Agencies Are Gaining More Clarity on How to Remain Valuable for Marketers

Last year, change was thrust upon agencies. While shops grappled with a suddenly remote workforce, clients were pulling or pausing ad spend while asking agencies to reconfigure campaigns and messaging to ensure relevance.

Change will come this year, of course. But it will be more purposeful, as agencies, armed with learnings from 2020, double down on providing value to marketers.

“This next year is going to be about clients getting real about growth and agencies getting real about what that takes,” said John Harris, CEO of Worldwide Partners, a network of more than 70 independent agencies.

According to Harris, a recent study found a third of members are introducing new models for working with clients, while 42% identified a new agency model as the primary post-pandemic challenge.

While approaches will vary, industry observers agree agencies will prioritize removing outdated staffing models and leaning into areas of expertise.

Changing of the (talent) guard

Agencies will change how they source and utilize talent this year. Freelancers are expected to be increasingly sought after as agencies tap into a flexible talent network on an as-needed basis and—crucially—trim costs.

We Are Rosie, a network of marketing freelancers, said the number of freelancers it placed on projects and hours worked more than doubled year over year between 2019 and 2020. The industry's shift to project-based assignments is further fueling this trend.

Marla Kaplowitz, president and CEO at trade and advocacy group 4A's, said that while smaller indie shops are accustomed to project work, research indicates larger agencies will also adopt it this year. "It's much harder to predict what the workflow will look like on a project basis. You need to rely on a core group of people, and then you need to be able to pull people in and out as you need," Kaplowitz said.

The individuals who make up an agency's core staff will become more important under this structure. Harris expects agencies to invest in senior teams willing to "get their hands dirty."

"We have to put the emphasis on senior-level talent that's skilled in having a conversation around the business, not just the campaign," Harris said. "You're going to see flatter organizations in the spirit of delivering that senior talent."

Agencies like Highdive are pioneering this model. Founded five years ago in Chicago by two longtime DDB creatives, the boutique shop offers the hands-on expertise of its founders while tapping into a wider freelance network when necessary. Highdive's model snagged it two Super Bowl commercials last year.

Focusing up

Marketers are also coming off a year of budget cuts. Last year, a Gartner report advised marketers to "plan for future budgetary pressures" instead of betting on budgets bouncing back. For agencies, this means clearly illustrating how they can help brands grow. Harris said they can achieve this by leaning into their areas of expertise.

It’s true that in-housing isn’t going anywhere; Kaplowitz said it’s “pervasive” at this point. As a result, she said, agencies have realized they “don’t have to do everything” and are therefore focused on what they’re best positioned to offer.

The Gartner report found that marketers are primarily bringing social media, creative production and content marketing in-house. Even so, Jay Wilson, vp analyst at Gartner, said there’s “still the reliance on agencies for the big creative idea and brand strategy.” Agencies that can exhibit know-how in these areas will have an easier time proving they’re invaluable.

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