BUILDING THE UNBEATABLE AGENCY

The Keys to Conquering Marketing Agency Challenges

An Agency Audit Study

audienceaudit

Introduction

The Agency Audit is an annual research series exploring the attitudes, challenges, and goals of marketing agency owners and leaders. The purpose of the series is to give agency leaders insight into how economic and other conditions are affecting their colleagues and competitors and how owners are tackling the challenges agencies face every day.

We gathered 343 responses from owners and leaders of small to mid-sized marketing agencies, yielding an overall margin of error of +/- 5 percentage points at a 95% confidence interval. This ensures that owners can confidently rely on the results for strategic planning and agency management purposes.

The concerns and needs of marketing agency leaders are difficult to ascertain, in part because marketing professionals are often excluded from respondent panels and lists. Thankfully, we welcomed the support of multiple partners to conduct this research—respected organizations with large agency communities who helped us distribute the survey and secure responses from hundreds of agency owners and leaders.

We are deeply grateful to the following partners for making the Agency Audit research series possible:

- Agency Management Institute
- Content Marketing Institute
- Convince & Convert
- Jay Baer
- LaneTerralever

- Mercer Island Group
- RSW/US
- The Content Advisory
- Legal + Creative
- White Label IQ

Introduction

The survey explored a range of topics that can present challenges for agencies.

- **Talent shortages**
- **Prioritizing agency marketing efforts**
- **Client prioritization of strategy development and tactical execution**
- **Reputation and thought leadership**
- **Establishing a clear niche**
- **Client defection**

Our goals were to understand:

A —————— The extent to which challenges associated with these topics were affecting agencies overall;

B —————— Whether some agencies were more or less likely to struggle than others; and

C —————— How agencies who struggle less with challenges were able to conquer them.

Five Attitudinal Segments Among Marketing Agencies

Owners rated their agreement level with a series of statements about their agencies — both struggles and goals — and their levels of concern about a range of issues. Analysis of this attitudinal data revealed five different types of agency owners, each statistically different from the others.

Thought Leaders: 21%

Staffing Strugglers: 20%

Change Seekers: 20%

Cobblers' Kids: 21%

Loyalty Builders: 17%

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Thought Leaders (21%)

Thought Leaders prioritize their expertise and center it as an asset that helps their agency achieve success. 90% of these respondents strongly agree their agency has a strong and unique niche positioning and that this sets them apart from competitors.

Additionally, they feel strongly committed to utilizing their niche in their marketing efforts and actively developing their thought leadership. These respondents strongly disagree that it's more valuable to be a generalist agency than to develop a niche.

"We wrote the book on our view of branding and storytelling. We want to be THE source for providers of complex services who need to share their story in ways that their clients understand them, see the value in them, and respond to them."

With so many people looking for employees, we haveto compete with higher salary requests while at the same time seeing clients reduce budgets and expect more from their existing budgets."

Staffing Strugglers (20%)

Staffing Strugglers are defined by their perspectives on staffing issues and have faced severe losses in recent years. These respondents report being strongly impacted by staffing issues and worry about them impacting their ability to succeed going forward. They feel it's harder than ever to find qualified employees. As a result, they're considering staffing options they've never considered before.

83% strongly agree with worries that salary levels will impact the experience and talent of their workforce, and 75% strongly feel that their agency may not be able to get the employees they need to take advantage of new business opportunities.

Change Seekers (20%)

Change Seekers feel the market for agency services is changing dramatically and that their agency needs to make big changes to succeed. They struggle to sell strategic services, saying it's difficult to get clients to focus on strategy and that clients don't want to pay for it.

78% of these respondents strongly agree that their clients underestimate the amount of work the agency does for them. They say that it's harder than ever to find new clients and that their current clients are more likely to be considering a move to a new agency than ever before.

Change Seekers are the least likely of all segments to feel optimistic about the opportunities for their agency or to say it's well-positioned to succeed.

There are 60,000+ 'agencies' in the U.S. now. Client loyalty is lost. They are just trying to find a shop that will do something better (even if just a tiny amount)."

Among our top competitors, there is very little differentiation, unfortunately. If a client is in a situation to choose, they usually choose the agency with a portfolio that includes direct experience in their industry."

Cobblers' Kids (21%)

Cobblers' Kids are the first to admit that marketing their agency is always a lower priority than client work—91% strongly agree with this statement. 71% also strongly agree that the efforts they do make are haphazard. These are the least likely respondents to say their agency is working on developing their thought leadership.

Loyalty Builders (17%)

Loyalty Builders say their agency has a good understanding of what puts clients at risk of defection, and they go to great lengths to ensure clients stay loyal to them. They focus their efforts on reporting the work done for clients and the performance of their initiatives and are much more likely than other respondents to say their agency has a strong program to keep clients loyal.

"We have a collaborative and empathetic approach that allows us to become a trusted partner and an extension of our clients' marketing teams. We are hyper-focused on driving results from our efforts."
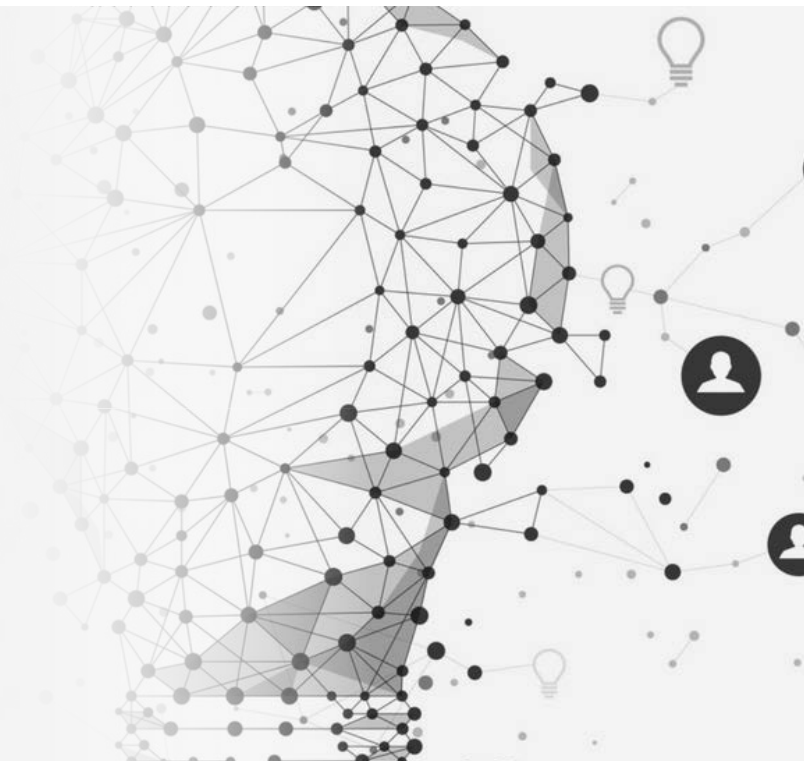
Demographics and Agency Characteristics Don't Differ Between Segments

Despite the strong differences in attitudes, the segments don't differ from each other in terms of respondent age, gender, role in their agency, years in the agency business, or the types of work they do in their agency.

68% of respondents are agency owners and 24% are members of senior leadership. Three in four respondents have worked in the industry for at least 11 years.
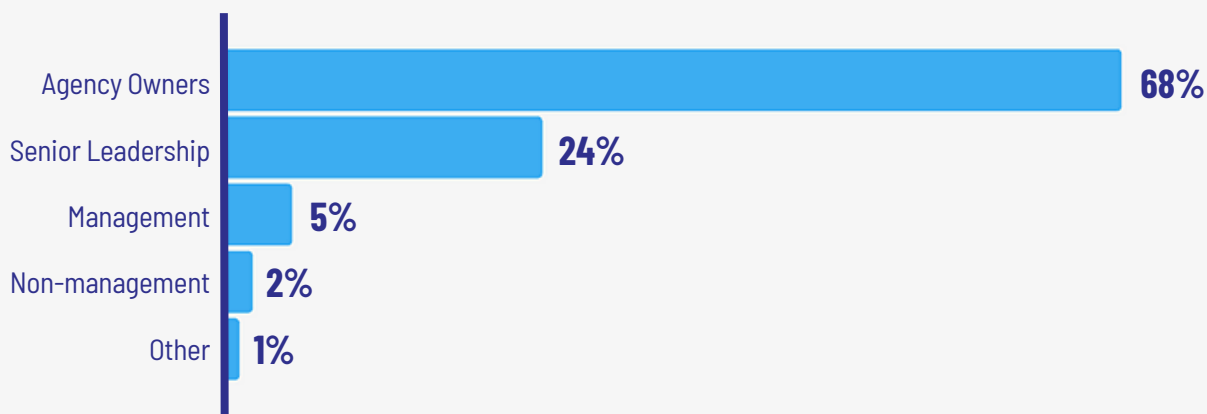
Thought Leaders and Loyalty Builders are more likely to believe their agencies can weather change and are well-positioned to succeed.

Change Seekers are less likely than other segments to believe clients understand the difference between strategy and tactics.

All segments strongly agreed that their agency is willing to engage with other agencies or vendors in order to support client needs. At the same time, Staffing Strugglers are more likely than Cobblers' Kids and Loyalty Builders to worry that bringing in partners to help on client work will hurt their agency's reputation.

Agency Characteristics

The research was focused on owners and leaders of small to mid-sized agencies; 70% of respondents work in agencies of fewer than 25 employees.

Employee Count

Category	Percentage
Fewer than 10	40%
10-24	30%
25-49	17%
50-99	8%
100-249	4%
250-499	2%
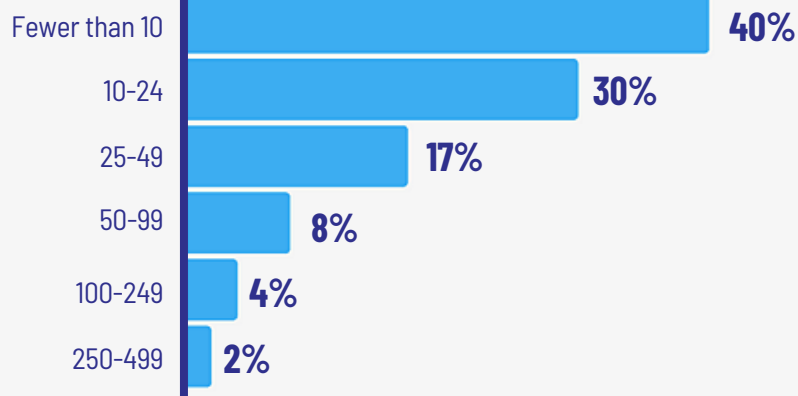
Cobblers' Kids and Change Seekers are significantly more likely than the other segments to work in agencies with fewer than 10 employees, but all segments appear at all agency sizes.

Employee Count

Fewer than 10

Segment	Percentage
Thought Leaders	41%
Staffing Strugglers	17%
Change Seekers	50%
Cobblers' Kids	59%
Loyalty Builders	31%
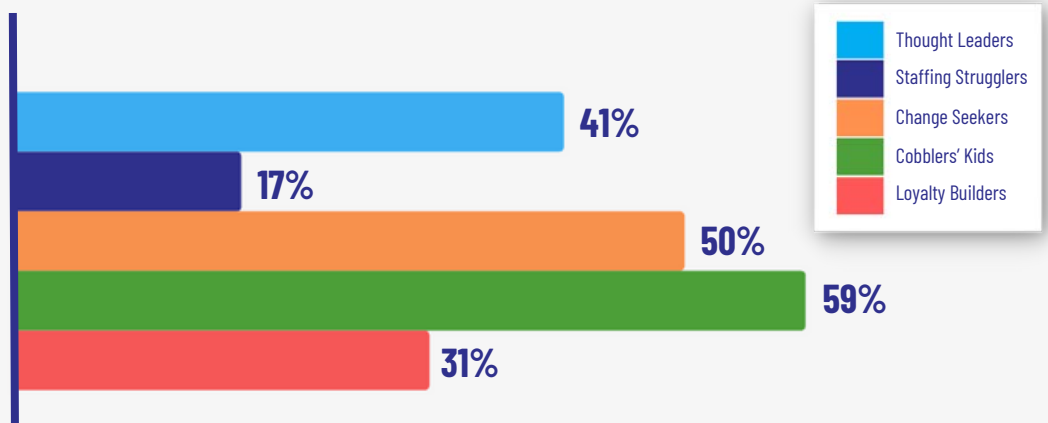
Agency Characteristics

Regardless of segment, most agencies in the study had annual revenue between $1 million and $9 million.

Revenue

$10M - $24M	10%
$1M - $9M	51%
$750K - $999K	7%
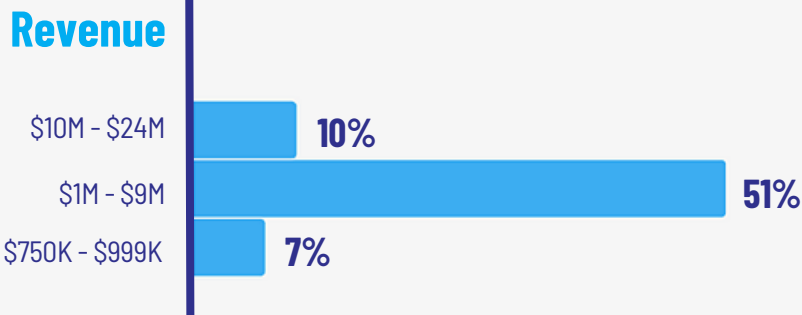
56% say their agency is operating with a mix of in-person and remote work. Only 8% of agencies are fully on-site.

How Agency Operating

A mix of on-site and virtual	56%
100% virtual	36%
100% on-site	8%
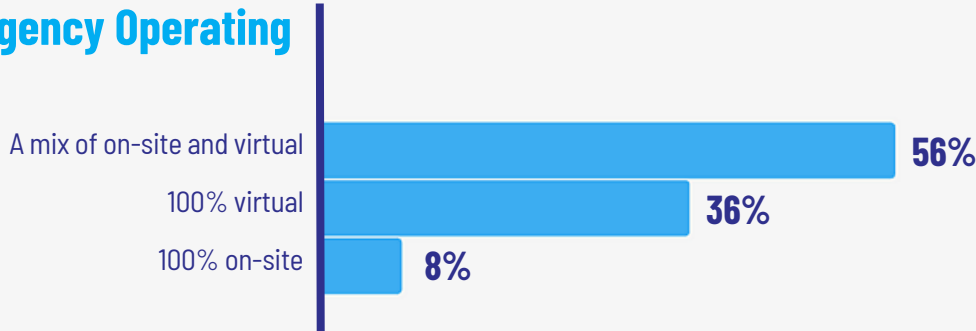
Cobblers' Kids and agencies with 10 employees or fewer are significantly more likely to be fully remote.

How Agency Operating

100% virtual

Thought Leaders	39%
Staffing Strugglers	21%
Change Seekers	29%
Cobblers' Kids	54%
Loyalty Builders	39%

Legend:
- Thought Leaders
- Staffing Strugglers
- Change Seekers
- Cobblers' Kids
- Loyalty Builders

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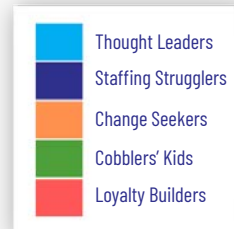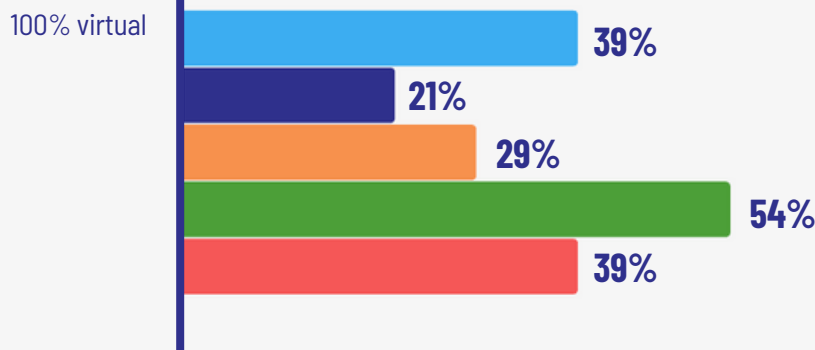
Agency Characteristics

Agency Services

Service	Percentage
Content strategy	82%
Marketing strategy development	82%
Content development	81%
Social media marketing	76%
Creative development	76%
Website development	73%
Online advertising	69%
Email marketing	67%
Search engine optimization	62%
Analytics	60%

Respondents report that their agencies offer a wide range of services to clients. The top five most-offered services are as follows:

- **82% content strategy**
- **82% marketing strategy development**
- **81% content development**
- **76% social media marketing**
- **76% creative development**

Agency Characteristics

Only 29% of respondents offer event advertising, one of the least commonly cited services. Cobblers' Kids are less likely than other segments to offer a lot of services. Change Seekers often offer more.

Loyalty Builders are more likely to offer digital services, such as analytics and lead generation.

Agency Services

Legend:
- Thought Leaders
- Staffing Strugglers
- Change Seekers
- Cobblers' Kids
- Loyalty Builders

Analytics
- Thought Leaders: 51%
- Staffing Strugglers: 58%
- Change Seekers: 59%
- Cobblers' Kids: 58%
- Loyalty Builders: 75%

Lead Generation
- Thought Leaders: 49%
- Staffing Strugglers: 54%
- Change Seekers: 54%
- Cobblers' Kids: 46%
- Loyalty Builders: 70%
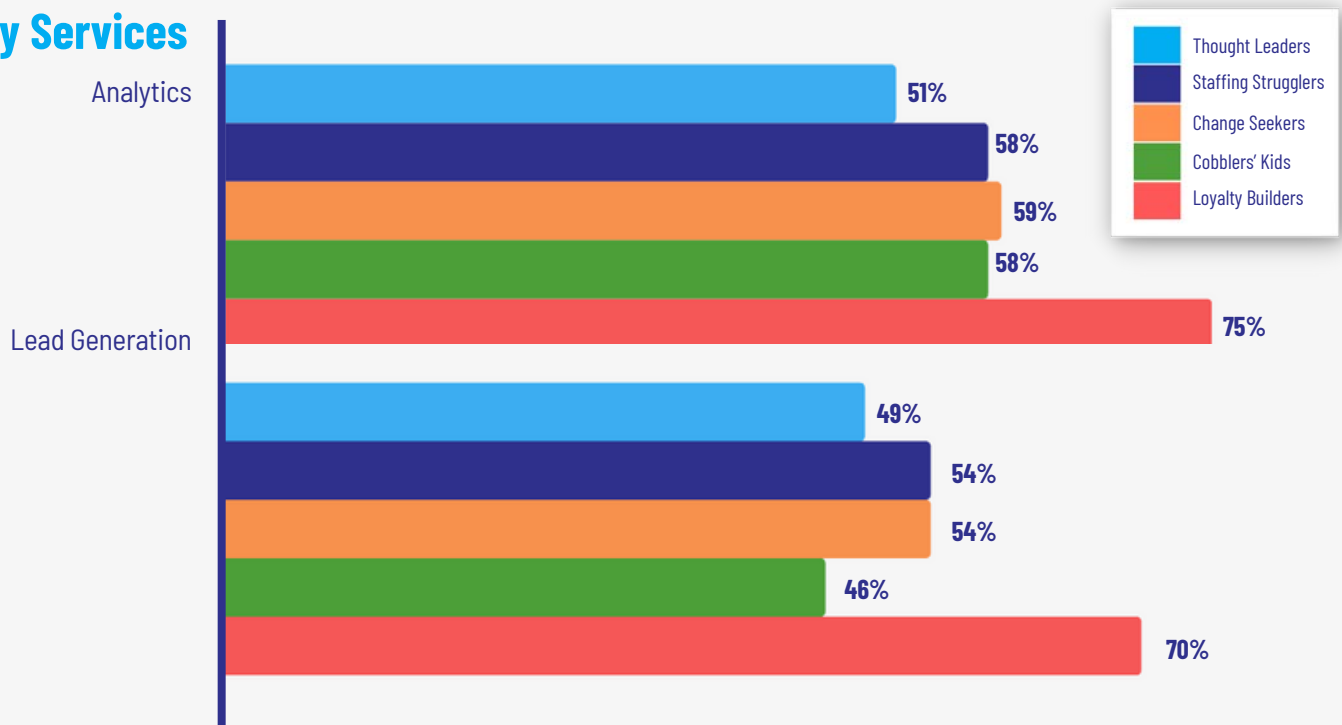
Strategy Services

45% of respondents say they always incorporate strategy services into programs for clients. 39% of respondents say they do so often.

Thought Leaders and Loyalty Builders are more likely to always incorporate strategy services into programs. Change Seekers are significantly less likely.

Strategy Services In Every Program

Always

Thought Leaders	55%
Staffing Strugglers	42%
Change Seekers	32%
Cobblers' Kids	37%
Loyalty Builders	58%
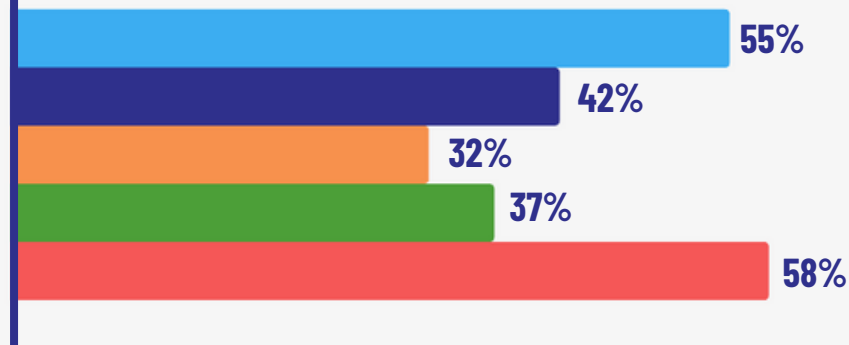
Our Take: Agency leaders in starkly different circumstances with very different perspectives on their agency's viability can't be boxed in by assumptions about agency size, services, or experience. While it may be comforting to assume your agency is immune to challenges or will perpetually struggle with them, neither is true based on what your agency looks like.

Agency Concerns and Challenges

Agency Concerns

This survey inquired about top worries for agency owners and agency leadership.

59% say they worry clients underestimate the amount of work their agencies do for them. 55% say marketing their own agency is always a lower priority than client work. 52% say finding qualified labor is harder than ever. Of less concern, only 9% of respondents said they worry that partnering with others to complete client work will hurt their agency's reputation—one of the answer options with the fewest respondents.

Agency Concerns - % Strongly Agreeing

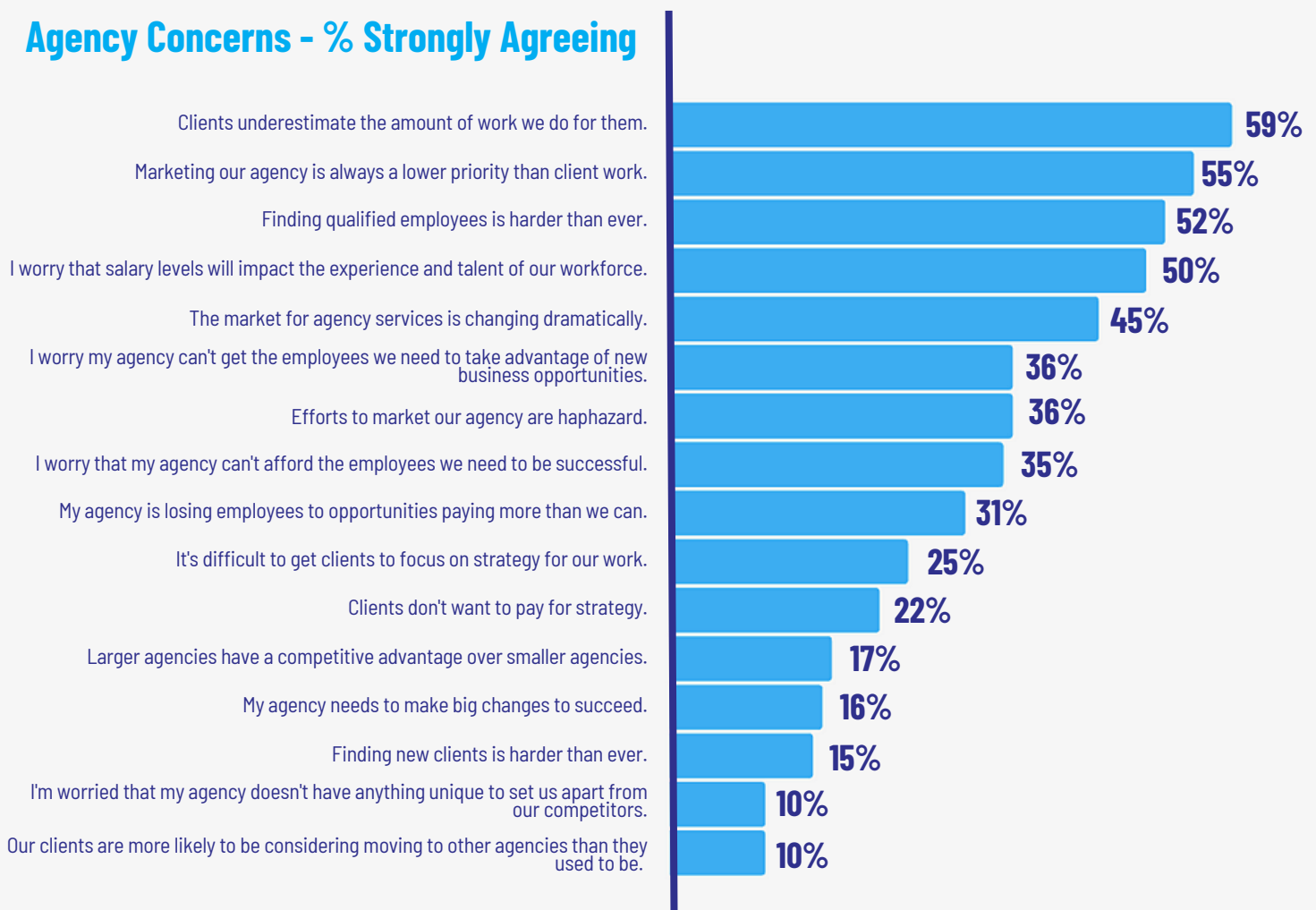| Concern	%
Clients underestimate the amount of work we do for them.	59%
Marketing our agency is always a lower priority than client work.	55%
Finding qualified employees is harder than ever.	52%
I worry that salary levels will impact the experience and talent of our workforce.	50%
The market for agency services is changing dramatically.	45%
I worry my agency can't get the employees we need to take advantage of new business opportunities.	36%
Efforts to market our agency are haphazard.	36%
I worry that my agency can't afford the employees we need to be successful.	35%
My agency is losing employees to opportunities paying more than we can.	31%
It's difficult to get clients to focus on strategy for our work.	25%
Clients don't want to pay for strategy.	22%
Larger agencies have a competitive advantage over smaller agencies.	17%
My agency needs to make big changes to succeed.	16%
Finding new clients is harder than ever.	15%
I'm worried that my agency doesn't have anything unique to set us apart from our competitors.	10%
Our clients are more likely to be considering moving to other agencies than they used to be.	10%

Each segment has their own concerns, but Thought Leaders and Loyalty Builders are least likely to strongly agree with any of the concerns we listed.

Agency Concerns and Challenges

Agency Challenges

Topping the list of challenges are staffing concerns, prioritizing internal marketing efforts, and employee salaries.

% Rating as Very Challenging

Challenge	%
Talent shortages	48%
Prioritizing agency marketing efforts	40%
Salary levels	36%
Resources for conducting specialized work outside the agency's scope	24%
Client prioritization between strategy development and tactical execution	22%
Competitive advantage of differentiation	22%
Reputation as a thought leader among ideal prospects	22%
Establishing a clear niche for the agency	22%
Reporting results of work conducted for clients	21%
Risk of client defection	11%

Thought Leaders and Loyalty Builders are significantly less likely to cite agency marketing efforts, employee salaries, competitive differentiation, reputation among prospects, and the risk of client defection as severe challenges.

Top 2 Challenges

Prioritizing agency marketing efforts
- Thought Leaders: 18%
- Staffing Strugglers: 36%
- Change Seekers: 46%
- Cobblers' Kids: 65%
- Loyalty Builders: 32%

Salary levels
- Thought Leaders: 33%
- Staffing Strugglers: 51%
- Change Seekers: 48%
- Cobblers' Kids: 32%
- Loyalty Builders: 17%

Competitive advantage or differentiation
- Thought Leaders: 1%
- Staffing Strugglers: 30%
- Change Seekers: 36%
- Cobblers' Kids: 31%
- Loyalty Builders: 13%

Reputation as a thought leader among ideal prospects
- Thought Leaders: 1%
- Staffing Strugglers: 17%
- Change Seekers: 30%
- Cobblers' Kids: 36%
- Loyalty Builders: 23%

Risk of client defection
- Thought Leaders: 7%
- Staffing Strugglers: 12%
- Change Seekers: 19%
- Cobblers' Kids: 10%
- Loyalty Builders: 7%

Legend:
- Thought Leaders
- Staffing Strugglers
- Change Seekers
- Cobblers' Kids
- Loyalty Builders

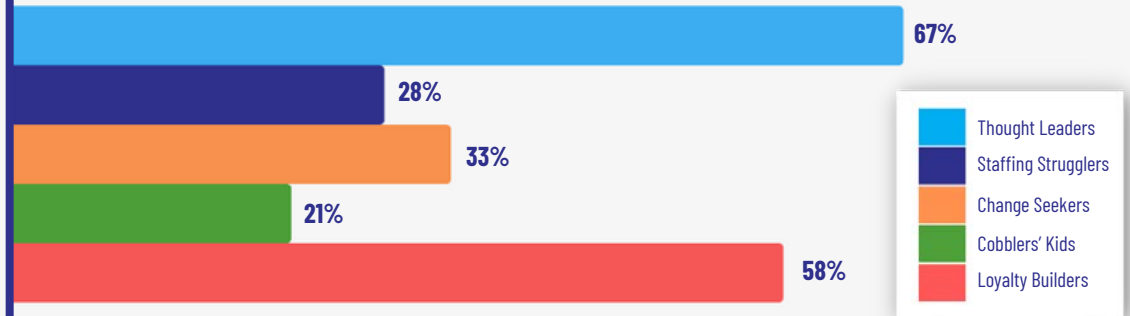audienceaudit

Building the Unbeatable Agency

So why are Thought Leaders and Loyalty Builders so much less likely than other agencies to have severe challenges with their own marketing, employee salaries, competitive advantage, reputation, and client defection? There are three strategies in particular that the research demonstrates they have embraced.

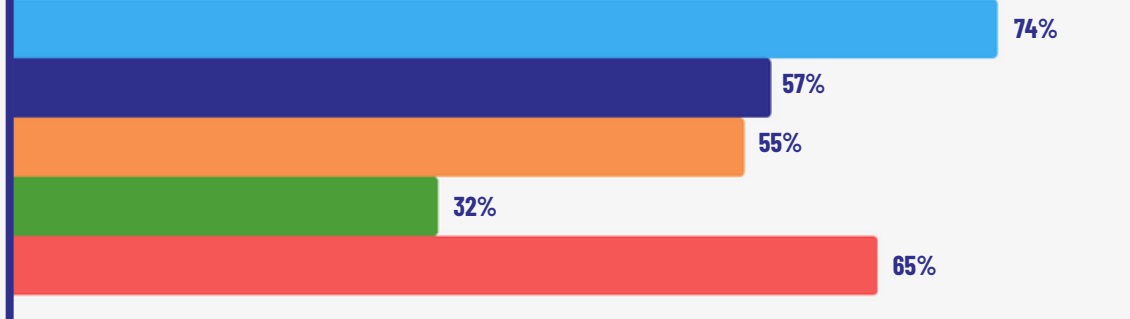## Strategy 1: Build Reputation With Thought Leadership and Niche Positioning

Thought Leaders and Loyalty Builders are significantly more likely than other segments to say their agency has a reputation as a thought leader and that it is working on the agency's thought leadership.

% Strongly Agreeing

My agency has a reputation as a thought leader.
- Thought Leaders: 67%
- Staffing Strugglers: 28%
- Change Seekers: 33%
- Cobblers' Kids: 21%
- Loyalty Builders: 58%

My agency is working on developing our thought leadership.
- Thought Leaders: 74%
- Staffing Strugglers: 57%
- Change Seekers: 55%
- Cobblers' Kids: 32%
- Loyalty Builders: 65%

Legend:
- Thought Leaders
- Staffing Strugglers
- Change Seekers
- Cobblers' Kids
- Loyalty Builders

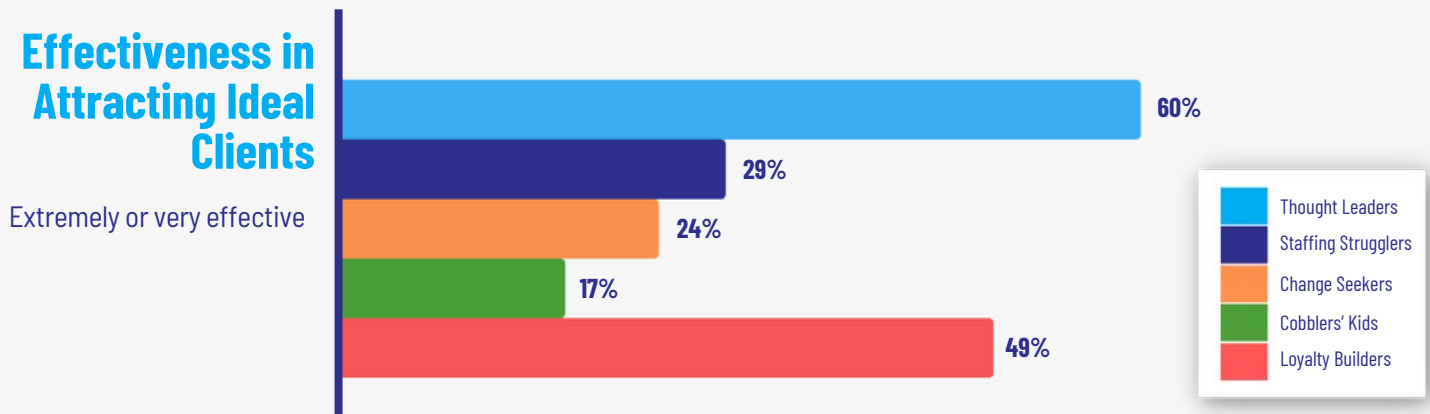audienceaudit

Building the Unbeatable Agency

These two segments also prioritize thought leadership activities to a greater extent than the other three segments, with 65% of Thought Leaders and 52% of Loyalty Builders saying that thought leadership activities are a top or high priority for their agencies.

Thought Leadership Priority
Top or High Priority

- Thought Leaders: 65%
- Staffing Strugglers: 30%
- Change Seekers: 41%
- Cobblers' Kids: 17%
- Loyalty Builders: 52%

Legend:
- Thought Leaders
- Staffing Strugglers
- Change Seekers
- Cobblers' Kids
- Loyalty Builders
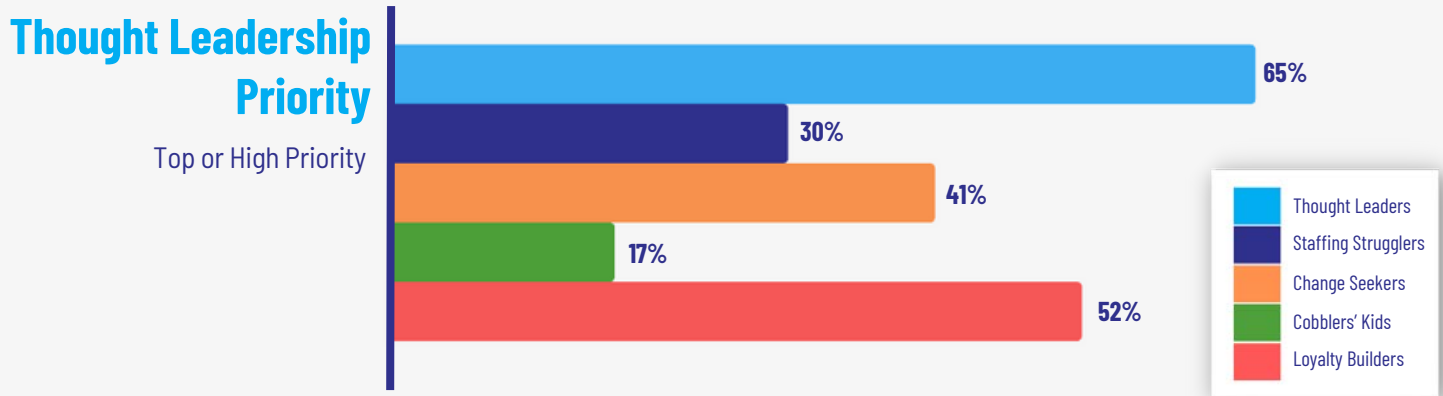
These segments are also significantly more likely to say their thought leadership efforts are extremely or very effective in attracting their ideal clients.

Effectiveness in Attracting Ideal Clients
Extremely or very effective

- Thought Leaders: 60%
- Staffing Strugglers: 29%
- Change Seekers: 24%
- Cobblers' Kids: 17%
- Loyalty Builders: 49%

Legend:
- Thought Leaders
- Staffing Strugglers
- Change Seekers
- Cobblers' Kids
- Loyalty Builders

Our Take:

The impact of a thought leadership reputation on agencies is undeniable. And thought leadership followers confirm that they are more likely hire, retain, and refer agencies with a thought leadership reputation.
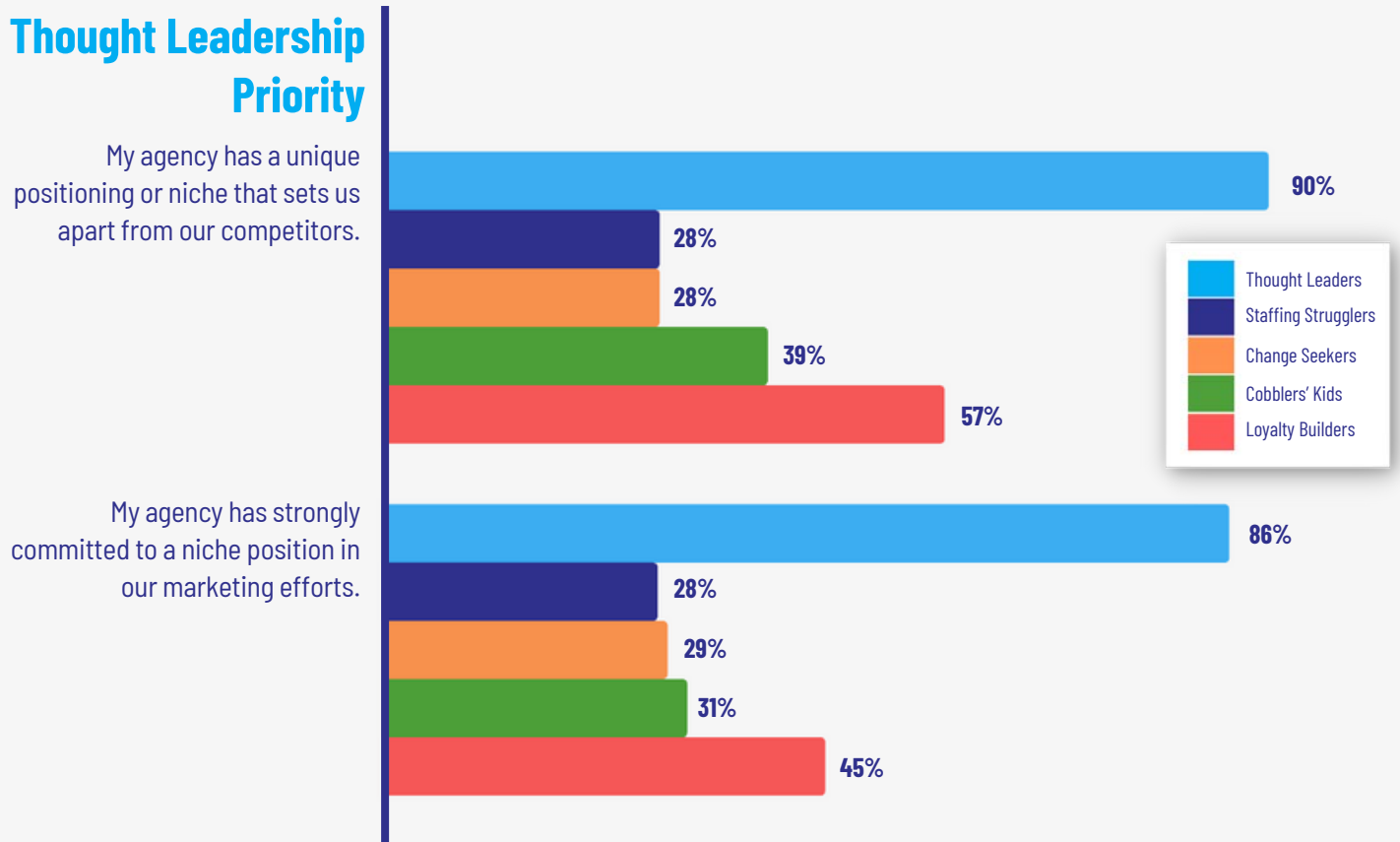
"The data is clear. The agencies that double down on their thought leadership by providing helpful insights that are both strategic and tactical for their clients and prospects to take and apply — are the ones building an unbeatable barrier around their business that will secure future growth."

— Stephen Woessner, CEO of Predictive ROI

Building the Unbeatable Agency

Another characteristic which often aligns with development of a thought leadership reputation for agencies is having a strong niche positioning and committing to that positioning in marketing efforts.
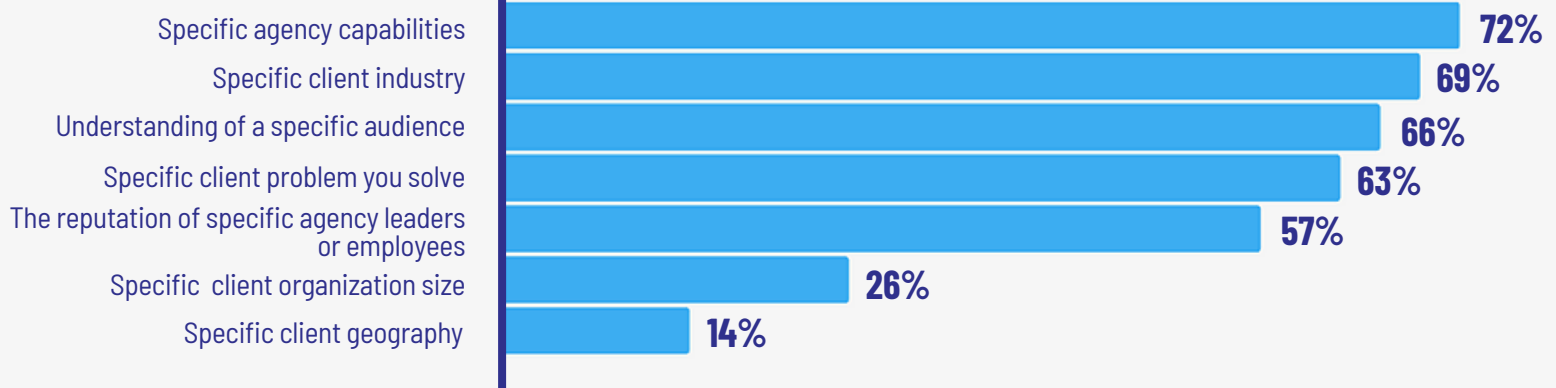
While 42% of respondents say their agency has strong niche positioning, Thought Leaders are significantly more likely than any other segment to say their agency has embraced a strong niche, and Loyalty Builders come in at a significantly higher level than the three other segments on this question.

Thought Leadership Priority

My agency has a unique positioning or niche that sets us apart from our competitors.
- 90%
- 28%
- 28%
- 39%
- 57%

Legend:
- Thought Leaders
- Staffing Strugglers
- Change Seekers
- Cobblers' Kids
- Loyalty Builders

My agency has strongly committed to a niche position in our marketing efforts.
- 86%
- 28%
- 29%
- 31%
- 45%

Building the Unbeatable Agency

Those whose agencies have a strong niche positioning often say it's based on a combination of specific agency capabilities, a specific client industry, understanding of a specific audience, and solving a specific client problem.

Why Strong Niche Positioning

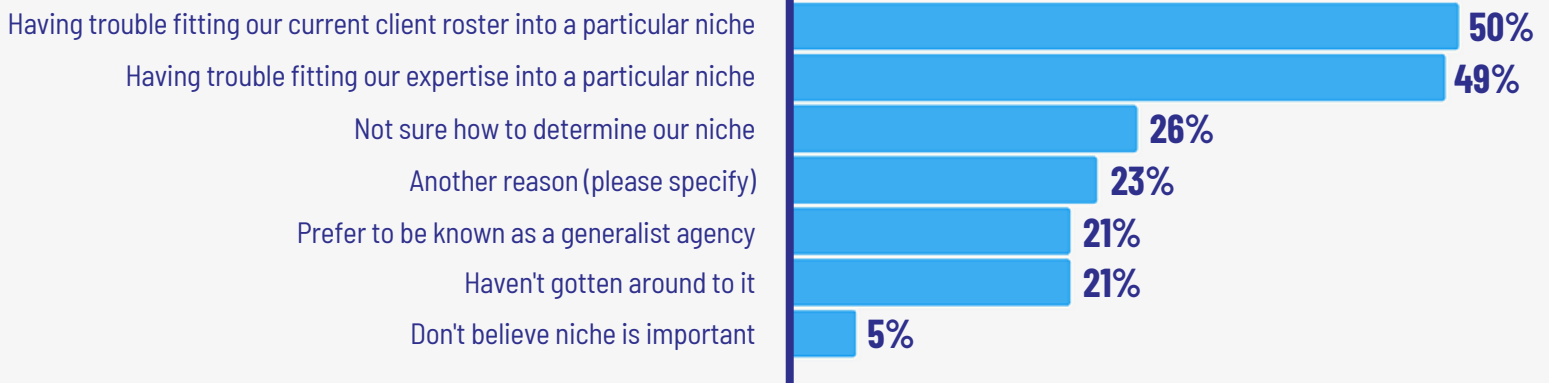|	
Specific agency capabilities	72%
Specific client industry	69%
Understanding of a specific audience	66%
Specific client problem you solve	63%
The reputation of specific agency leaders or employees	57%
Specific client organization size	26%
Specific client geography	14%

Building the Unbeatable Agency

Those whose agencies do not have a strong niche positioning often say it's because they can't figure out how to fit their current client roster or their expertise into a particular niche.

Why Not Strong Niche Positioning

Reason	Percentage
Having trouble fitting our current client roster into a particular niche	50%
Having trouble fitting our expertise into a particular niche	49%
Not sure how to determine our niche	26%
Another reason (please specify)	23%
Prefer to be known as a generalist agency	21%
Haven't gotten around to it	21%
Don't believe niche is important	5%

With only 5% saying they don't believe a niche is important, it's clear that there is substantial interest in developing a strong niche but less success in actually doing it.

Our Take:

Audience Audit's research into the attitudes and goals of thought leadership followers with Predictive ROI demonstrates the power of a thought leadership reputation for organizations. Since 2004, our Agency Edge research with Agency Marketing Institute into the attitudes of marketing agency clients has shown the power in clients' minds of working with an agency who represents a specialized expertise and reputation in their niche.

B2B thought leadership followers say that an organization's reputation as a thought leader drives a significantly higher likelihood to hire, retain, and refer providers.

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Building the Unbeatable Agency

A position of expertise and helpfulness (true thought leadership) prequalifies ideal prospects, discourages poor ones, and nurtures your existing clients to continue working with you.

While a tight niche positioning doesn't always accompany a thought leadership reputation, it undoubtedly makes such a specialist reputation easier to communicate and maintain. It allows your agency to easily focus your content, and assures your ideal prospects that you're truly invested in understanding and serving their needs.

Many agencies struggle to define their niche, for a number of reasons demonstrated in this research:

1 —————— Some agencies simply don't have a strong definition of the work they want to do. Many are taking the work that comes along, staffing or contracting for project types they haven't done before, and building their agency around the work that walks in the door instead of building the agency they want to have around the work they want to do and the clients they want to serve.

2 —————— Many agencies appear to believe that their niche must be defined by their existing client roster, which can often include many different types of organizations, industries, client sizes, and work done.

3 —————— A similar percentage believe that their niche must be defined by the work they've done in the past or do currently, which they find hard to summarize so it makes sense.

In fact, a niche can be defined not by industry, client size, or deliverables, but by a problem that your agency is exceptionally good at solving due to your experience, expertise, and capabilities.

That problem may transcend industry and client size, and can even include a range of solutions depending on the needs of the client—but it's a niche nonetheless, and one your ideal prospects will immediately recognize as differentiating your agency from others.

> "When you hang out in the right ponds and tell the right stories that address the most painful business issues and challenges you know your prospective clients are facing — you will win new business with right-fit clients. And your biz dev process will only get easier, more effective, and more impactful as you go narrower into a niche."
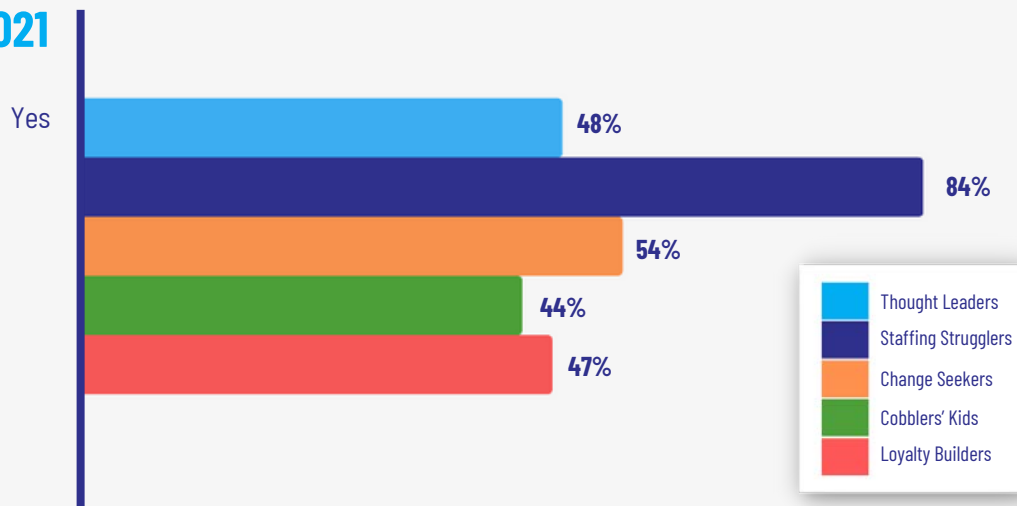>
> **— Stephen Woessner, CEO of Predictive ROI**

Building the Unbeatable Agency

Strategy 2: Build Staff Staff Retention With Flexibility and Senior Staff Check-Ins
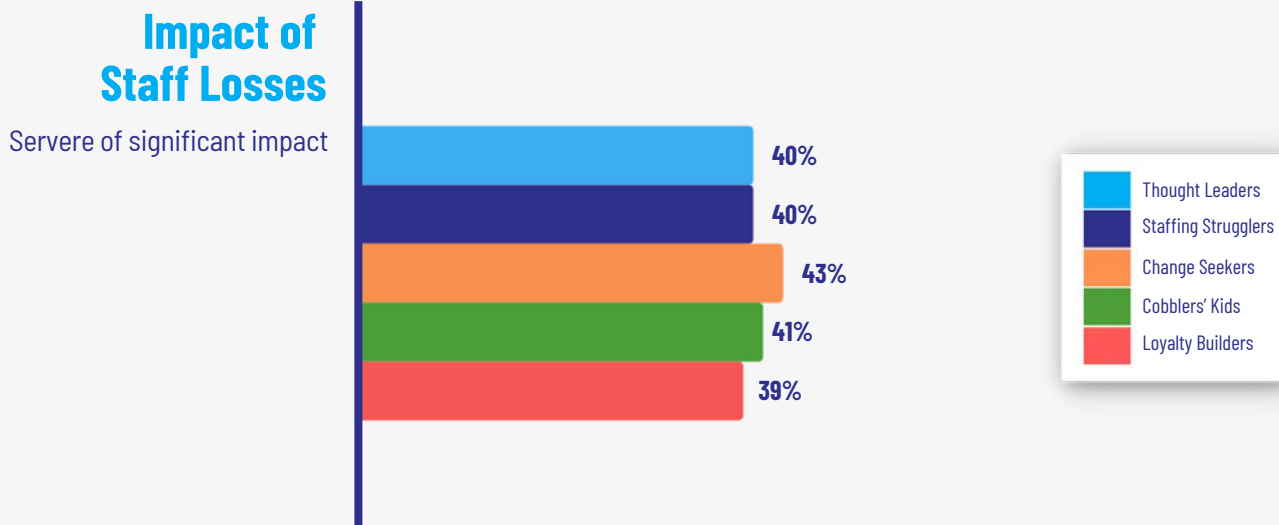
The inability to retain staff is a crippling challenge, especially when hiring conditions are difficult. 55% of respondents in our study say their agency lost staff in 2021. While this was a particular challenge for Staffing Strugglers, no agency in the study was immune.

Lost Staff in 2021

Yes — Thought Leaders	48%
Staffing Strugglers	84%
Change Seekers	54%
Cobblers' Kids	44%
Loyalty Builders	47%

Legend:
- Thought Leaders
- Staffing Strugglers
- Change Seekers
- Cobblers' Kids
- Loyalty Builders

Many of those who lost staff say the impact to their agency was significant or severe. All agencies were similar in this regard.

Impact of Staff Losses

Servere of significant impact

Thought Leaders	40%
Staffing Strugglers	40%
Change Seekers	43%
Cobblers' Kids	41%
Loyalty Builders	39%

Legend:
- Thought Leaders
- Staffing Strugglers
- Change Seekers
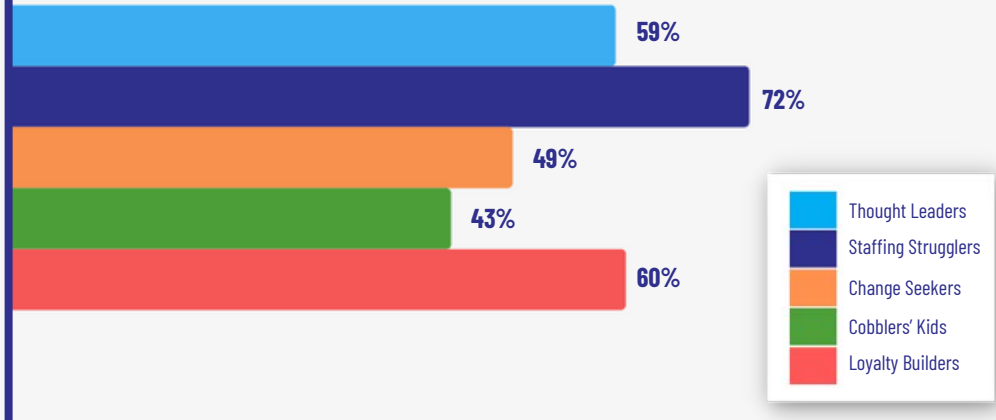- Cobblers' Kids
- Loyalty Builders

Building the Unbeatable Agency

Unsurprisingly, many agencies say they have put specific programs in place to minimize the risk of staff losses.

Programs to Minimize Staff Losses

Yes

59%	Thought Leaders
72%	Staffing Strugglers
49%	Change Seekers
43%	Cobblers' Kids
60%	Loyalty Builders

Agencies are using a range of programs to stem staff losses. Flexibility of work location and schedule top the list.

Which Programs

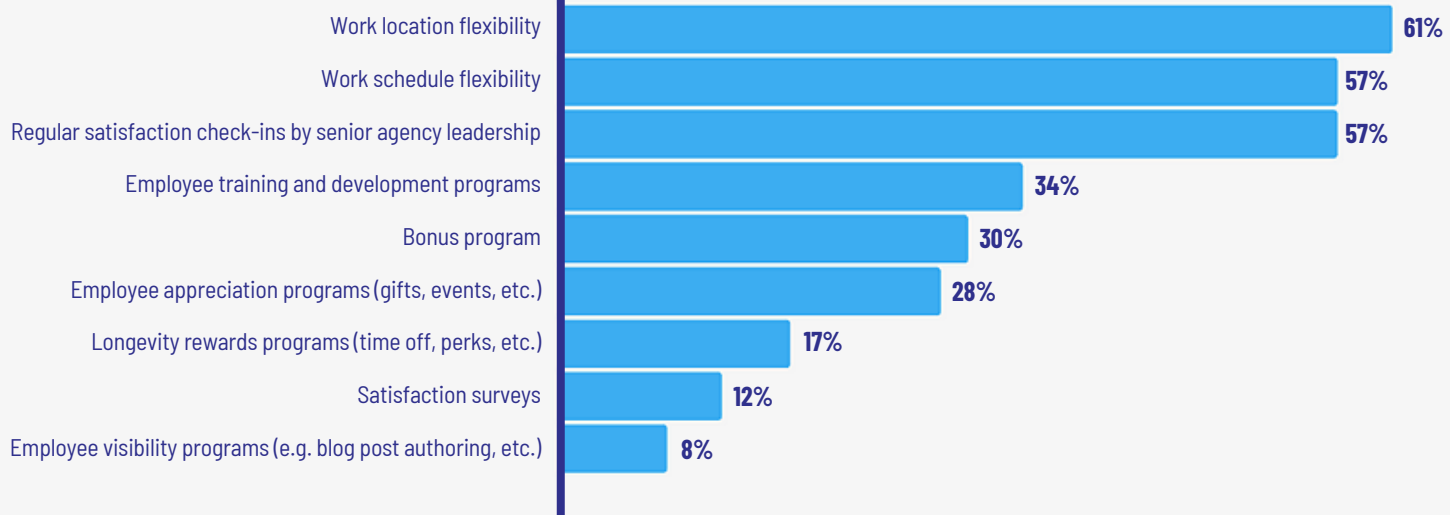| Program	%
Work location flexibility	87%
Work schedule flexibility	84%
Regular satisfaction check-ins by senior agency leadership	79%
Employee appreciation programs (gifts, events, etc.)	77%
Employee training and development programs	76%
Bonus program	68%
Longevity rewards programs (time off, perks, etc.)	53%
Satisfaction surveys	42%

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However, when agencies are asked which of the programs they're using are the most effective in minimizing staff attrition, the three overwhelmingly cited by respondents are location flexibility, schedule flexibility, and regular satisfaction check-ins by senior agency leadership.

Most Successful Programs

Program	Percentage
Work location flexibility	61%
Work schedule flexibility	57%
Regular satisfaction check-ins by senior agency leadership	57%
Employee training and development programs	34%
Bonus program	30%
Employee appreciation programs (gifts, events, etc.)	28%
Longevity rewards programs (time off, perks, etc.)	17%
Satisfaction surveys	12%
Employee visibility programs (e.g. blog post authoring, etc.)	8%

Other programs are cited as most successful by fewer than half of respondents who say their agencies are using them.

Our Take:

It's clear that location and scheduling flexibility are here to stay when it comes to retaining talented staff. But our research demonstrates the power of regular engagement with senior agency leadership as a key element of success in building employee loyalty, having an impact beyond that of bonus and rewards programs, and even employee training and development.

Our 2022 Agency Edge study with agency employees confirms the importance of engagement with agency leaders regardless of employee segment. Conducting regular satisfaction check-ins should be a core element of every agency's leadership team.

> "Agency leaders need to invest more time, energy, and focus than ever before in existing employees. You can't compete with a corporate pay scale and benefits. What are you doing to make working in your agency so rewarding that they're turning down corporate opportunities?"
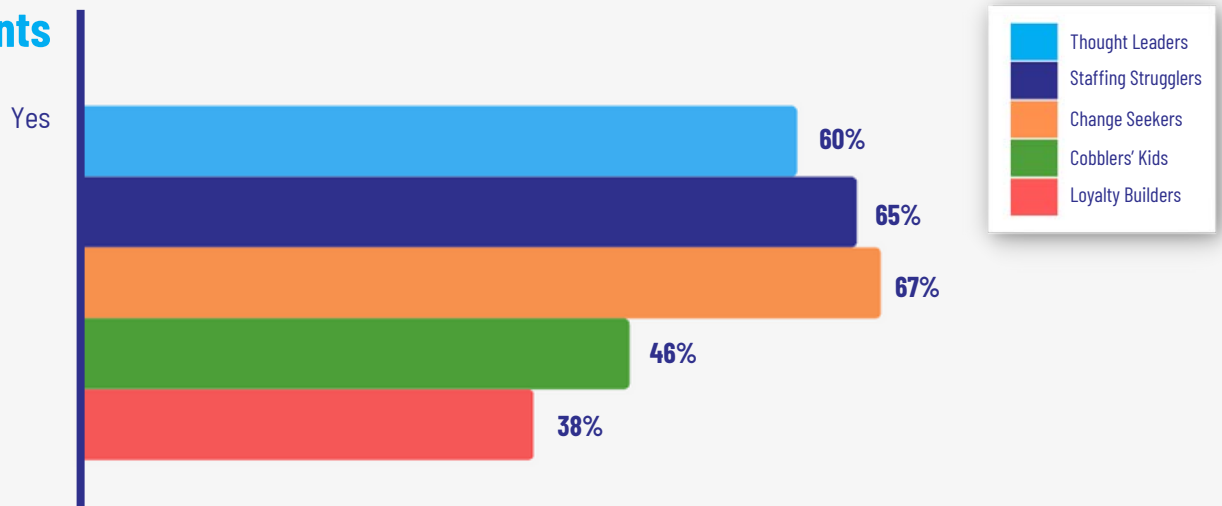> - Drew McLellan, CEO of Agency Management Institute

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Building the Unbeatable Agency

## Strategy 3: Build Client Loyalty With Reporting and Senior Leadership Check-Ins

While 57% of respondents say they lost clients in 2021, Loyalty Builders are less likely than other segments to say their agency did.

Lost Clients

Yes

Thought Leaders	60%
Staffing Strugglers	65%
Change Seekers	67%
Cobblers' Kids	46%
Loyalty Builders	38%

Given the high percentage of agencies experiencing client losses, it's somewhat surprising that fewer than half say they have specific programs in place to minimize client defection.
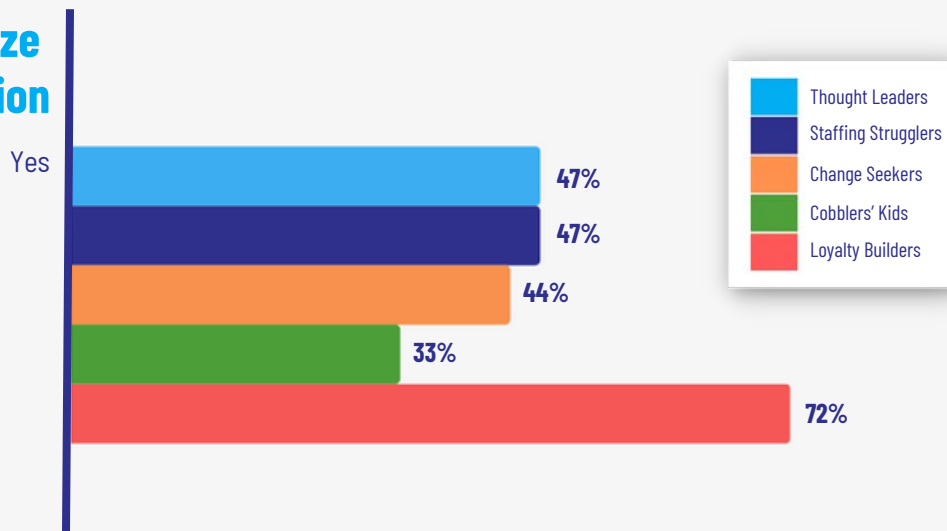
Programs to Minimize Client Defection

No	49%
Yes	45%
I'm not sure	6%

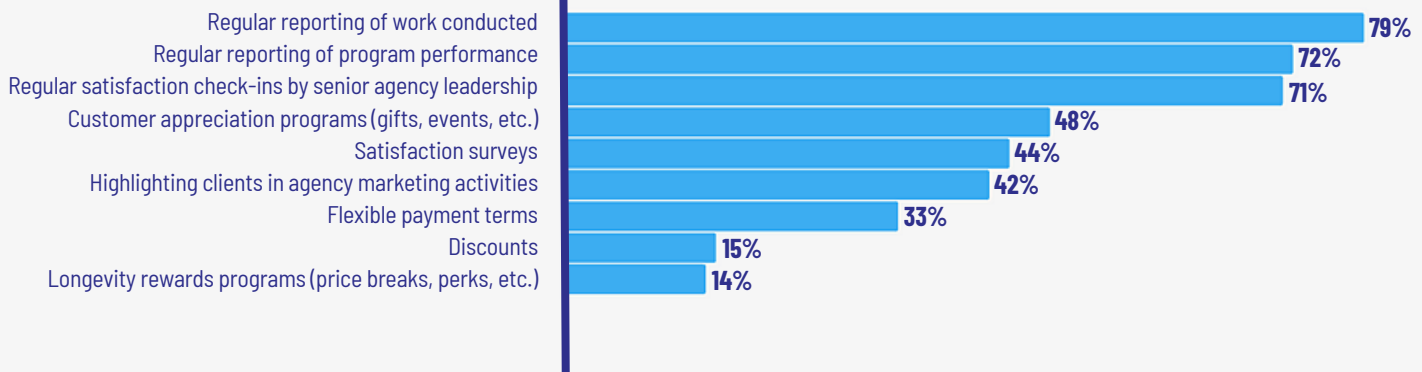audienceaudit
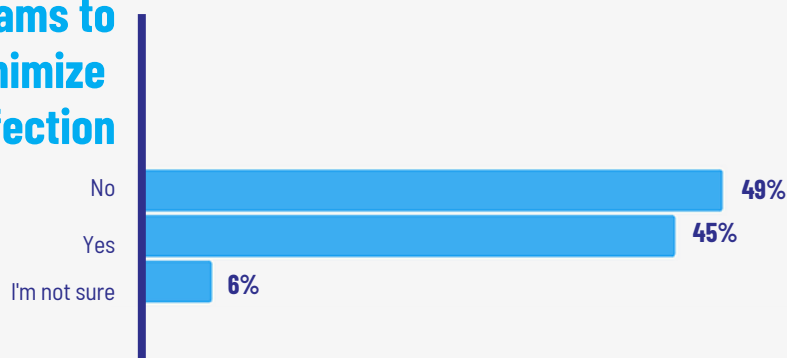
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Loyalty Builders— the segment least likely to say they lost clients—are the most likely to have programs in place to retain clients.

Programs to Minimize Client Defection

Legend:
- Thought Leaders
- Staffing Strugglers
- Change Seekers
- Cobblers' Kids
- Loyalty Builders

Yes
- Thought Leaders: 47%
- Staffing Strugglers: 47%
- Change Seekers: 44%
- Cobblers' Kids: 33%
- Loyalty Builders: 72%

Among the 45% of respondents who say their agency has client defection deterrent programs in place, most say they include regular reporting of work conducted and of program performance, and regular satisfaction check-ins by senior agency leadership.

Client Retention Programs Used

Program	Percentage
Regular reporting of work conducted	79%
Regular reporting of program performance	72%
Regular satisfaction check-ins by senior agency leadership	71%
Customer appreciation programs (gifts, events, etc.)	48%
Satisfaction surveys	44%
Highlighting clients in agency marketing activities	42%
Flexible payment terms	33%
Discounts	15%
Longevity rewards programs (price breaks, perks, etc.)	14%

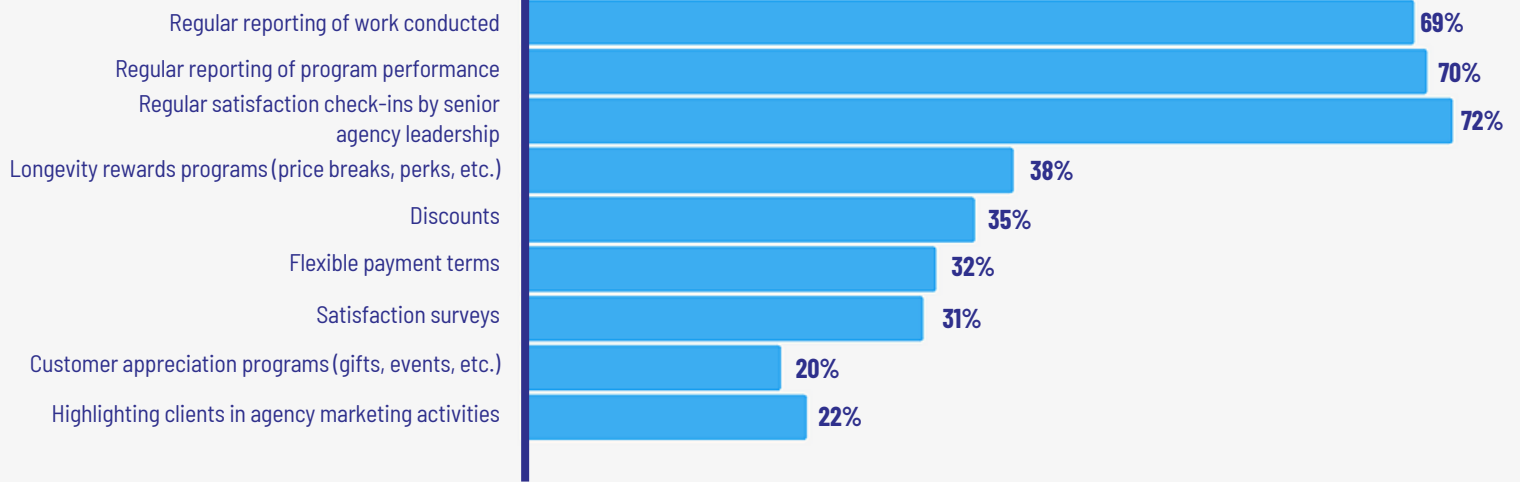audienceaudit

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These three programs are also most often cited as being the most effective in minimizing client defection by those agencies using them.

Most Successful Programs

Regular reporting of work conducted	69%
Regular reporting of program performance	70%
Regular satisfaction check-ins by senior agency leadership	72%
Longevity rewards programs (price breaks, perks, etc.)	38%
Discounts	35%
Flexible payment terms	32%
Satisfaction surveys	31%
Customer appreciation programs (gifts, events, etc.)	20%
Highlighting clients in agency marketing activities	22%

30% of respondents always provide reports of work completed to clients. 33% usually do.

Reporting for Clients
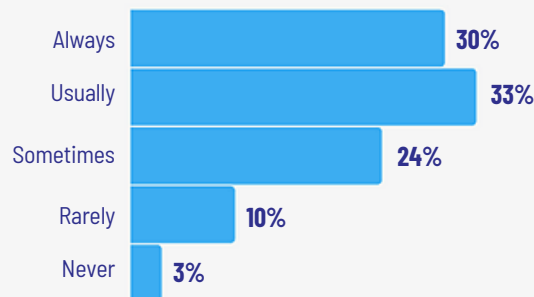
Always	30%
Usually	33%
Sometimes	24%
Rarely	10%
Never	3%

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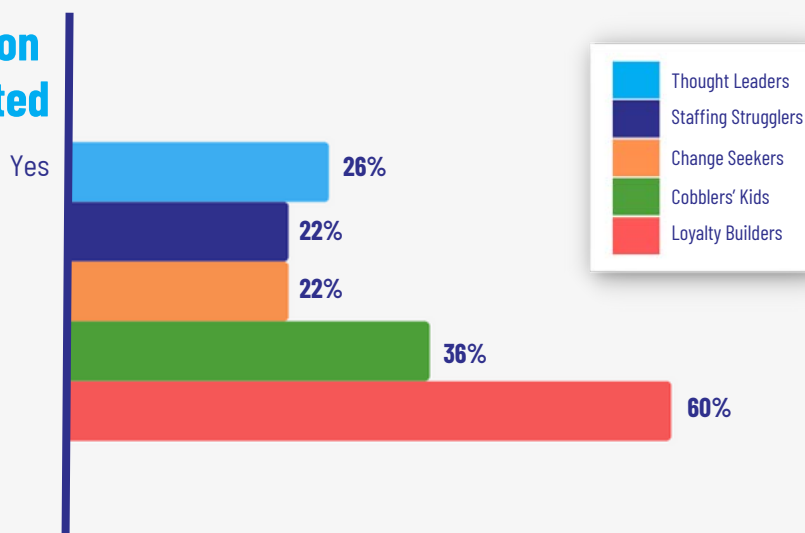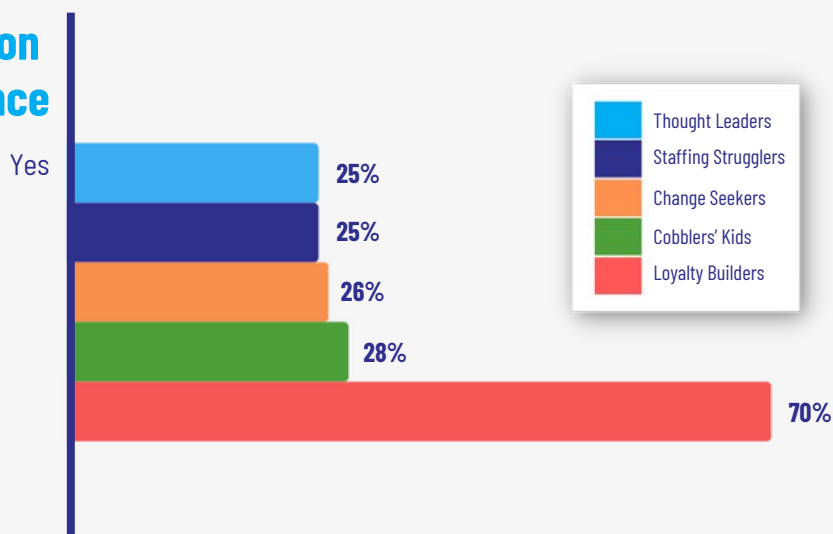
Building the Unbeatable Agency

Loyalty Builders are significantly more likely to say they always provide reports of work completed for clients.

Always Report on Work Completed

Yes

- Thought Leaders — 26%
- Staffing Strugglers — 22%
- Change Seekers — 22%
- Cobblers' Kids — 36%
- Loyalty Builders — 60%

Legend:
- Thought Leaders
- Staffing Strugglers
- Change Seekers
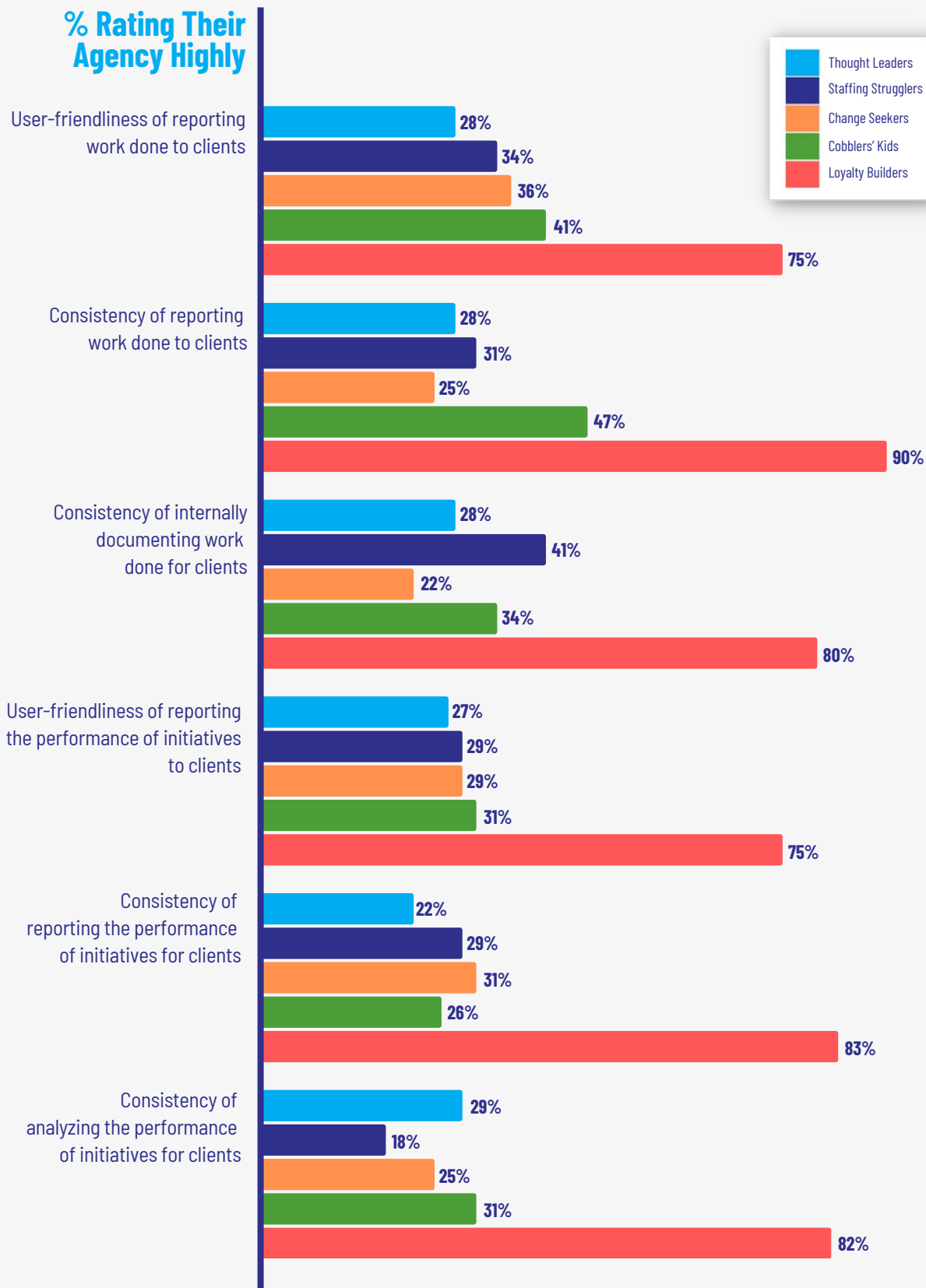- Cobblers' Kids
- Loyalty Builders

Loyalty Builders are also far more likely than other segments to always report on the performance of initiatives they've developed for clients.

Always Report on Initiative Performance

Yes

- Thought Leaders — 25%
- Staffing Strugglers — 25%
- Change Seekers — 26%
- Cobblers' Kids — 28%
- Loyalty Builders — 70%

Legend:
- Thought Leaders
- Staffing Strugglers
- Change Seekers
- Cobblers' Kids
- Loyalty Builders
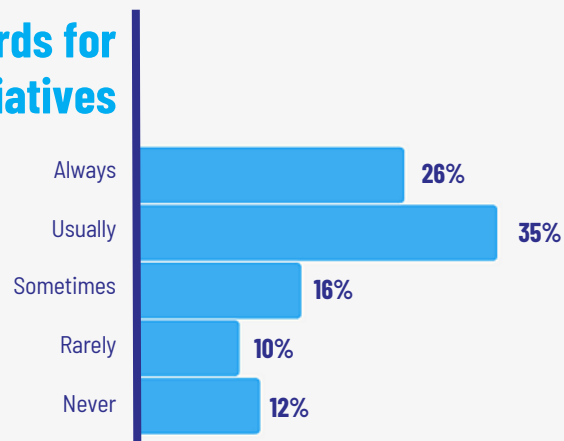
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Loyalty Builders are also far more likely than other segments to give their agencies high ratings for consistency and user-friendliness of their reporting to clients.

% Rating Their Agency Highly

Legend:
- Thought Leaders
- Staffing Strugglers
- Change Seekers
- Cobblers' Kids
- Loyalty Builders

User-friendliness of reporting work done to clients
- Thought Leaders: 28%
- Staffing Strugglers: 34%
- Change Seekers: 36%
- Cobblers' Kids: 41%
- Loyalty Builders: 75%

Consistency of reporting work done to clients
- Thought Leaders: 28%
- Staffing Strugglers: 31%
- Change Seekers: 25%
- Cobblers' Kids: 47%
- Loyalty Builders: 90%

Consistency of internally documenting work done for clients
- Thought Leaders: 28%
- Staffing Strugglers: 41%
- Change Seekers: 22%
- Cobblers' Kids: 34%
- Loyalty Builders: 80%

User-friendliness of reporting the performance of initiatives to clients
- Thought Leaders: 27%
- Staffing Strugglers: 29%
- Change Seekers: 29%
- Cobblers' Kids: 31%
- Loyalty Builders: 75%

Consistency of reporting the performance of initiatives for clients
- Thought Leaders: 22%
- Staffing Strugglers: 29%
- Change Seekers: 31%
- Cobblers' Kids: 26%
- Loyalty Builders: 83%

Consistency of analyzing the performance of initiatives for clients
- Thought Leaders: 29%
- Staffing Strugglers: 18%
- Change Seekers: 25%
- Cobblers' Kids: 31%
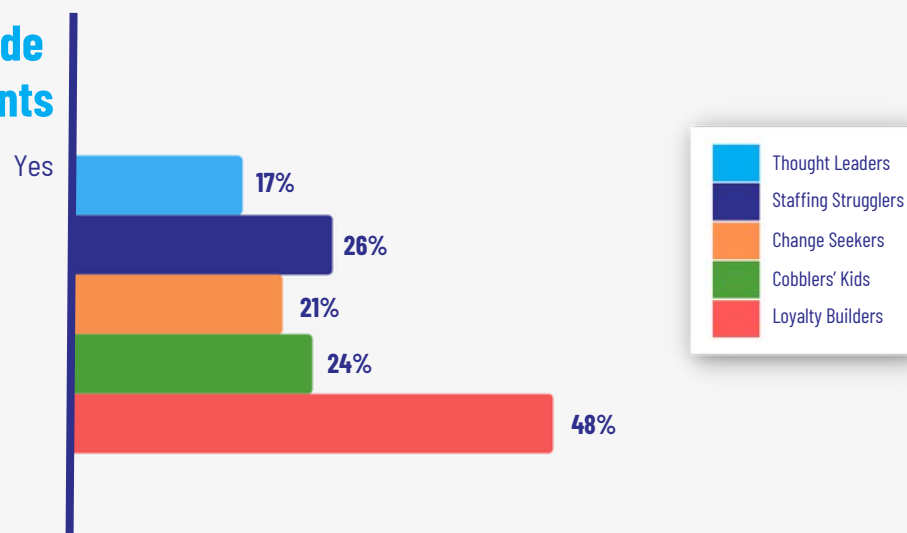- Loyalty Builders: 82%

Building the Unbeatable Agency

Only 26% of respondents say their agency always provides dashboards and other reporting tools to report marketing initiative performance for clients. 35% usually do.

Provide Dashboards for Marketing Initiatives

Category	Percentage
Always	26%
Usually	35%
Sometimes	16%
Rarely	10%
Never	12%

Loyalty Builders are significantly more likely to say they always provide dashboards to clients to report performance of marketing initiatives.

Always Provide Dashboards to Clients

Yes

Segment	Percentage
Thought Leaders	17%
Staffing Strugglers	26%
Change Seekers	21%
Cobblers' Kids	24%
Loyalty Builders	48%

Building the Unbeatable Agency

While most agencies generate reports for clients on a regular schedule, only 18% update reports in real-time.

When Are Reports Generated

On a regular schedule	57%
On an as-needed basis	25%
In real-time	18%
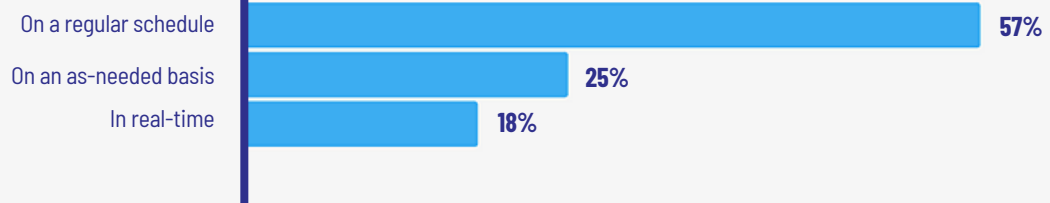
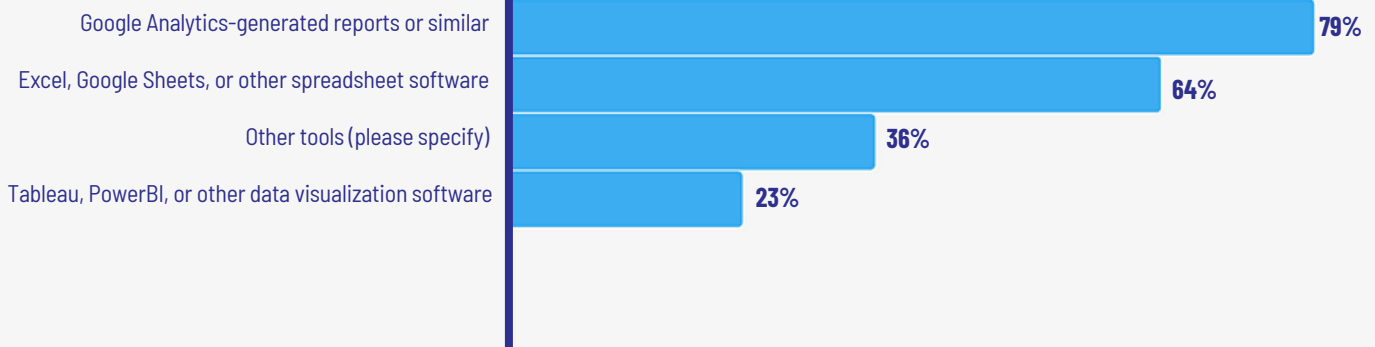84% of agencies reporting performance to clients say their reports involve some degree of manual work to prepare.

How Are Reports Generated

A combination of manually and automatically	68%
Automatically	16%
Manually	16%

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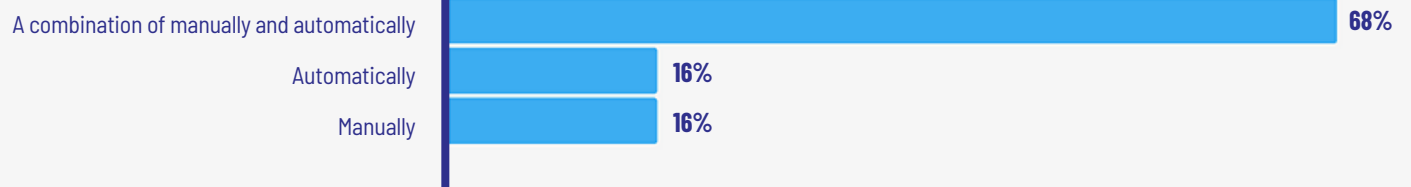
Building the Unbeatable Agency

Most agencies rely on a combination of generated reports from Google Analytics or similar platforms, and spreadsheets to generate reports.

Tools Used for Initiative Performance Reporting

Tool	Percentage
Google Analytics-generated reports or similar	79%
Excel, Google Sheets, or other spreadsheet software	64%
Other tools (please specify)	36%
Tableau, PowerBI, or other data visualization software	23%

Our Take: Striking in this research is the extent to which Loyalty Builders have been able to avoid the client attrition that so many agencies struggle with. Their strategy is a combination of having a thought leadership reputation that encourages clients to stay, as well as a defined, consistent program of sharing with clients both the results or initiatives as well as the amount of work done on their behalf.

Lori Highby, CEO of Keystone Click, a Milwaukee-based digital agency, says her agency consistently delivers a monthly report to their clients highlighting the key wins and losses for the month, customized to address their specific goals. The presentation of the report wraps with a discussion of activities the agency will be tackling in the following month.

> "Reporting can be time-consuming, but creating your templates and documenting the process can create efficiencies. A critical success point is to always present the information to the client — never just email it. And never skip a month—create this habit internally with your team, and with your clients. We find this process regularly leads to new opportunities with clients."
>
> **- Lori Highby, Founder of Keystone Click**

Building the Unbeatable Agency

Agencies conducting activities that generate easily reportable results such as digital campaigns or social media activity may have an advantage with respect to reporting. But there are things that any agency can do to build a sustainable client reporting initiative:

1 ———— Determine what you CAN report on. If your work doesn't allow you to share clicks or views, report the impact in terms of new prospects in your client's pipeline, mentions by key industry players, or speaking opportunities at industry events.

2 ———— The research makes it clear that agencies reporting the most success with client retention are reporting not only results, but work done. Generate reports of key milestones accomplished and achievements by internal groups working toward a key client goal.

3 ———— Make your reporting as brief and as clear as you can make it—so clients will find it a pleasure to review with you.

4 ———— Be ready to answer questions about the data you're reporting—how issues can be corrected, or how to replicate results.

5 ———— Include what's been done, and what will be done next.

6 ———— Manual reporting is time-consuming and susceptible to errors and delays. Consider using data visualization tools that can automatically pull data from your various systems and generate visually appealing reports that are easy to understand.

Our Take:

While the reporting for clients are common approaches to client retention among agencies, many may be surprised at the effectiveness of regular check-ins by senior agency leaders in keeping clients engaged and loyal. These efforts are reported as far more impactful than offering discounts or flexible payment terms. Drew McLellan, of Agency Management Institute, refers to this as "client love" - making the time to do things you may not getting paid for, but which contribute to the longevity and health of your client relationships.

> **"It's not a meeting or a strategy session -- it's golf, or drinks, or theater, or whatever their thing is. It's about investing in the relationship, putting deposits in the bank against that time when something goes wrong."**
>
> **- Drew McLellan, Agency Management Institute**

Conclusion

This study revealed not only what agency leaders are struggling with, but how some agencies have eliminated or reduced these challenges with three fundamental approaches – what we believe is the recipe for building an Unbeatable Agency:

1   **Agencies employing building reputation with thought leadership and niche positioning;**

2   **Agencies employing building staff retention with flexibility and senior staff check-ins;**

3   **Agencies employing building client loyalty with reporting and senior leadership check-ins.**

Agencies employing all three of these strategies have a significant advantage over those not using them.

Look for our future Agency Audit studies for more insights from marketing agency owners and leaders!

About

audienceaudit

Audience Audit helps marketing agencies build ROI and reputation based on original thought leadership research. Founded in 2009, the firm has conducted audience research for hundreds of agencies and their clients.

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