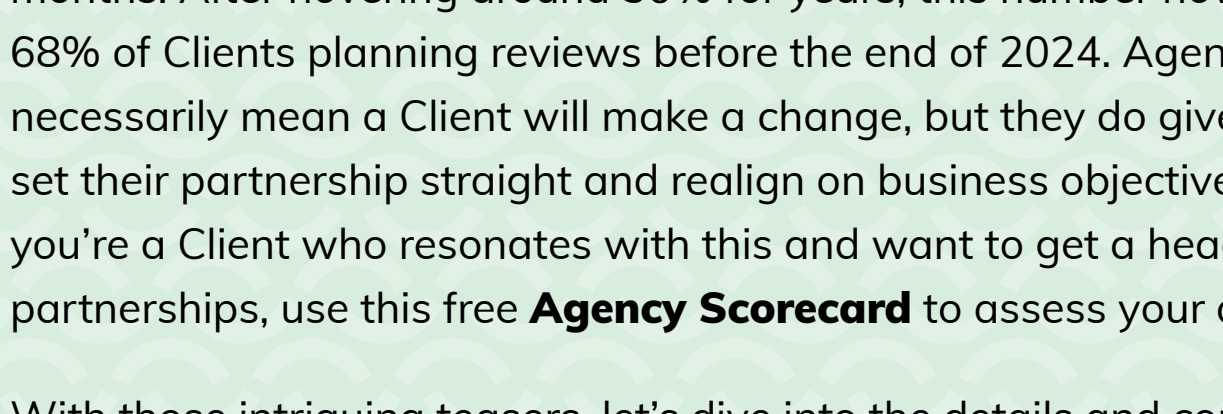


# Marketing Relationship Survey: Agency-Client Relationship in 2024

Setup has conducted a Marketing Relationship Survey for six years in a row now, and we are excited to share the 2024 results around how Clients (Brands/Companies) and Marketing Agencies work together to solve business challenges, how they find each other, what their top challenges are, what they wish worked better, how they are leveraging AI, and more. If you're a Client-side Marketer curious about the challenges that plague Marketing leaders or wondering how other Marketers find their Agencies, or if you're an Agency-side Marketer wondering what Clients really want out of their partnerships, keep reading to learn more about the state of Client-Agency relationships in 2024.

## 2024 Trends: Decrease in Switching Agencies, Surge in Agency Reviews

### Decrease in Switching Agencies

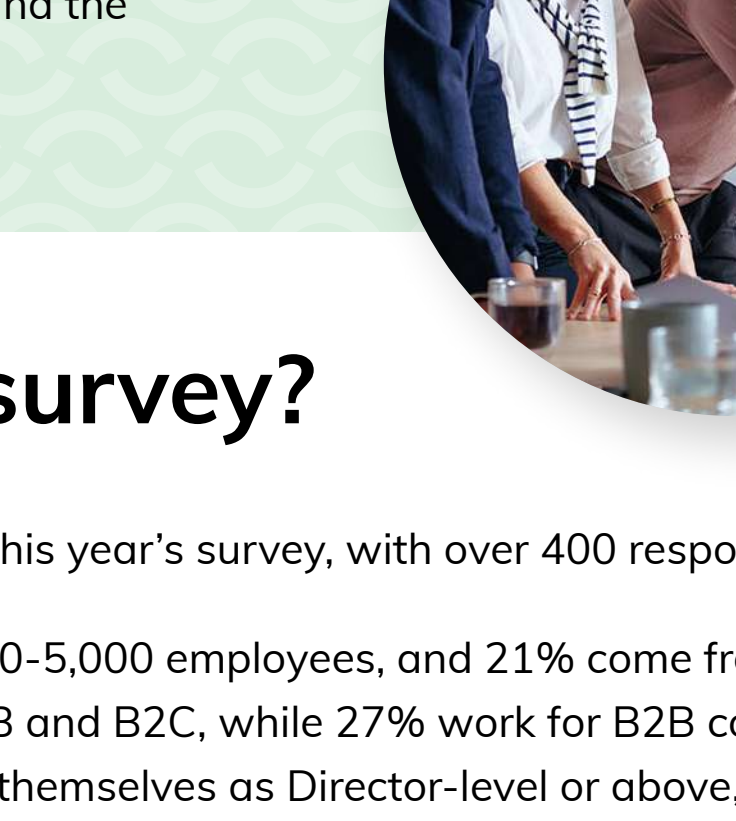


After three years of steady increases, 2024 marks the first decline in Clients likely to switch Agencies in the next six months.

Even with fewer Clients likely to switch, we also see a significant increase in the number of Clients saying they will be reviewing their Agency partners in the next three months. After hovering around 30% for years, this number now increases to a huge 68% of Clients planning reviews before the end of 2024. Agency reviews don't necessarily mean a Client will make a change, but they do give both parties a chance to set their partnership straight and realign on business objectives, approach, and fees. If you're a Client who resonates with this and want to get a head start on reviewing your partnerships, use this free **Agency Scorecard** to assess your alignment.

With those intriguing teasers, let's dive into the details and context around the Agency-Client relationship in 2024!

After seeing the number of Clients who are likely to switch from their primary Agency in the next six months steadily increase in 2021, 2022 and 2023, we are finally seeing a decrease in 2024! Though the number is still significant with 40% of Clients saying they will switch in the next six months, that's 15% fewer Clients than last year.



## Who participated in the 2024 survey?

As always, we have a good mix of Clients and Agencies responding to this year's survey, with over 400 respondents.

On the Client side, 35% of the respondents work for a company with 500-5,000 employees, and 21% come from companies with over 10,000 employees. Almost half of the Clients identify their business as both B2B and B2C, while 27% work for B2B companies, and another 27% work for B2C companies. 73% of the Client-side respondents identified themselves as Director-level or above, and 85% have been involved in the Agency selection process at their companies. Some notable Clients who responded hail from Chobani, Great Clips, Hilton Hotels, Panasonic, Primrose Schools, Rheem, Skechers, The Home Depot, and UPS.



## Why Clients end their Agency relationships + why Agencies think they do

The Setup team is always fascinated by the results of this section! If Clients and Agencies partner together, and push businesses forward together, and celebrate accomplishments together, and dig into issues to solve them together, then how are they always so misaligned on what a Client needs to keep the partnership going to move forward together? Though that is a rhetorical question, we do hope that reviewing and understanding these survey insights will help to close these gaps in the future.

Dissatisfaction with Delivery rose up to 48% this year to be the #1 reason Clients end their Agency partnerships - an increase of 14% from last year. And Clients are feeling even less understood by their Agency partners than last year - moving up 10 percentage points from 2023. Last year, dissatisfaction with Value was #1, and it is still a very big reason Clients end partnerships, as it ties for #2 this year. And dissatisfaction with Strategic Approach has also risen in the ranks this year over last year - going from the 5th most important reason to tying for 2nd.

We do love seeing that Agencies generally are challenging their Clients enough - with this coming in as the least likely reason for Clients to end relationships for the last 3 years in a row.

But the Clients don't tell the full story here, and we love seeing the Agency perspective as to why they think Clients and the relationship. Agencies still don't see that Delivery and Strategic Approach are critical to Clients. Yet we know that dissatisfaction with Delivery is the #1 reason Clients leave - a big disconnect. Agencies believe that changes in their Client's leadership team and Client budget cuts are the biggest reasons Clients leave. This begs the question as to why the Agencies don't understand the real reasons Clients are ending the relationship? One reason may be that some Clients would rather tell an Agency they're fired due to budget cuts or a boss change, because those reasons are easier to communicate and more palatable to an Agency partner versus hearing the cold, hard truth - that they simply are not delivering their services well. We believe holding back honest feedback is harmful to everyone involved, and we encourage Clients to speak their truths when ending a relationship.



Agencies list their top challenges as team retention, talent acquisition and scaling for projects. Logically, we can see that if an Agency is struggling to find and keep talent, then they will likely struggle with Delivery, which is validated by the Clients this year. Agencies believe that they understand their Clients, and that it's not one of the main reasons Clients end the relationship. But again, this is a big disconnect since it is the 2nd most common reason for Clients to end a relationship, yet Agencies ranked it as least important.

A lesson to be learned here is that communicating needs and wants directly and clearly by both parties could save a relationship. An Agency will continue to operate as if they fully understand the Client unless told otherwise, and if they haven't asked questions or communicated clearly to ensure alignment, they may be replaced.

## How do Clients feel about their Agency partners?

We teased this info at the beginning of this article, and it's incredibly important so we are sharing more about it here. Although 40% of Clients say they are likely to switch from their primary Agency in the next six months, this is actually a significant decrease (15% less) from last year. Even with that percentage decrease, it is still significant that almost half of Clients are not satisfied with their current partnerships. And this feeling is affirmed by nearly 70% of Clients planning Agency reviews by the end of the year, showing that many Clients are hoping to see improved partnerships out of their Agencies.

While Clients don't feel as easily heard or understood and are looking to evaluations, they are more willing than in the past to stick with their primary agency, and 88% of Clients say they would work with their current Agency again if they switched roles. 48% of Client-Side Marketers said they would likely recommend their primary agency to a friend or colleague. This is a 10-point dip from 2023, but is aligned with the percentage from 2022.

This year, 68% of Clients said that Collaboration tools (like Slack and/or video conferencing) make it easy to work with Agencies remotely - they want that coordination and collaboration with their partners.

44% of Client-side respondents said their company is actively working to bring more marketing functions in-house - this is consistent with years past, and if we look at the flip side of that statistic, it is good to see that more than half of companies (56%) are sticking with Agency partnership structures. 55% of Client-side Marketers said that specialist Agencies make more sense than generalists, yet 20% of Clients also say they work with too many Agencies. Only 14% of Clients think a management consultancy is a viable alternative to Marketing Agency, which we see as good news for true Marketing Agencies!



## What do Clients want out of an Agency Partnership?

Understanding a Client's Business and Industry stands out as the most important skill Clients want from Agencies in 2024, both in the selection process and in the ongoing partnership.

We asked what's most important when selecting a new Agency partner, in addition to asking how Agencies can become better partners, and the responses to both questions indicate that Clients are not feeling understood by their Agency partners, and they want that to change.

Last year, Chemistry ranked most important when selecting a new Agency. This year, Clients seem focused on hiring the best partner with relevant experience who understands both the Client and their industry to help move the business forward. Chemistry is still important, right up there with Client Experience, Creativity, Professionalism, and Cost. Agencies should also take note that Proximity and Global/National/Local rank on the lower end, which is consistent with what we see in our **Agency Assessment** results where Clients are also ranking Geography as less important than Value and Chemistry when selecting a partner.

When we look at what Clients want out of the ongoing Agency partnership after they've dazzled them with the pitch, we see that Deep Business Understanding clearly takes priority, then Clients list Proactive Partnerships, Strategic Integration, and Effective Communication as important qualities. Clients are craving much more than a vendor relationship - they want a true partnership where their Agency colleagues will proactively research and think about the Client's industry and business, suggest strategies to move the needle, and build the relationship through transparency, accountability, and commitment.



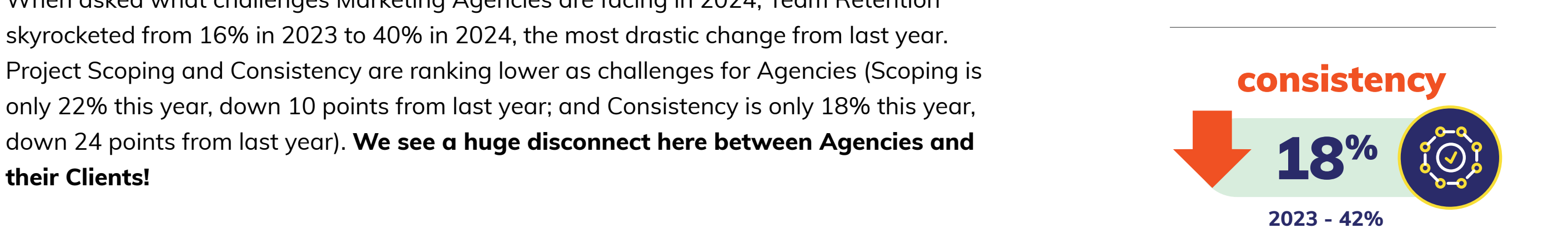
## What kinds of Marketing Agency partners do Clients need in 2024?

More than half of Clients are looking for Branding/Identity and/or Social Media help from an Agency Partner in 2024 - a slight increase in both areas over 2023. Content Creation/Video needs saw a 12% decrease this year, yet it is still #3 on the list. PR took quite a dip this year, decreasing from 50% to 27% of Clients saying they need PR assistance. Even though Multicultural is lowest on the list for the 4th year in a row, it is becoming more significant, rising from 5% to 12%. And we also see a need for Shopper Marketing since it increased from 5% to 15%.



## How do Clients find Agencies?

Referrals and Word-of-mouth consistently remain the most likely ways Clients find new Agency Partners, for six years of running Setup's Marketing Relationship Survey. Even the percentages have held fairly steady since 2019. It makes sense - if 75% of Clients find the Agency selection process to be time-consuming, and 77% feel that it's not a simple process, then they are looking for shortcuts. So if they hear from a trusted source or even get wind of a great Agency, Clients are likely to bypass whatever steps they can and talk to those recommended or talked-about Agencies first.



## What challenges are the Agencies facing this year?

When asked what challenges Marketing Agencies are facing in 2024, Team Retention skyrocketed from 16% in 2023 to 40% in 2024, the most drastic change from last year. Project Scoping and Consistency are ranking lower as challenges for Agencies (Scoping is only 22% this year, down 10 points from last year; and Consistency is only 18% this year, down 24 points from last year). We see a huge disconnect here between Agencies and their Clients!

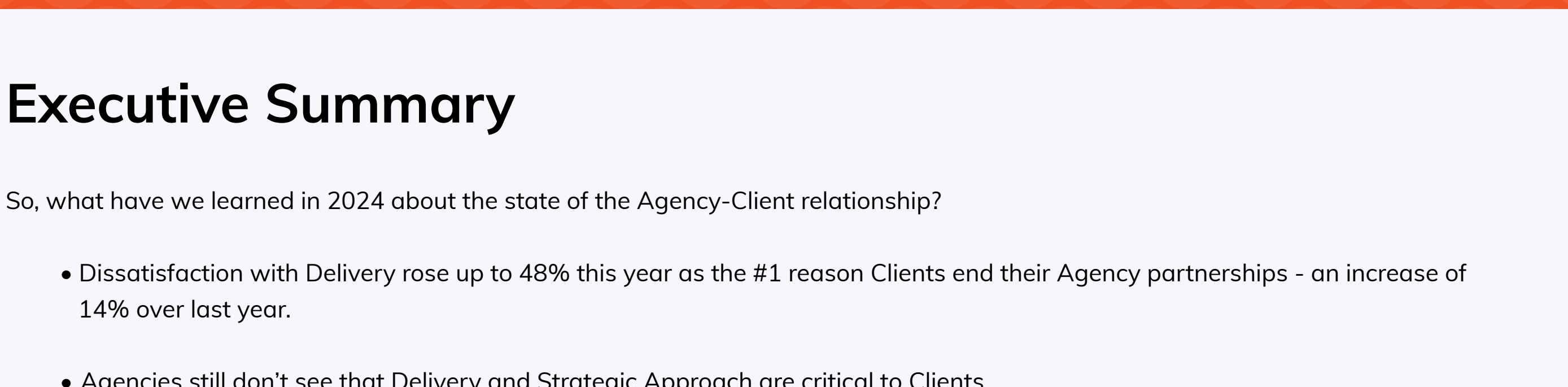
If Agencies are struggling to find and keep their staff and scale for projects, and claim that scoping and doing consistent work is not very challenging, and all of those elements are required to deliver great work, then why is Dissatisfaction with Delivery still the #1 issue for Clients? Agencies who can deliver great, consistent work will rise above their competitors and stand out to today's Client.

Agencies also say that their biggest Business Development challenge is that the majority of their revenue is coming from 1-2 accounts, showing a 20 point increase to 57% in 2024. So Agencies will continue to work on adding new Clients to their roster while also expanding their footprint of work with existing Clients. We may also see an increase in Agencies actually marketing their own Agency, something that many Agencies historically have deprioritized or ignored. Setup recently published this extremely relevant blog, **The Expert's Irony: Are Agencies Losing Their Own Game?** to address this very fact. We hope to see more Agencies marketing their unique offerings using the skills and expertise they have on staff.



## How are Marketers using AI?

Though we have never asked a question about AI in the Marketing Relationship Survey, we knew the increasing relevance of AI throughout business and life made it applicable to Marketers as well. It turns out that more than 80% of Marketers (Client and Agency-side) are leveraging artificial intelligence (AI) technologies to enhance marketing strategies and achieve business objectives in 2024. That's 81% of Agencies and 82% of Clients sharing that they use AI, and both groups are using it primarily for the same reasons: Content Creation, Analysis, Operational Efficiency, Personalization, and Research. We'll be curious to track this stat in years to come, as well as learn if and how AI may impact the relationship between Clients and Marketers.



## Executive Summary

So, what have we learned in 2024 about the state of the Agency-Client relationship?

- Dissatisfaction with Delivery rose up to 48% this year as the #1 reason Clients end their Agency partnerships - an increase of 14% over last year.
- Agencies still don't see that Delivery and Strategic Approach are critical to Clients.
- Although 40% of Clients say they are likely to switch from their primary Agency in the next six months, this is actually a significant decrease (15% less) over last year.
  - Even with that decrease, it still feels significant that almost half of Clients are not satisfied with their current partnerships.
- 44% of Client-side respondents said their company is actively working to bring more marketing functions in-house - this is consistent with years past.
  - If we look at the flip side of that statistic, it is good to see that more than half of companies (56%) are sticking with an Agency partnership structure.
- Understanding a Client's Business and Industry stands out as the most important thing Clients want from Agencies in 2024, both in the selection process and in the ongoing partnership.
- More than half of Clients are looking for Branding/Identity and/or Social Media help from an Agency Partner in 2024 - a slight increase in both areas over 2023.
  - Content Creation/Video needs saw a 12% decrease this year, yet it is still #3 on the list.
- Referrals and Word-of-mouth consistently remain the most likely ways Clients find new Agency Partners, for six years of running Setup's Marketing Relationship Survey.
- When asked what challenges Marketing Agencies are facing in 2024, Team Retention skyrocketed from 16% in 2023 to 40% in 2024, the most drastic change from last year.
- Agencies say that their biggest Business Development challenge is that the majority of their revenue is coming from 1-2 accounts, showing a 20 point increase to 57% in 2024.
- More than 80% of Marketers (Client and Agency-side) are leveraging artificial intelligence (AI) technologies to enhance marketing strategies and achieve business objectives in 2024.

## Bridging Brands and Agencies: Unlocking Growth Through Meaningful Connections

If you're a Client looking to streamline your Agency Selection process and bring new, unknown-to-you Agencies into your mix, please contact us. If you're an Agency looking to grow your business and become the best version of your company possible, please reach out.

Setup exists to unlock the power of human connections, and our vision is to help marketers thrive by bringing them together with the best people and resources. We love helping Brands efficiently find new, amazing Agency partners, and we love helping Agencies meet Clients they don't know yet to help solve their problems. It is truly in our team's DNA to make connections and strengthen relationships, and we share these insights with the hope that you can learn and walk away with some ideas to connect more authentically and strengthen your own partnerships.