Forrester Consulting Thought Leadership Checklist
Commissioned By Google
October 2020

Agency Leader Checklist For Rapid Transformation

The brand-agency dynamic has been going through a sea change in recent years, set against a backdrop of growing disengagement and elusiveness in consumers' online behaviour. For both brands and agencies, the global COVID-19 pandemic has amplified the urgency for digital marketing to drive growth in a dynamic and competitive market environment. These factors have cemented the symbiotic relationship of agencies and brands while underlining the simultaneous needs of long-term transformation and immediate results. For agencies, this has created one overarching imperative: rapid transformation.

This checklist is designed to help agency executives prioritise areas for transformation that will enable them to keep pace with online consumer behaviour and become strategic growth partners to brands.

I. Update Go-To-Market And Fees

1   Evolve your value proposition beyond efficient digital execution to focus on strategic growth partnerships.

What the research shows: Eighty-two percent of brand decision makers say they need agencies to be strategic partners. Since the pandemic, decision makers state that the most important criterion for agency selection in the next three years will be a track record of helping clients achieve growth. The need to prove commercial impact of campaigns and experiences is top of mind for most (77%) agency leaders. This focus on demonstrable growth is driving a change in agency compensation structures: Both brand marketers and agency leaders expect to move from fixed fees, like retainers and project-based models, to outcome-based fees, like performance- and commission-based models.

What this means for agencies: Agency executives must craft a value proposition that demonstrates proven experience delivering growth. The ability to win new business rests in tangible examples and case studies connected to business performance. Invest in attribution tools and capabilities to demonstrate commercial impact, and evolve fee structures in line with client expectations on value exchange.

Summary of results from the Google-commissioned Thought Leadership Study, "Reclaim Growth With Rapid Agency Transformation"

METHODOLOGY

Google commissioned this study to evaluate brand-agency relationship dynamics in EMEA and explore what this means for agencies in the current market environment and in the future.

To achieve these objectives, Forrester surveyed 526 VPs and C-level leaders at agencies and 313 VPs and C-level leaders at brands in March 2020. To assess the impact of the COVID-19 pandemic on priorities and challenges, we recontacted survey respondents in May 2020.

FORRESTER®

II. Expand Core Capabilities

1 Develop customer-first digital marketing strategies by harnessing first-party data.

What the research shows: To ensure commercial effectiveness of digital marketing campaigns, brands and agencies must understand shifting consumer needs, target consumers with relevant content, and measure success of various tactics. Achieving this hinges on effectively harnessing customer data, especially as the phasing out of third-party cookies increases reliance on first-party data. Yet, the inability to effectively use customer data is the top challenge with current agency rosters, highlighted by 45% of brand leaders, followed by skills and talent (44%).

What this means for agencies: Agencies must expand relevant skills and capabilities to create data-led customer strategies to help brands harness first-party data in a way that achieves commercial outcomes. First-party customer data strategies must balance effective targeting and personalisation with privacy, transparency, and data stewardship requirements. For example, one agency uses its owned data set of contact, demographic, behavioural, and transactional data and its proprietary ID resolution technology to manage and onboard client first-party data as well as a demand-side platform.[1]

2 Differentiate digital experiences with visual and display media to engage online consumers.

What the research shows: Winning the attention of distracted online consumers requires elevated digital experiences featuring powerful display and video media. Sixty-eight percent of brand marketers consider consumer preference for visual media to be important or very important to address over the next three years; they rank this within their top three consumer trends to prioritise in digital marketing. Agencies are aligned on this; 77% consider this an important or very important consumer trend to address over the next three years.

What this means for agencies: Agencies must upskill, build capabilities, and leverage the right technologies to cater to brands' requirements of powerful, effective visual and display media. Elevating visual experiences should be a central focus in the end-to-end brand experience. For example, one digital products and communications agency deploys visual designers throughout all stages of content and product creation.[2]

> **"We can't differentiate on price. So it has to be on actual capabilities, such as CRM, data, advanced analytics, econometrics, digital attribution, and dashboarding."**
>
> **- Group strategy director, traditional media agency, UK**

FORRESTER®

3   Enable brands' international growth plans by expanding services into new markets.

What the research shows: Most brands marketers (77%) consider it important for their agency partners to provide customer-first strategies across multiple markets, and nearly three out of five brands marketers (58%) plan to expand brand presence in new markets over the next three years. Most agencies are attuned to this priority; 81% of agency leaders rank the ability to provide international customer-first strategies as important for their roadmap over the next three years.

What this means for agencies: As brands turn their focus toward international expansion to engage borderless consumers, successful agencies will be those that can localise and execute campaigns and digital experiences at scale across multiple markets. One creative content and production agency combines technology, data, and production at scale to generate campaigns, content, and digital experiences across the globe for clients.[3]

III. Optimize Execution And Prove ROI

1   Incorporate automation, AI, and machine learning to deliver efficient and intelligent execution.

What the research shows: Executing customer-first strategies efficiently using automation and AI is critical to delivering on the CMO's need for more precision in media and audience activation.[4] Despite cutting budgets in the pandemic era, 68% of brand marketers expect to increase budgets for emerging marketing technology, including automation and AI. Most (68%) also state they now need agency support for this, up from 51% who said this before the pandemic.

What this means for agencies: Relying on automation and AI for execution of digital campaigns frees up your employees to focus on providing continuous strategic value for clients. For example, automated bidding for media buying allows employees to focus on the strategic and creative aspects of media campaigns that provide the most client value. AI enables intelligent execution: One global media agency used AI to help predict important moments in Australian cricket, triggering email, mobile, and display advertising encouraging viewers to tune in.

FORRESTER®

2 Build paid media pilots to demonstrate ROI potential.

What the research shows: Brands increasingly expect agencies to prove outcomes and results of campaigns and digital experiences, and 77% of agency executives recognise this. Without client conviction for programmes, customer-first strategies are just best laid plans. Brand marketers rely on agency partners to increase the ROI of digital marketing tactics — one of the top benefits expected by brand marketers from effective agency partnerships.

What this means for agencies: Develop pilots to show potential for paid media campaigns and build client confidence, especially during downturns when ROI scrutiny is highest. One performance agency maintained levels of search and paid social media during the COVID-19 lockdown in the spring, illustrating to clients that targeted paid media converts sales and captures share during downturns.

IV. Build Valuable New Services

1 Enhance eCommerce to acquire customers.

What the research shows: The increasing number of consumers relying on eCommerce channels since the pandemic has necessitated a make-or-break shift for many brands. Fifty-eight percent of decision makers previously said they would need external agency support for eCommerce over the next three years. Since the pandemic, 71% of those leaders now anticipate needing support.

What this means for agencies: Agencies that pivoted services to support their clients' urgent shift to eCommerce channels demonstrate the critical role that agency partners can play in helping brands adapt and meet customers in the right channels and moments. One agency takes a holistic approach, combining CRM, eCommerce, and ad-serving technologies to provide integrated marketing solutions for brands pursuing digital business models.[5]

2 Integrate with loyalty programmes to forge deeper customer relationships.

What the research shows: Shoppers love loyalty programmes because they deliver savings.[6] This is especially important for consumers in the current climate. In a hypercompetitive online market, brands must not only focus on initial customer acquisition, but also maximise customer lifetime value. This relies on developing more meaningful relationships and fostering loyalty with customers. Agencies have a key role: Following the onset of the pandemic, 64% of brand leaders report they would need external agency support for customer loyalty programmes, compared to 47% previously.

> **"We're in [a] position to go, yes, we're an eCommerce partner of yours, we're in it for the long term, so we're going to assist in the short term."**
>
> **- COO, performance agency, UK**

FORRESTER®

What this means for agencies: The key to building trusted relationships is delivering relevant experiences, communications, and offers, allowing for a two-way value exchange between brands and consumers. Integrating personalisation and targeted media activities with customer loyalty programmes is critical. Machine learning can accelerate this integration; one agency's proprietary data platform utilises machine learning to enable execution across marketing automation, media, and loyalty campaigns.[7]

---

[1] Source: "The Agency Data Platforms That Will Power Creativity At Scale," Forrester Research, Inc., September 23, 2019.

[2] Source: "Supercharge Your Marketing With Creatively Focused Digital Agencies," Forrester Research, Inc., November 14, 2019.

[3] Ibid.

[4] Source: "The Agency Data Platforms That Will Power Creativity At Scale," Forrester Research, Inc., September 23, 2019.

[5] Source: "Supercharge Your Marketing With Creatively Focused Digital Agencies," Forrester Research, Inc., November 14, 2019.

[6] Source: "The State Of Retail Loyalty In 2020," Forrester Research, Inc., April 9, 2020.

[7] Source: "The Agency Data Platforms That Will Power Creativity At Scale," Forrester Research, Inc., September 23, 2019.

To read the full results of this study, please refer to the Thought Leadership Paper commissioned by Google titled, "Reclaim Growth With Rapid Agency Transformation."

Project Director: Asha Dinesh, Market Impact Consultant

Contributing Research: Forrester's CMO research group

ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organisations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

FORRESTER®