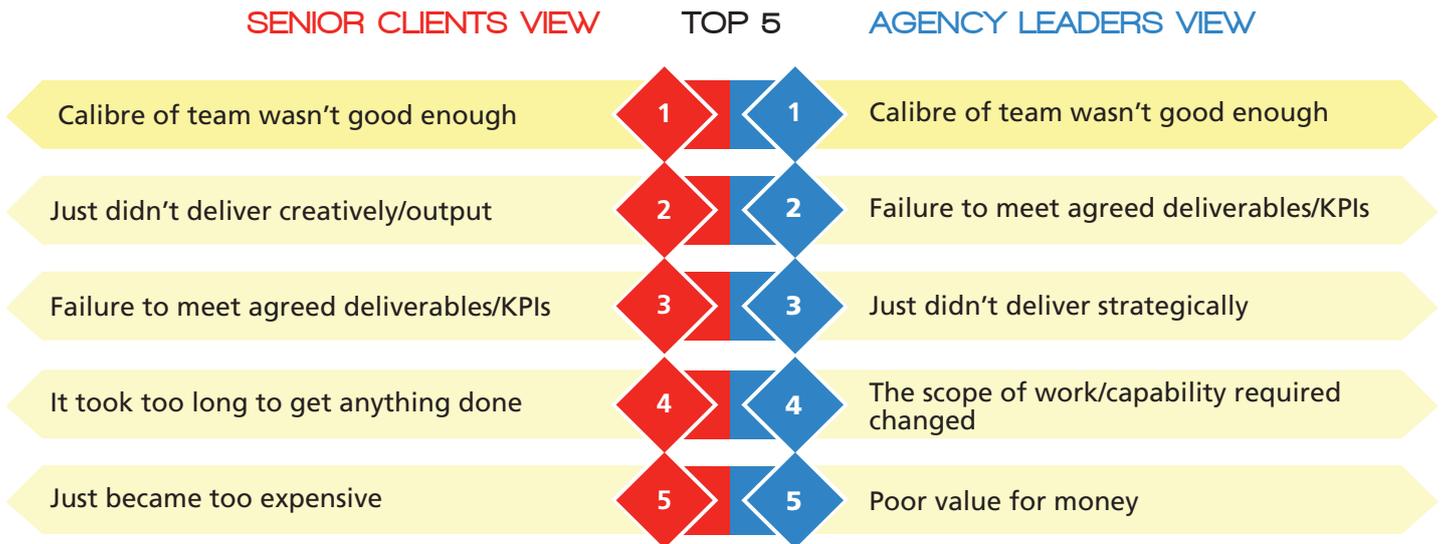
We found that marketers were most bothered by weak ideas and output - which is in line with one of their main challenges being generating ideas and innovation. They were also troubled by weak strategic thinking, and by management issues such as missed deadlines, poor cost control, and poor account management.

Agencies, on the other hand, felt inflexibility and poor account management were the biggest problems, followed by weak creative ideas and strategic thinking, missed deadlines, offering poor value-for-money, and not having a strong enough team.

When we dug deeper, this issue of the "quality of the team" turned out to be the number one deal-breaker for clients, very closely followed by "just didn't deliver" and "failure to meet agreed deliverables/KPI's". Agencies broadly agreed but considered "just didn't deliver strategically" more significant than output. They also flagged scope change as being of more significance than clients.



THE "QUALITY OF THE TEAM" IS THE NUMBER ONE DEAL-BREAKER FOR CLIENTS.



### THE TALKING CURE

Asking about areas of the working relationship that could be improved also highlighted a couple of further reasons why things go bad.

Three-quarters of clients and agencies agreed that conversations about issues, problems, and solutions don't happen as early as they should. The same proportion said those conversations don't happen as often as they should.

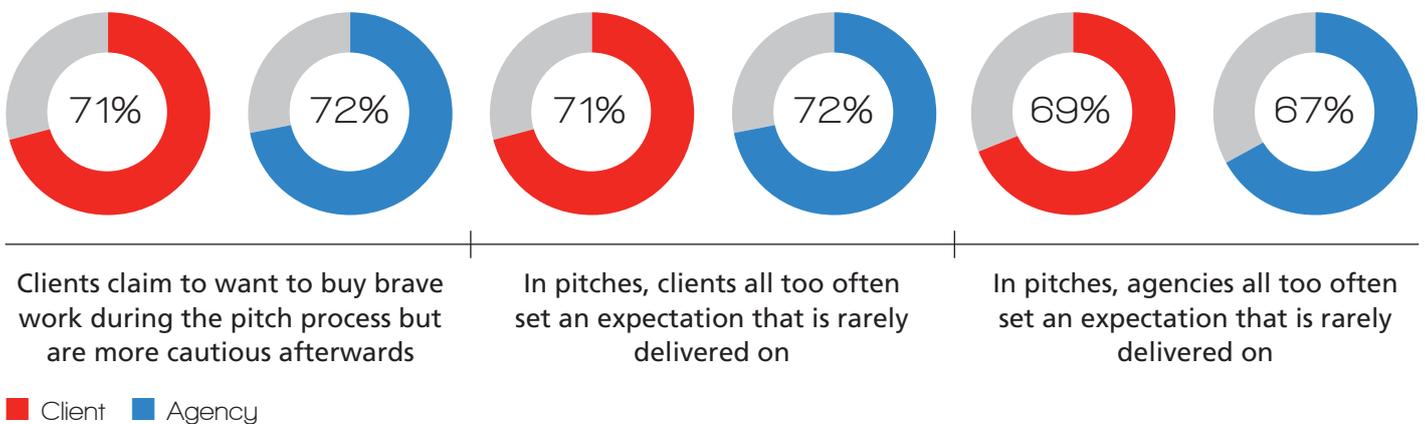
The fact that 75% of clients and 65% of agencies also agreed that excellent senior relationships can mask issues at junior/operational levels, offered a possible explanation for this; that senior management simply may not be aware of the problems gnawing at the client/agency relationship.



75% OF CLIENTS AND AGENCIES AGREED THAT CONVERSATIONS ABOUT ISSUES, PROBLEMS, AND SOLUTIONS DON'T HAPPEN AS EARLY AS THEY SHOULD.

### GETTING IT RIGHT AT PITCH

Of course, one of the best ways to avoid problems later in a relationship is to start off in the right way, which for clients and agencies means at the pitch. According to our research, both clients and agencies are aware of the importance of setting realistic expectations - and they also acknowledge this doesn't always happen.



Interestingly, there is little disagreement that both sides could do better here. However, as noted earlier, both sides also agree that clients' bravery in pitches is often not matched by their behaviour afterwards for example sticking with agreed decision making processes. ▶

**PITCHING**

Agencies compromise the pitch process in different ways. Half of our marketers reported agencies letting themselves down with poor presentations of ideas that were not properly thought through, while 44% mentioned poorly chosen pitch teams as a problem. We also heard about poor time management, and pitch teams that couldn't answer client questions, or didn't ask any questions of their own.



**POST-PITCH DISAPPOINTMENT**

As noted earlier, two-thirds of marketers told us their agency had not lived up to expectations in the first six months after the pitch. Agencies over-promised on their capabilities, their enthusiasm waned, the ideas they pitched had unforeseeable problems, or they simply "didn't deliver".

Digging a little deeper into what "not delivering" meant, we found a combination of quality and financial issues. The top concern marketers reported was the agency's final output falling short of their expectations, followed by the agency's product differing from the client's expectations. Clients also cited higher prices for the agency's services, and the agency not delivering value for money.

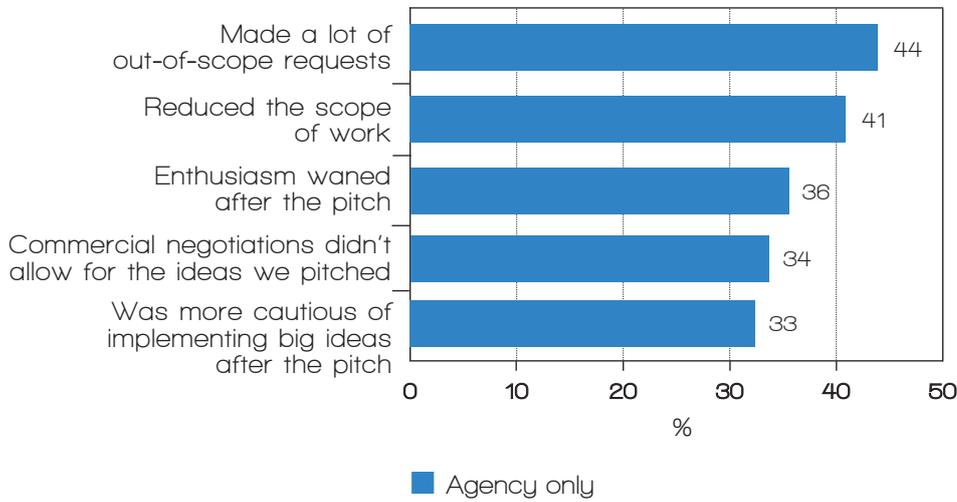


THE TOP CONCERN MARKETERS REPORTED WAS THE AGENCY'S FINAL OUTPUT FALLING SHORT OF THEIR EXPECTATIONS.

**CONSEQUENCES OF AGENCY NOT DELIVERING**



We also asked agencies the same question as disappointments can be mutual. Lack of clarity about the scope of work, reduction in scope and budgets were the top answers. Interestingly, 26% of clients and 32% agencies commented about the senior team not being as involved as promised.

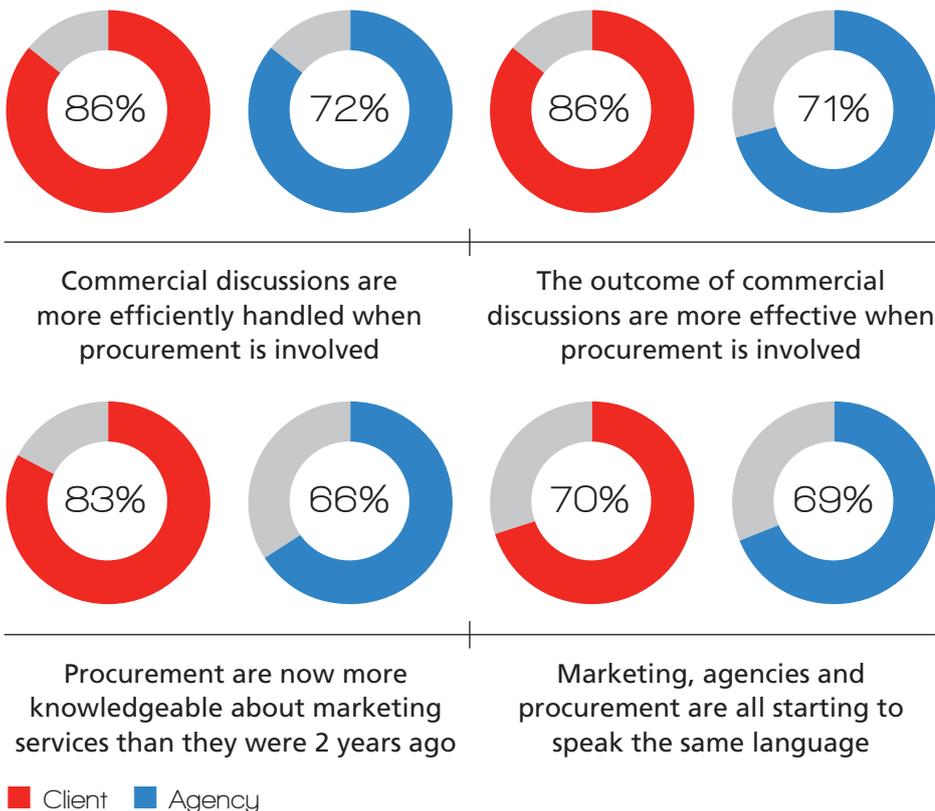


**GREATER ACCEPTANCE OF PROCUREMENT**

Of course, it was financial issues of this sort that led to the involvement of procurement departments in the pitch process, so we also asked about the perception of procurement's influence. We found some positive changes since our last survey, two years ago. Back then, 65% of clients and 63% of agencies agreed that marketing, agencies and procurement "just don't speak the same language"; this year 70% of clients and 69% of agencies feel the three are starting to do so. ▶

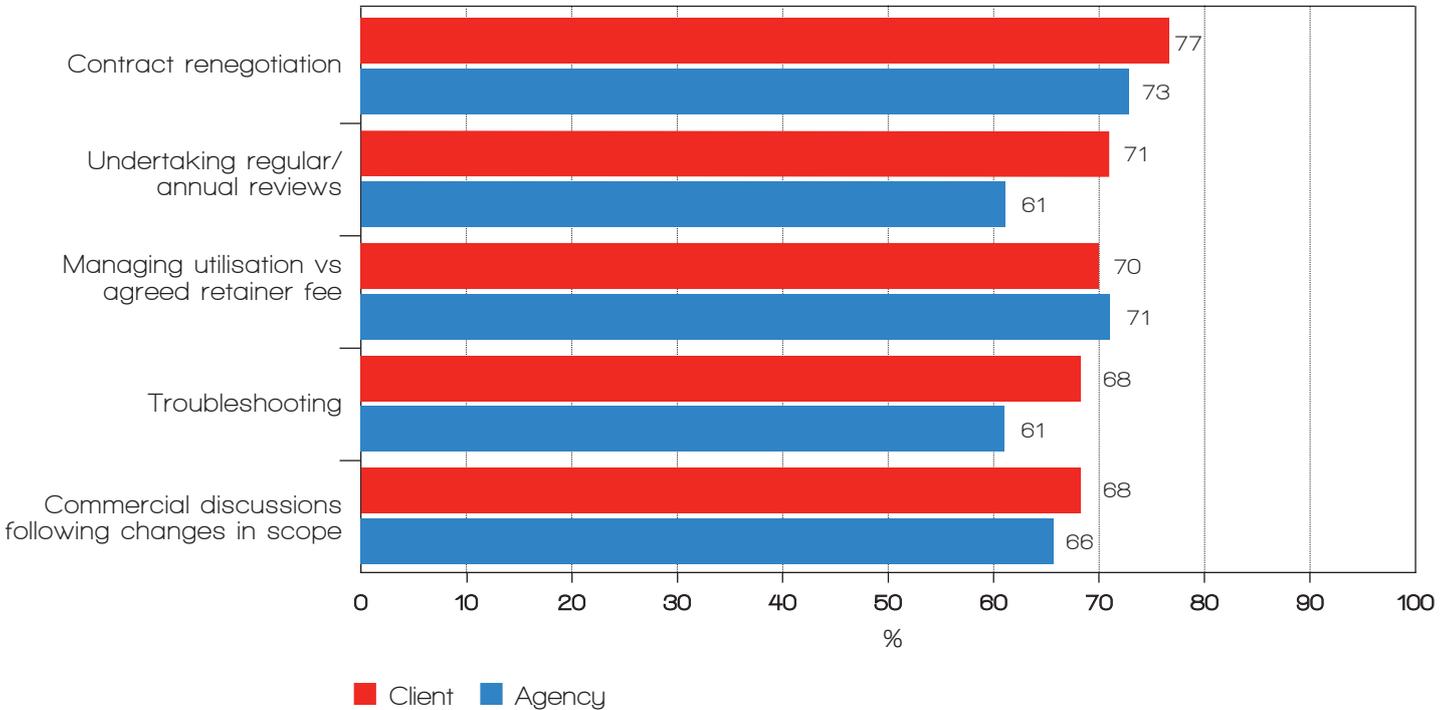


70% OF CLIENTS AND 69% OF AGENCIES AGREED THAT MARKETING, AGENCIES AND PROCUREMENT ARE ALL STARTING TO SPEAK THE SAME LANGUAGE NOW.



What's more, the percentage of marketers agreeing that commercial discussions are handled more efficiently and deliver more effective outcomes when procurement is involved has jumped significantly from 72% in 2014 to 86% in 2016. For agencies though it's not quite so positive with the year on year score reducing from 78% in 2014 to 72%.

Perhaps this reflects our finding that procurement is now involved across far more touchpoints of the client/agency relationship, not just the pitch process.



**WHAT NEXT**

We'll start our next Senior Client and Agency Leaders Research towards the end of next year. It'll be interesting to see how opinions change in the intervening period. ■

**METHODOLOGY**

Telephone and online interviews with over 200 senior industry figures were carried out by independent research company Coleman Parkes Associates in 2016.

On the client side the respondents' job titles were Chief Marketing Officer, Chief Technical Officer, VP of Marketing/Communications, Director Marketing/Communications, Head of Marketing, Head of Communications. They came from the financial services, telco/media/entertainment, energy, retail, transportation, automotive,

hospitality and leisure, FMCG, and charity sectors.

Agency respondents' job titles were Chairman, CEO, COO, MD, President, Managing Partner, Vice President, Director and Group Head. They were drawn from integrated, advertising/creative, PR, media, digital, and direct/CRM agencies.

The research built on four previous AAR studies undertaken across the period 2008 to 2014, allowing us to identify and monitor industry trends.