

The Agency Edge

RESEARCH SERIES



Making The Most of Your Agency's Millennial Workforce

Presented by





Introduction

Since 2014, Agency Management Institute and Audience Audit™ have partnered to develop original research into the issues and challenges facing small- to mid-sized advertising agencies.

In 2014 we asked organizational decision-makers about what they're looking for when they seek out an agency partner, and in 2015 we further explored how the decisions to hire and fire agencies are made. [See our 2014 (agencymanagementinstitute.com/research2014/) and 2015 (agencymanagementinstitute.com/agency-tools/research-2015/) studies here]

For 2016, our study focused on one of the biggest issues that agency owners must address: attracting and retaining quality employees.



The Problem

It goes without saying that employees are the lifeblood of any marketing agency. They not only bring the talent needed to fulfill the strategic and creative commitments made to agency clients, but they represent the first line both in new business development and in client service and satisfaction.

They also, of course, represent the largest financial commitment in an agency's budget.

So attracting and retaining the best talent is high on the list of priorities for any agency owner, who faces complex decisions about how best to source, develop and reward the right mix of talents and temperaments to fit the agency's mission and its client base.

The Millennial Challenge

Millennials, in particular, seem to be a particular source of heartburn for agency owners. These 18- to 34-year-olds represent the greatest source of new agency employees, and agency owners worry that they are ineffective at motivating these workers and concerned that their investment in their education and training will be for naught if they choose to move elsewhere prematurely.



The Research

AMI and Audience Audit decided to tackle this question head-on, by surveying agency employees of all ages and gaining insight into their opinions, attitudes and influences, and the extent to which these differ between millennials and older employees – or if there's another explanation for the behavior that agency owners highlight in their complaints.

Audience Audit developed and fielded a 15-minute anonymous online survey exploring the attitudes, interests, challenges and other characteristics of agency employees.

Invitations to the survey were shared by HubSpot to its agency members and INBOUND conference attendees via email, and through its social platforms and blogs. AMI also sent invitations to its 250+ member agencies and database of over 10,000 agencies in North America.

As we did for our 2015 study, we partnered with leading online sample provider Research Now to incorporate a panel of nearly 400 agency employees across the U.S.



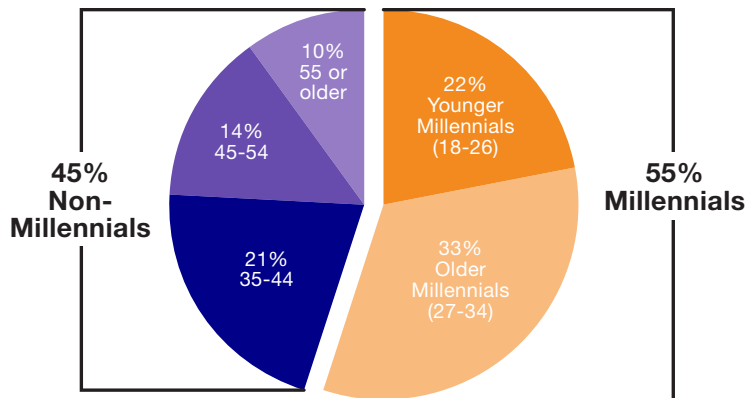
The Respondents

Over 950 full-time agency employees participated in the 15-minute online survey.

59% of the respondents came from HubSpot and AML invitations, with 41% coming from the Research Now panel.

Geography

915 respondents came from around the U.S., with nearly every state represented. The remaining respondents work internationally. 26% of the U.S. respondents work in the states of New York, California or Illinois.



Age

55% of the respondents are millennials – under the age of 35. 40% are younger millennials (26 or younger) and the remaining 60% are 27-34.

45% are older employees – about half of whom are 35-44.

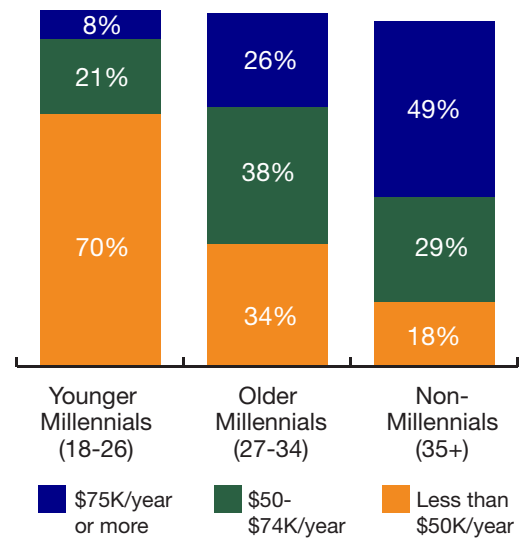
Salary

Respondents report a range of salaries, from less than \$25K to over \$125K per year. They break out fairly evenly overall, with 37% making under \$50K, 30% making \$50K to just under \$75K, and 33% making \$75K or more.

Younger respondents are far more likely to be making less than \$50K (63%, compared to 31% of older millennials and 16% of those 35 or older).

Just over half of respondents say they are working in their first agency, and again we see a disparity by age: 72% of younger millennials say this is their first agency, but only 47% of those 35 and older.

Salary by age group



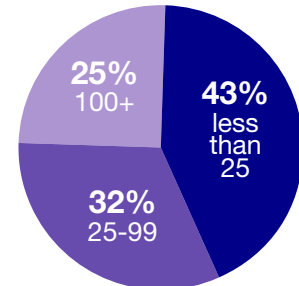


Their Agencies

Agency Size

43% of the respondents work in agencies with fewer than 25 employees, 32% work in agencies with 25-99 employees, and 25% work in agencies of 100 employees or more. There is no difference between our millennial and older respondents with regard to the size distribution of their agencies.

Full-time employees in their agencies



Agency Services

The respondents' agencies offer a range of services in-house. 81% say their agency offers digital marketing services, 77% offer strategy and 74% offer creative services. Most agencies offer a range of services, although 15% of respondents say their agency offers only one or two of the services we listed.

Types of work their agencies do





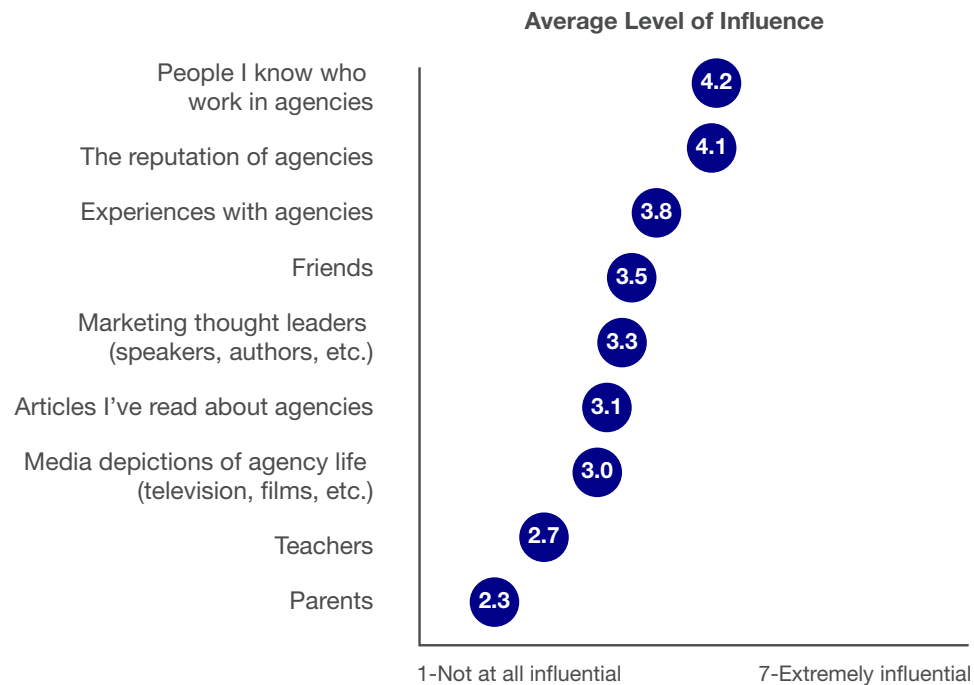
Their Agencies

Taking an Agency Job

Respondents identified people they know who work in agencies – and the reputations of the agencies themselves – as the strongest influences in their decision to accept an agency job.

Younger respondents report being influenced to a greater extent by a number of factors, including marketing thought leaders, teachers and media depictions of agency life.

It is interesting to note that even the factors rated most highly reflect only a moderate level of influence in the respondents' decisions. It is possible there is a more influential element not included in our question, or that all influences are relatively moderate compared to the respondents' own internal motivations.





Their Agencies

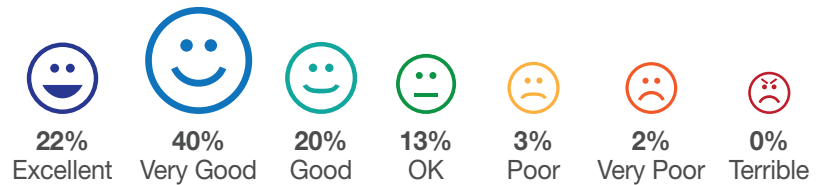
First Hear About Job Opening



34% first heard about the job opening at their current agency directly from someone they know working there. This is more likely to be the case for those 35 and older (41%) than for younger millennials (22%). Younger workers are more likely to say they heard about the opportunity through a job search website (21% vs. 9% for older respondents).

62% of respondents rate their current agency position "very good" or "excellent".

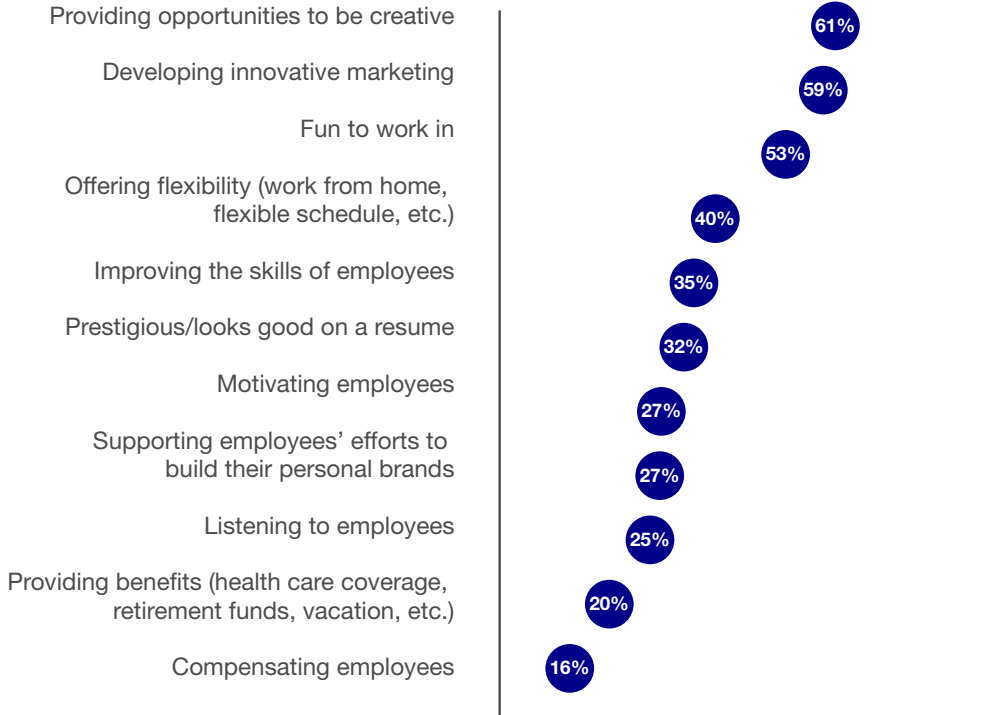
Rate your current agency job





Their Agencies

% Rating Agencies as Much Better than Other Employers



The majority of respondents feel strongly that agencies are much better than other employers at providing opportunities to be creative, developing innovative marketing and being fun to work in.

However, agencies get lower marks relative to other employers for benefits, compensation and listening to, motivating and supporting employees. Only a minority of respondents (25% or less) feeling strongly that agencies are better than other employers with regard to these considerations.

Career Goals

I want to work in a non-agency or non-marketing job in the future.



60%

Millennials



43%

Non-Millennials

Strikingly, only 1/3 of respondents say they want to work in agencies for the rest of their career, or own their own agency in the future. Many say they want to work in non-agency positions or get out of marketing altogether at some point. Millennials are substantially more likely to be interested in a non-agency or non-marketing position in the future (60%, vs. 43% for older respondents).

I want to work in agencies for the rest of my career or own my own agency in the future



34%

Millennials



31%

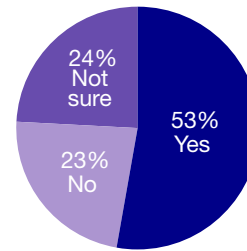
Non-Millennials



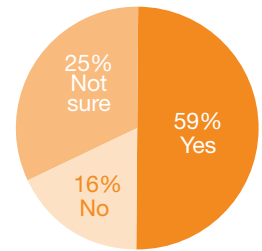
Are Millennials Really Different?

56% of our respondents feel that millennials, as a group, are fundamentally different than older employees when it comes to their priorities and attitudes about work. Both millennials and non-millennials feel similarly with regard to this question. 24% say they aren't sure.

Are Millennials different?

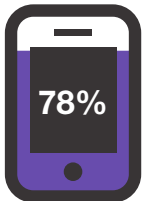


Millennials

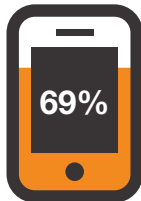


Non-Millennials

Millennials are more tech-savvy than other employees



Millennials Agree



Non-Millennials Agree

Millennials expect better compensation and benefits than other employees do



Millennials Agree



Non-Millennials Agree

Generalizations About Millennials

A majority of both millennial and non-millennial respondents feel that millennials are always or often more tech-savvy than other employees, have a lot to offer their employers and expect more flexibility in their work day than other employees do.

Relative few respondents say that millennials typically prioritize fun over work, have their priorities screwed up, or are lazy.

Sizeable percentages of both groups – 40% of millennials, and 48% of other respondents – say that millennials always or often expect better compensation and benefits than other employees do.

Interestingly, there is a substantial gap between millennials and older respondents with regard to the opinion that millennials are less respected by senior management than other employees – 38% of millennials say this is always or often true, while only 20% of older respondents agree.

Millennials are less respected by senior management than other employees are



Millennials Agree

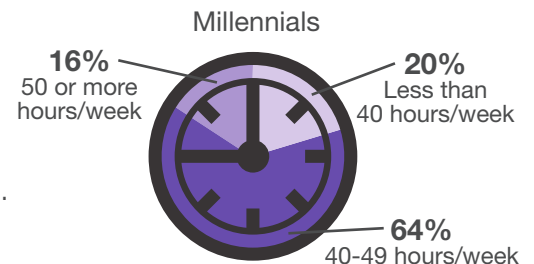


Non-Millennials Agree

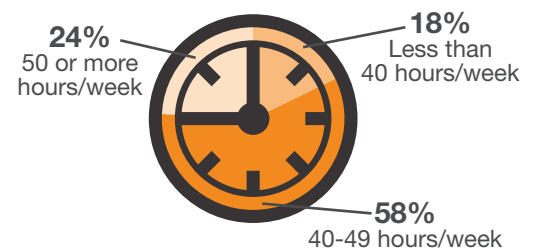
Hours They Work

Most respondents say they typically work 40-49 hours a week, including time working outside of the office (responding to emails, work travel, etc.). Older employees are slightly more likely to report working 50 or more hours in a typical week (24%) vs. millennial respondents (16%).

Hours worked



Non-Millennials





Are Millennials Really Different?

What's Important in a Job

Millennials overwhelmingly chose “opportunities to learn and improve my skills” as the most important factor in deciding to accept their current position, with 77% giving this a top 2 box importance score. A majority of non-millennials respondents agreed, with 63% saying this is very important – second only to “my responsibilities” for this group, and substantially more important than salary (around 54% for both groups).

Millennials clearly prioritize the ability of a job to advance their career more than older employees. They cite “opportunities for promotion or advancement” as very important far more than older employees (63% vs. 43%), as well as “benefit of the job for my resume” (51% vs. 25%).

Salary is cited as very important by both groups (54% for millennials vs 52% for others) but neither rates it as important as opportunities to learn and improve skills.

Far less important for both groups are flexible work schedule (40% vs. 43%), benefits (29% vs. 33%) and title (22% vs. 18%).



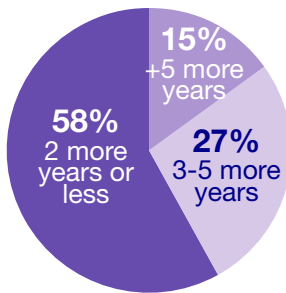


Are Millennials Really Different?

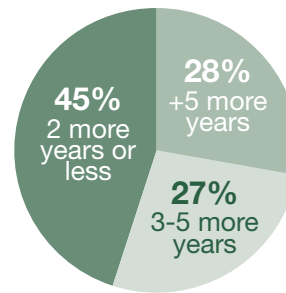
How long they expect to work for current agency

In addition to their greater interest in pursuing non-agency jobs in the future, younger millennials are much more likely to say they only expect to work for their current agency for 2 more years at the most (58% vs. 45% of older millennials and only 26% of other respondents).

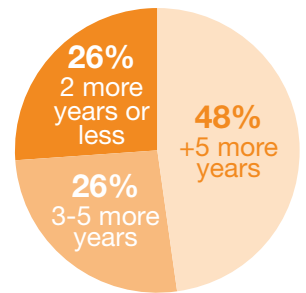
How long do you expect to work for your current agency (by age)?



Younger Millennials (18-26)



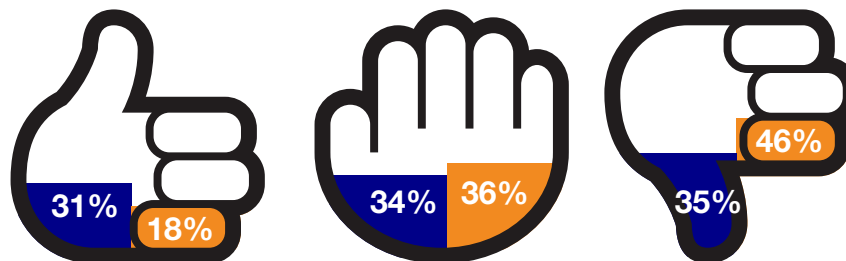
Older Millennials (27-34)



Non-Millennials (35+)

In considering their current position and their current agency, millennial respondents are substantially more likely than older employees to believe that things would be better at another agency (31%, vs. 18%).

Will it be better or worse at another agency (by age)?



Better

About the same

Worse

■ Millennials ■ Non-Millennials



The Real Story – Attitudinal Segments

While our research revealed some differences by age, we found much greater divides between agency employees when it comes to their attitudes about work, and what they expect of their employer – and themselves.

These differences were revealed through the process of attitudinal segmentation. Every respondent was asked to rate the extent to which they agreed or disagreed with each of a list of statements.

These statements encapsulated attitudes about work. They included opinions such as:

- The ability to collaborate and work in teams is a critical skill for everyone.
- I always give my best effort at work.
- My job provides lots of opportunities for me to learn important skills.
- Employers should provide opportunities for employees to socialize and have fun.

In all, 30 statements were rated by every survey respondent. Their responses were then analyzed statistically to determine which statements were related to each other, their ratings corresponding with those of other statements for sizeable groups of respondents.

This approach allows us to look beyond the respondents' demographics and see how they view the world of work and their role in it.

The results were fascinating.



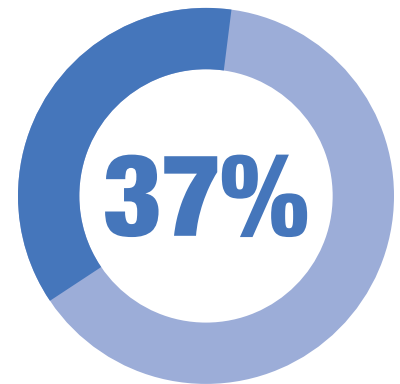
Segment 1: Agency Advocates (37% of respondents)

Agency Advocates love their jobs, feel respected and valued, and say they are appropriately compensated.

They believe their employers understand the needs of younger employees and are focused on keeping their employees happy at work.

They also feel their job provides lots of opportunities to learn important skills, which we know is the most important characteristic of a job for the respondent group overall.

They appear to place the responsibility for their career success largely on their own shoulders. They are less likely to feel that employers have an obligation to help their employees become more successful, or are responsible for helping employees build their own networks.



Agency Advocates

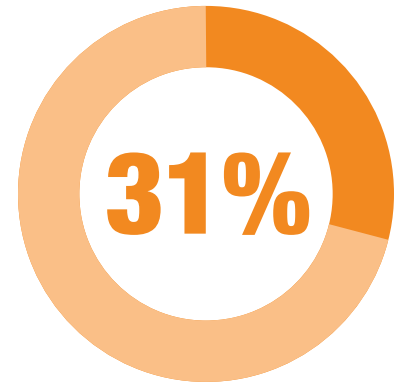


Segment 2: Prosperity Partners (31% of total)

Prosperity Partners feel employers and employees have a responsibility to help each other. They overwhelmingly agree that people should always be working to build their own brand beyond their current job, but also say that employers have an obligation to help their employees become more successful. They believe employers should help their employees build social networks, should provide opportunities for employees to socialize and have fun, and should be active in their local communities.

They overwhelmingly believe the ability to collaborate and work in teams is a critical skill for everyone, but say they also need independence and flexibility to do their best work.

Despite the fact that these respondents overwhelmingly say they always give their best effort at work, they are less likely to feel that their compensation is appropriate given their responsibilities, experience and performance.



Prosperity Partners



Segment 3: “Millennial Mindset” (32% of total)

Respondents in the final segment, which we have termed **“Millennial Mindset”**, are much more likely than other respondents to feel that younger workers are both more talented and less valued than older employees.

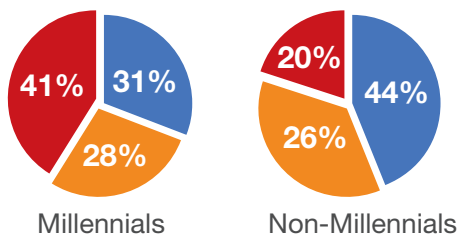
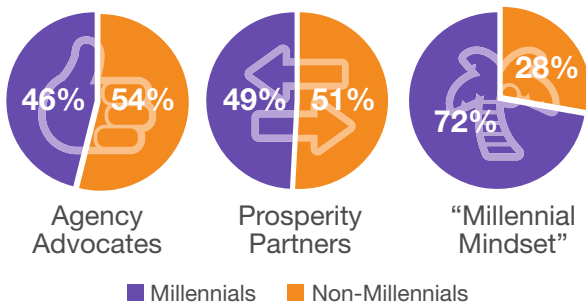
They are more likely to credit younger workers with being more innovative than older workers, and better at understanding today’s marketing environment.

They also say that younger workers are usually undervalued and deserve more responsibility than they are typically given.

They are less likely to say they always give their best effort at work, usually that they feel valued, that they love their job and that it provides lots of opportunities for learning important skills.



Age Breakdown by Segment



■ Agency Advocates ■ Prosperity Partners ■ “Millennial Mindset”

“Millennial Mindset” respondents are more likely to see their jobs as just something they have to do for now, to earn money for the things they enjoy doing and to bide their time until they can do something they’d prefer.

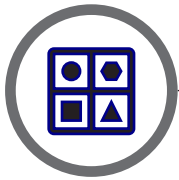
The most striking finding about the **“Millennial Mindset”** segment is that they aren’t all millennials.

In fact, while there are many more millennials in this segment than there are older respondents, 28% are not millennials at all.

And 59% of the millennials in our study are NOT in the **“Millennial Mindset”** segment (hence the quotations around the segment name).

So while a millennial is more likely to be in this segment than are older respondents, they are still more likely to be either an Agency Advocate or Prosperity Partner than a “Millennial Mindset” member.

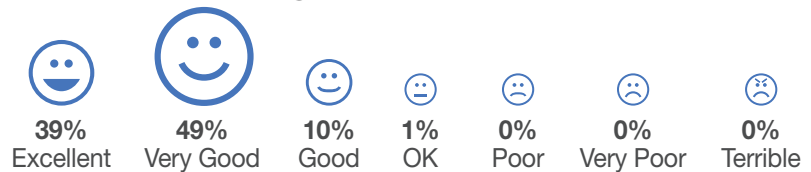
First Hear About Job Openin



Other Differences Between Segments

In many respects, Agency Advocates show that they are more satisfied with their job and with their agency employer.

Agency Advocates



While 88% of Agency Advocates say their current agency job is excellent or very good, only 51% of Prosperity Partners and 43% of “Millennial Mindset” members say the same.

Prosperity Partners

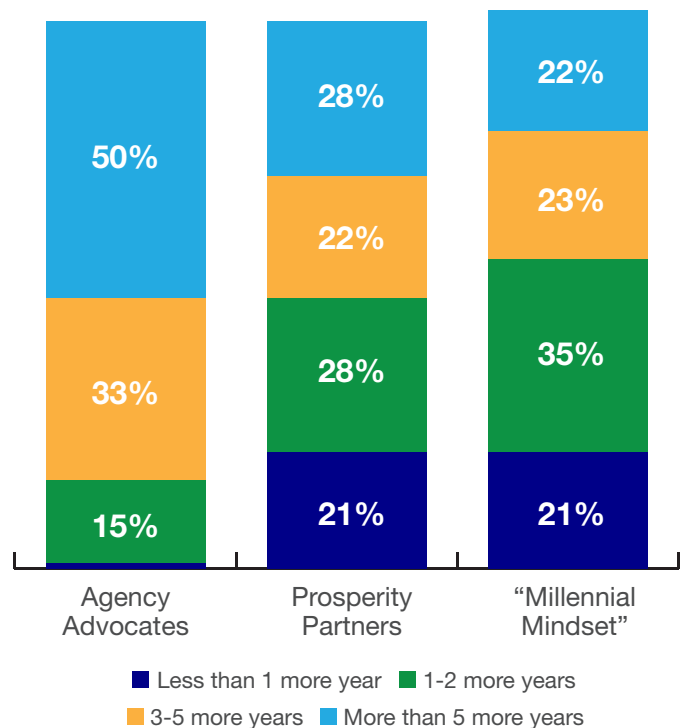


50% of Agency Advocates say they expect to work in their current agency for more than five more years, compared to 22% of “Millennial Mindset” respondents, and they are far more likely to say they would be highly likely to recommend their current agency to a friend seeking a job (77%). 30% of them say they want to work in agencies for the rest of their career, compared to fewer than 20% of respondents in the other segments.

“Millennial Mindset”



How Long Expect to Work for Agency





Implications

For agency owners, the study offers both challenges and opportunities. It challenges many of the pre-conceived assumptions about agency employees, their attitudes and what matters most to them.

Think Attitude, Not Age

It's easy to categorize employees by generation but this study is evidence that owners must stop thinking about employees in terms of age, and start thinking of them in terms of attitude. Not only are we doing the majority of millennials a disservice by painting them with the same negative brush, but we are likely failing to recognize the number of older employees who may in fact have many of the attitudes the owners are hoping to avoid.

These stereotypes can get in the way of having meaningful conversations about the motivations, goals and concerns of each employee. They also can create resentment and a sense of being disrespected among employees that owners would like to nurture and keep.

Learning Matters

The ability of an agency to provide learning and growth opportunities is the single most important consideration in terms of job satisfaction for every group in our survey, regardless of age or attitudinal segment. It substantially outpaced salary, title, benefits and schedule flexibility. It is particularly of interest to younger employees (probably not surprisingly), along with the opportunity to advance in their career.

These learning opportunities don't have to be supporting an effort to get an MBA or expensive conferences. In our work with agencies, we know that employees are equally enthused about lunch and learns, one on one mentoring from their direct supervisors and spending time with the agency owner.

In addition to the overarching goal of helping all employees learn, grow and feel valued, there are considerations that owners should take into account when considering their employees and prospective employees in each of the three segments.



Agency Advocates

These are the employees every agency wants. They place few demands upon their agency other than to provide opportunities to learn, grow and feel valued. They are less concerned about their resume, but more concerned about the personalities of those they work with.

Because they are such fans of agencies (theirs in particular), they represent excellent candidates for leadership roles. Owners should work to keep them engaged, give them additional responsibilities and opportunities, and ensure they are working as referral engines for new employees.

Properly rewarded and encouraged, these employees should stay with the agency and encourage like-minded friends to apply.



Implications



Prosperity Partners

To truly engage with these employees, owners must embrace the sense of shared responsibility they expect.

These employees don't hold their employer responsible for their success – but they do expect a partner in helping them achieve their goals, both within the agency and beyond.

Collaboration and engagement with other agency employees and with the community at large are important to these employees. Opportunities to lead the charge and demonstrate independence when it comes to such efforts would undoubtedly be welcomed.

Part of that partnership expectation undoubtedly includes fair compensation and appreciation. Owners would do well to show these employees that they care and are willing to share the cost of development.



“Millennial Mindset”

Employees with this perspective – regardless of their age – represent a substantial challenge for agency owners.

Unfortunately, in addition to their perception that younger employees are undervalued and underappreciated in general, these respondents also indicated they themselves feel far less valued at work. They are also far less likely than others to say that their job offers opportunities to learn important skills.

Whether their opinion that a job is just something they have to tolerate is independent of their job dissatisfaction or a direct result of it is impossible to say.

For owners with “Millennial Mindset” employees, recognizing their potential, demonstrating a level of trust in them and rewarding their efforts may in turn make them more productive.

But it's safe to say based on the research that for many of these employees agency life isn't a long-term goal, and they will move along eventually. Owners can attempt to identify these attitudes during the interview process and avoid prospects who hold them.



Implications

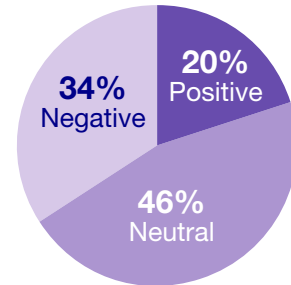
Don't Call Me "Millennial"

One last caution for agency owners working to motivate and develop their employees: Avoid using the term "millennial".

Among those respondents in this age group, only 9% say generalizations about millennials usually describe them well, and only 20% say they like being referred to as a millennial.

34% actively dislike the term.

How Do You Feel About Being Called a Millennial?



Millennials



Study Methodology

Respondents were invited to participate in an anonymous 15-minute online survey. All respondents completing the survey (with the exception of those sourced through the Research Now panel) were offered the chance to enter a sweepstakes drawing to win a \$250 Amazon.com gift card.

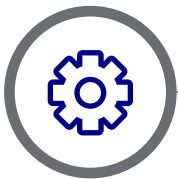
955 full-time agency employees participated in the study, yielding a margin of error +/- 3 percentage points.



About Agency Management Institute

Agency Management Institute (AMI) was founded in 1999 and serves small to mid-sized privately held agencies. AMI produces a weekly podcast, Build A Better Agency, and offers public workshops, remote and onsite consulting and membership-based agency owner peer networks.

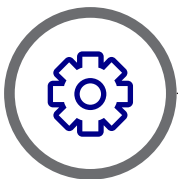
www.agencymanagementinstitute.com



About Audience Audit

Audience Audit was founded in 2009 to give small and mid-sized agencies access to world-class quantitative audience insights. We help organizations harness the power of custom attitudinal segmentation to radically reshape their understanding of their best audiences, and to help their agencies use that information to develop transformative marketing programs.

www.audienceaudit.com



About Research Now

Research Now is the world's leading digital data collection company, leveraging one of the world's largest and most diversely represented global panels. Offering an integrated approach to data collection – both qualitative and quantitative – the company streamlines the process for recruitment, technology and incentive redemption with industry-leading customer service.

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