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New research reveals what agencies need to do to bring value to their brand clients

The Agency-Brand Disconnect: Finding a Way Forward

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The agency-brand disconnect: Finding a way forward

New research reveals widespread brand dissatisfaction with agencies, but also points out what agencies need to do to bring value to brand relationships

Agencies and clients at a crossroads

Brands and agencies are in the midst of a transition in their relationship with each other, resulting in a failure to match the needs of brands with the current capabilities of agencies. Some of the transition is a result of the accelerating digital transformation of organizations, which was well underway before the worldwide COVID-19 pandemic but accelerated dramatically because of it.

However—and most troubling for the brand-agency relationship—much of the disconnect is due to a failure to match the expectations that brands and agencies have of each other.

A new study from Frontify and Ad Age Studio 30, surveying agencies and CMOs in enterprise companies, details this disconnect, revealing how differently brands and agencies view each other and their roles in the marketer-agency partnership.

Nevertheless, the study points the way toward solutions: Agencies can provide their clients with a stronger approach to strategic planning and listen to their needs to build lasting relationships, while also providing the tactical gains that clients expect. And brands can better communicate their expectations of their agency partners to help assure the relationship is a healthy, successful one.

Moving brand ownership from agency to client

Brand management is considered so important by organizations that they're increasingly taking responsibility of it in-house, including establishing brand guidelines, managing digital assets, assuring creative collaboration and so much more. Among the brand marketers surveyed

“The best marketers convince their organizations that brand growth is a long-term game and build long-term relationships with their agencies.”

—Erik Arnell, CEO, BBDO Nordics

by Frontify, 78.1% currently do their own brand management, with another 14.4% planning to bring brand management in-house during the next five years. Just 25% reported that they use an agency for their brand management, but that agency task is being eroded by the drive for greater in-house control of branding.

“The pandemic has made brands and marketers realize that the importance of having a strong brand and investing in it is growing and growing,” says Silvan Zingg, VP of partnerships at Frontify. “Therefore, marketers don’t want to be 100% dependent on agencies and rather build up experts internally. Agencies thereby act as partners and subject-matter experts.”

This was illustrated when marketers were asked how important certain agency offerings are to them, on a scale of 1 to 10. Branding strategy fell well down the list, although brands still value the consultancy input that agencies can provide (see “Brand Expectations,” page 3).

Agencies value brand strategy as a service

Despite this view from brands, agencies do believe that offering brand strategy is the most important service they can provide to their clients. This may either indicate a profound misunderstanding of what brands value in their agencies, or that agencies are realizing they need to work on business-critical topics to build up long-term relationships with clients (see “Agency Perspectives,” page 4).

In another example of conflicting brand-agency viewpoints, agencies themselves tend to believe they are better equipped than their clients in effecting digital transformation. However, up to 80% of marketers are planning to perform digital brand transformation in-house, which would tend to undermine agency investment in this service.

Nevertheless, with the appropriate agency expertise onboard, helping in brand digital transformation can be a powerful added source of agency revenue. Agencies sit on a world of knowledge from working with thousands of brands—something that should be valued. Thus, agencies can play an important role in supporting their clients in their digital brand transformation by being one step ahead of the

client, surveying the latest technology, the most efficient work methods and helping the client figure out how they can apply that to their reality and daily lives.

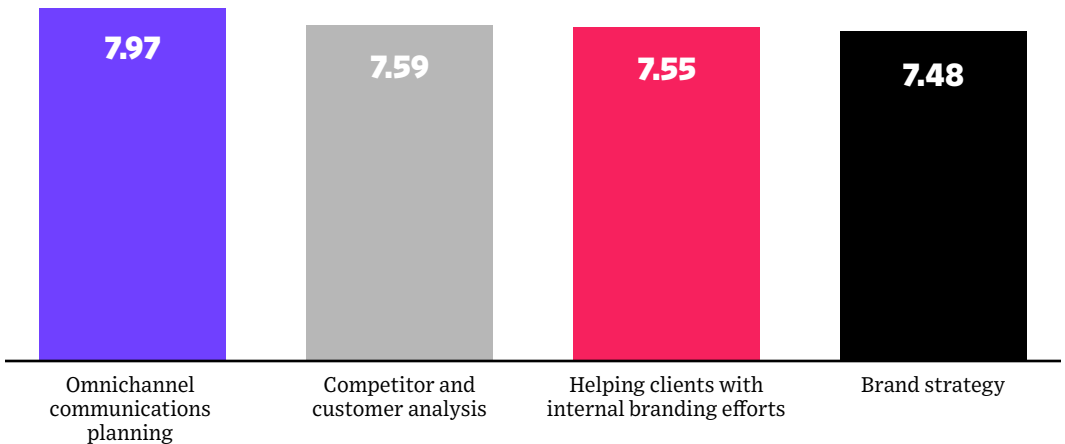
“There’s a sense that only the client or brand owner can see the bigger picture in terms of consumer journeys and experiences, and a perceived risk that agencies only see from the perspective of their own channel or area of expertise,” says Matt Boffey, chief strategy and innovation officer at Superunion London. “However, this risk can be minimized if the brand owner works with an agency to develop a brand strategy for their business independent of their particular media or activation plans. Done in a valuable, evidenced, robust and strategic way, it will act as a key input into the successful digital transformation of a brand.”

Exposing the satisfaction gap between clients and agencies

Based on the gaps illustrated between what brands want from their agencies and what agencies believe brands want, it is unsurprising that brands are generally not satisfied with the performance of their agencies. However, it can be said that brands value the help agencies provide

Brand expectations of agencies

One a scale of 1-10, brands believe these are the most important services their agencies offer:



source: Frontify x Ad Age brand management survey, November 2021

them in handling their communication campaigns, although there is room for improvement.

On a scale of 1-10, brand marketers rated their experience with agencies below a score of 7 (see “Brand Satisfaction,” page 5).

The dissatisfaction largely lies in such central agency-provided skills as planning communications cross-channel, managing the media budget and creating collateral materials. This is an eye-opening result, since these particular services are, at a minimum, the core of what agencies promise to accomplish for their clients. However, it may be that many of these issues are not related to the quality of delivery but in managing expectations.

It is interesting that “brand strategy” is an area that brands wish their agencies should improve on. While falling to fifth on the list in the chart, it nevertheless is a factor in what brands hope their agencies can provide. It may underscore that—even though brands want to take control of their own brand strategy decisions in-house—they view the neutral, external counsel of their agencies as key to its successful implementation.

This points to an interesting paradox: Brands want to control their strategies

internally but want better advice externally, indicating a desire for a collaborative relationship and tech platform that is both internal and external. In sum, it’s about finding a new division of labor between client and agency, working effectively together towards the same goal and creating shared ownership. Again, this points to an area agencies can better leverage in order to increase revenue streams.

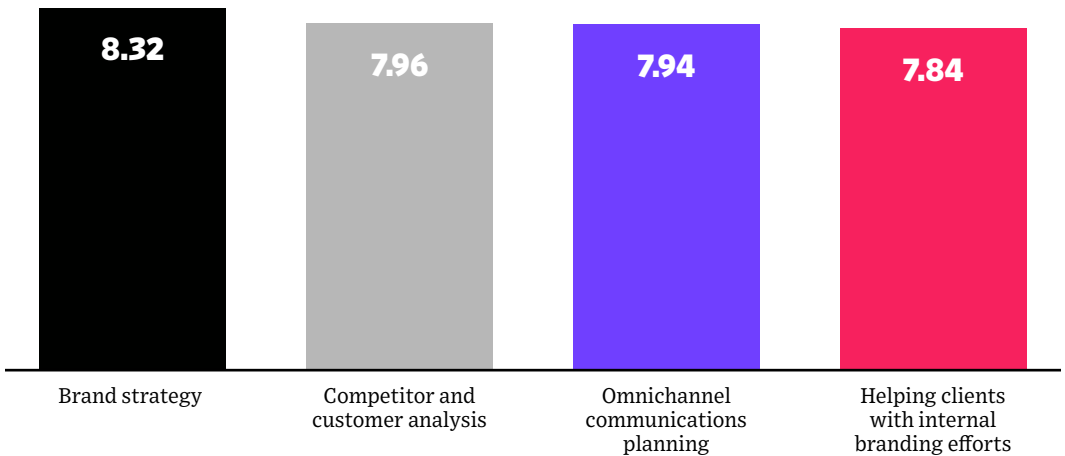
“When current sales is all you think about, ROI becomes important—but then cost-cutting becomes important,” says Erik Arnell, CEO at BBDO Nordics. “So it’s important to decide what type of relationship you want with your agency. If that relationship is a long-term strategic relationship, the brand needs to ensure the circumstances to make that relationship thrive. The best marketers out there have convinced their organizations that brand growth is a long-term game and they try to build long-term relationships with their agencies.”

Amid concern there is optimism

Despite a small but critical level of brand disappointment in agency services, those very agencies are generally optimistic about their relationships with brands. The Frontify survey

Agency perspectives on brand expectations

On a scale of 1-10, agencies believe these services are the ones that brands value most highly:



source: Frontify x Ad Age brand management survey, November 2021

asked agencies to rate particular challenges to their business, and the results were generally optimistic. Surprisingly, nothing appeared to raise any obvious red flags. Using a 10-point scale, where 10 meant “extremely challenging,” nothing was rated very highly. Here is the list of agency “challenges” ranked by average score:

1. Creating new revenue streams, which led the list with a score of 6.48 out of 10.
2. Winning new clients.
3. Decreasing client budgets.
4. Addressing increased client demands.
5. Uniting the entire tool stack.
6. Keeping up with the latest technologies.
7. Increasing efficiencies via internal processes.

However, *when considering a new agency*, marketers see their needs quite differently. Again, on the 1-10 scale, most brands rated the following at 8 or higher in the following items, indicating how seriously they view what they want when in an agency:

1. That agencies are easy, pleasant and convenient to work with, scoring 9 out of 10.
2. That agencies can build successful, distinctive brands.

3. That they can sustain long-lasting, successful client relationships.
4. That they can help stretch our budget but still have an impact.
5. That they have excellent creativity and inventiveness.
6. That they can save us time and money with improved processes.
7. That they offer leading ad tech and platforms.

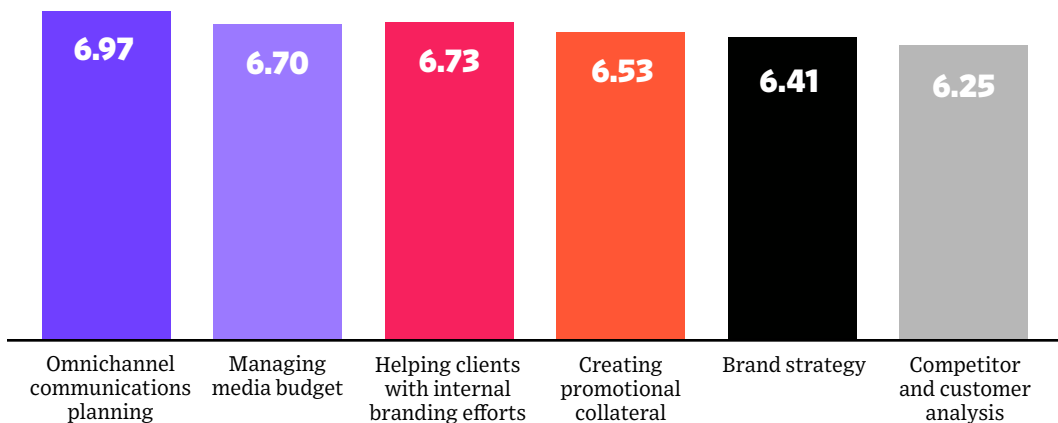
It’s interesting that agencies view their challenges as largely procedural, in addressing their own internal operational needs rather than focusing on the needs of their clients. On the other hand, brands tend to view their agency relationship challenges as results-driven. It would benefit agencies to recognize the value brands place on results-oriented agency relationships, and take a more external view on their clients’ most pressing challenges.

Forging a new path forward

A major hope and opportunity for agencies is this: creating new revenue streams. If they can address the specific needs of brand marketers, those new revenue streams have a better chance to be developed—as one example, see

Brand satisfaction with agencies

On a scale of 1-10, this is how satisfied brands are with their particular agencies’ services:



source: Frontify x Ad Age brand management survey, November 2021

the brand need for help in building a successful, distinctive reputation. Agencies need to rethink how they can help the brands by building a long-lasting relationship on expertise, base-building, maintenance and guidance.

Despite the enormous changes that have taken place recently, especially in the light of the changes to working life during the pandemic, the shift to remote work, online commerce, consumer expectations of their favorite brands and more, agencies are in agreement about the need for additional revenue streams and addressing client demands. Clients do take a more concerned view of topics and skills when looking for an agency relationship, and are hopeful that their agencies can help them in building a distinct, successful brand. This reveals potential opportunities for both to “bridge the gap” in their assessment of each other.

“Some agencies are just end-point solutions, and some are resource support,” says Trevor Hubbard, global CEO at Butchershop Global. “But other agencies seek to change the direction of a business and become deep and entrenched partners. How smart you are as an agency affects growth of both the agency and the client.”

Here are some suggestions on how the brand-client relationship can be improved:

- **Brands and agencies must find ways to break down the silos** between branding and agency work, with open communications and a universal understanding of how to promote a company’s brand.
- **Agencies should rethink how they help the brands**, by building a long-lasting relationship on expertise, base-building, maintenance and guidance. High on the agency wish list is creating new revenue streams with a greater emphasis on strategic planning, leadership and strengthening employee skill levels.
- **Brands, meanwhile, need to improve in their own digital transformation**, with better training and hiring. Again, agencies

“Agencies need to provide value through offering strategic brand consultancy that has an impact.”

—Silvan Zingg, VP of partnerships, Frontify

can go a long way toward helping by adding analysis and insights.

- **Agencies must be aware that, on average, they are falling short in the eyes of their clients.** Knowing this—and knowing the specific areas of brand concern—can enable agencies to focus on internal growth and improvement.
- **Brands need to fine-tune their agency relationships**, to make sure control and capabilities are well matched and shared.

Brand management has been growing in importance for years, but has accelerated most recently as a strategic necessity. The move to remote work has made the need for brand strategy even more evident. While the trend of brands bringing brand management in-house may be seen as a danger to agencies, those agencies nevertheless can be valuable in serving as brand-management strategic consultants, to differentiate them going forward, particularly in leveraging brand management technology platforms.

“Because agencies are expected to achieve results rapidly, they of course need to focus on the nuts-and-bolts of agency services,” says Frontify’s Zingg. “Their guiding thought should be to first bring value to the brand in demonstrable, impactful ways, and then bring strategic brand consultancy into the picture. This approach can support long-term client relationships and help find additional agency revenue streams.”

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About Frontify

Frontify is on a mission to create a home where all brands thrive. Designed for creators and collaborators of brands, the cloud-based brand management platform connects everything (and everyone) important to the growth of your brand. With Frontify, you can centralize every image, video, logo, icon or other brand asset in one place. You can create digital brand guidelines to organize and showcase your brand. Plus, Frontify makes it easy to streamline collaboration across teams with project workflows, design templates and more. To date, more than 5,000 brands around the world use Frontify to connect their brands.

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