RSW/AgencySearch
2024

Mid-Year Progress Report:
Agency and Marketer New Business Sentiments

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Introduction

About Us

This study was commissioned by RSW/US. RSW/US is an outsourced lead generation/business development firm that works with marketing service firms (of all sizes and types) exclusively.

RSW/US works with over 50 agencies across the U.S., operating as their outsourced sales and marketing team and was founded in 2005.

In 2010, RSW started RSW/AgencySearch, managing searches for marketers across a range of different categories, helping them find better agencies.

This exposure to the agency and marketer world has armed RSW/US with perspective unmatched in the industry, and is woven throughout this, and every survey report.

To learn more about RSW/US, visit www.rswus.com.

To learn more about RSW/AgencySearch, visit www.rswagencysearch.com.

About Our Report

We released our RSW/US 2024 New Year outlook Report in January of 2024, completed by senior level Marketers and Marketing Agency executives during November/December, 2023.

That report garnered attention from publications like Adweek (New Agency Business Expected to Rise in 2024) and Marketing Profs (The Business Outlook for Marketing Agencies in 2024) and helped set business development expectations for the coming year.

As we looked to the half point of the year, we decided to do a temperature check, if you will, with agency and marketing executives, to see how business has fared for both groups so far, how spending shook out, and where they expect spending to go in the back half of this year.

We surveyed senior level Marketers and Marketing Agency executives in June, 2024, and our hope is the key findings and implications from this study are of value as you work through the remainder of the year.

The agency sample came from the RSW/US database of over 6,000 marketing services, advertising and PR firms in the U.S. and Canada, ranging in size from under $3M in capitalized billings to over $75M.

The disciplines of each agency spanned full-service, digital, PR, and marketing consultancies, to name a few.

The marketer sample came from our RSW/AgencySearch database of 30,000 marketing decision maker contacts. Company size, location, and category varied.

If you would like to reproduce any of our findings in any format whatsoever, please give either Mark Sneider or Lee McKnight a call (513-559-3101/3111) or email us at mark@ rswus.com or lee@rswus.com.

Agency Business Performance

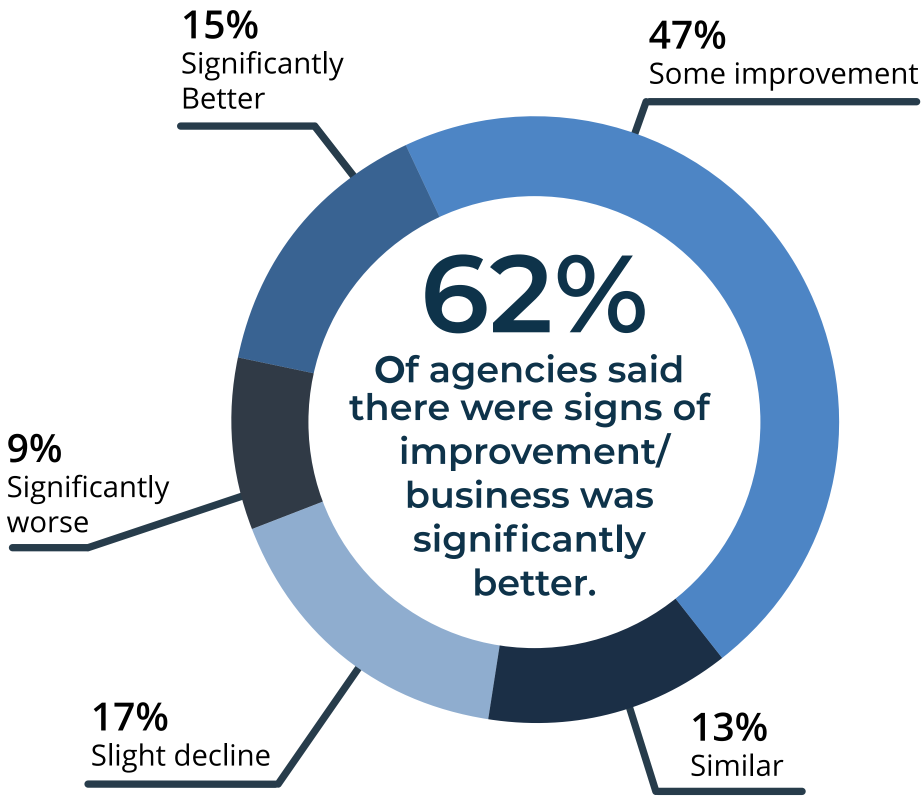
1st Half of 2024 Compared to 1st Half of 2023

We Asked Agencies:

How has your agency's business performance been during the 1st half of this year compared to 1st half of last year?

We initially asked agencies how business performance was during the 1st half this year compared to 1st half of 2023 and gave those agencies an opportunity to respond in a follow-up open-ended section.

62% of agencies said there were signs of improvement or that business was significantly better.



Implications

Signs of Improvement and Business Growth: A significant 62% of agencies reported that there were signs of improvement or that business was significantly better. One agency highlighted,

"Increase in client contracts/SOWs signed and projects completed,"

indicating a positive trend in client engagement and project completion rates.

Agency Business Performance

Robust Sales Pipelines and New Client Acquisition: Several agencies reported a solid sales pipeline and the acquisition of new clients, some with larger budgets. One respondent mentioned,

> "We have a solid sales pipeline again," while another noted, "New clients. Bigger budgets. Tighter control of expenses."

This indicates a healthy inflow of new business opportunities and effective budget management, contributing to overall business growth.

Niche Specialization and Promotion: Specialized agencies are in a better position. One agency shared,

> "We have really honed our niche and are actively promoting it. Starting to see returns!"

This suggests that specialization and targeted marketing efforts are yielding positive results and attracting more clients interested in specific expertise.

Mixed Project Sizes and Client Spending Behavior: While activity is increasing, some agencies are experiencing a mix of larger and smaller projects. One agency respondent observed,

> "More activity, but smaller projects," while another mentioned, "Supplemented with a number of smaller ones while retaining all current clients."

This indicates a diverse range of project sizes and sustained client relationships, though not as great a percentage of large-scale projects.

Challenges in Closing Deals and Client Spending Caution: Despite levels of increased lead volume and pipeline activity, some agencies reported slow deal closures. One agency noted,

> "Greater lead volume and pipeline activity, still slow to close."

Additionally, some clients are spending less on media and bringing work in-house, even when results are favorable. One respondent expressed frustration, saying,

> "Clients are spending less on media and bringing some work in-house. What's frustrating is that they're pulling back even when we can show that results are doing well. Maybe nervous about November?"

This reflects a cautious approach by clients, possibly due to economic or political uncertainties.

Overall, the survey indicates a generally positive trend in business performance for ad agencies in the first half of the year, driven by increased client contracts, a more robust sales pipeline, and effective niche specialization. However, challenges such as cautious client spending and slow deal closures persist, requiring agencies to remain adaptable and proactive in their strategies.

Marketer Business Performance

1st Half of 2024 Compared to 1st Half of 2023

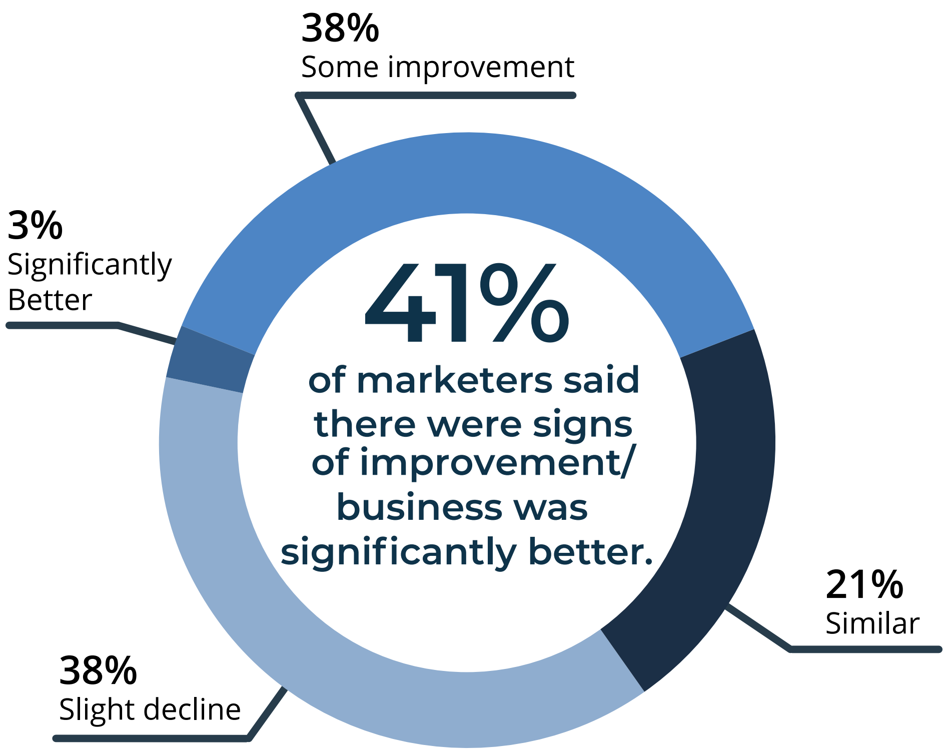
We Asked Marketers:

How has your company's business performance been during the 1st half of this year compared to 1st half of last year?

In a follow up question, we asked marketers about business performance in the 1st half of 2024, compared to the 1st half of 2023.

41% of marketers said there were signs of improvement or that business was significantly better.

21% said business performance was similar, and 38% said there was a slight decline.



Marketer Business Performance

Implications

Positive Momentum for Many

With 41% of marketers reporting signs of improvement or significantly better business performance, there appears to be a notable positive trend for a substantial portion of the industry. This could indicate economic recovery or successful adaptation to changing market conditions for these businesses.

Stability for One-Fifth

Approximately one in five marketers (21%) reported similar business performance year-over-year. This stability might represent resilience in uncertain times or could indicate a lack of growth opportunities for some segments of the market.

Decline for a Significant Minority

The 38% of marketers experiencing a slight decline is a figure that shouldn't be overlooked. This group represents a sizeable portion of the industry facing challenges, which could be due to various factors such as increased competition, changing consumer behaviors, or economic pressures.

Overall Cautious Optimism

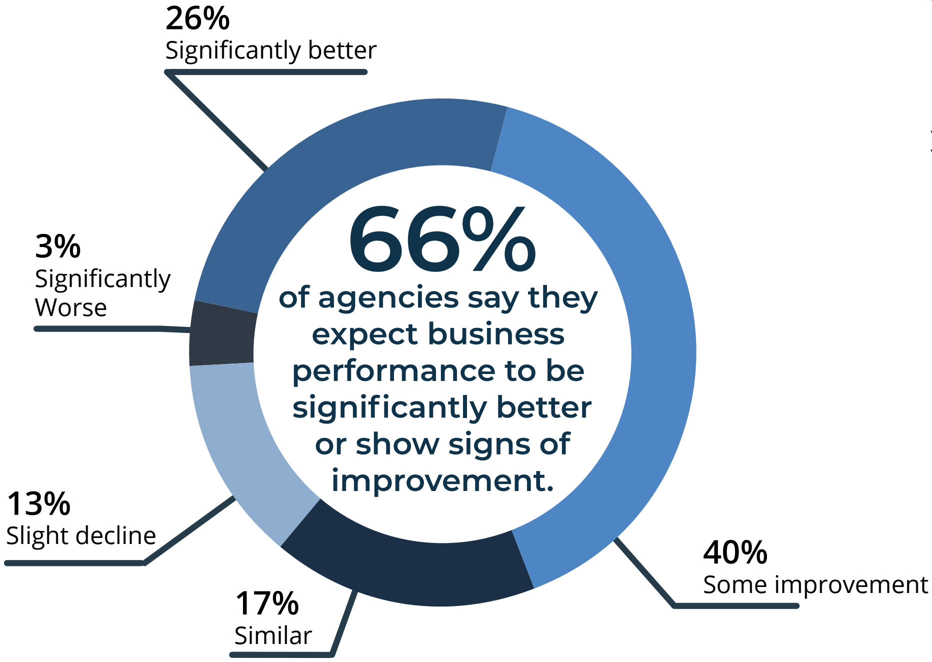
When combining the marketers who saw improvement (41%) with those who maintained a similar performance (21%), we see that 62% of respondents did not experience a decline. This majority suggests a generally stable or improving landscape, providing grounds for cautious optimism in the marketing sector.

Agency Expectations

2nd Half of 2024 Compared to 2nd Half of 2023

We Asked Agencies:

How do you expect your agency's business to perform in the 2nd half of this year compared to the 2nd half of last year?



We then asked agencies how they expected business to perform in the second half of this year compared to the 2nd half of last year and gave those agencies an opportunity to respond in a follow-up open-ended section.

66% of agencies said they expect business performance will be significantly better or will show signs of improvement.

Implications

Positive Outlook on Economic Confidence

Agency Respondent: "2nd half of 2023 was awful in that existing clients were tightening up and prospective clients kept kicking the can down the road. I believe the confidence in the economy heading into the second half of 2024 is giving prospective clients justification to spend."

Takeaway: A significant portion of agencies (66%) expect better business performance, attributing this to an improved economic outlook. Current economic trends, such as GDP growth, consumer spending, and business investment, support this optimism. The increase in client confidence is likely to translate into higher spending and more business opportunities. We suspect this will only increase once interest rates are cut by the fed.

Agency Expectations

Proactive Business Development Strategies

Agency Respondent: “We have added more volume to our pipeline to counteract any slowdowns especially with the election cycle approaching.”

Takeaway: Agencies are taking proactive steps to mitigate potential slowdowns by increasing their pipeline volume. This strategy highlights a forward-thinking approach to business development, preparing for fluctuations due to external factors like the election cycle. Historically, election cycles often lead to increased advertising and marketing spending, providing additional opportunities for agencies.

Closure of Previously Slow-Moving Sales

Agency Respondent: “Slow-moving sales are likely to finally close.”

Takeaway: Many agencies anticipate that deals and projects that were delayed or slow-moving in the past year will reach fruition in the second half of 2024. This expectation indicates a backlog of potential business that is now poised to close. Improved economic conditions and increased client confidence are likely to contribute to the acceleration of these previously stalled projects.

Leveraging Business Development and Outreach

Agency Respondents: “Niche and outreach. Doing biz dev results in business.”

“We’re taking a more active approach to our outreach marketing, beyond inbound.”

Takeaway: Agencies are increasingly focusing on targeted business development and active outreach strategies. Moving beyond passive inbound marketing, they are emphasizing niche markets and proactive outreach to drive business growth. As the market becomes more competitive, agencies that adapt by enhancing their outreach efforts are better positioned to capture new business opportunities.

Shift of Budget to the Second Half of the Year

Agency Respondent: “Significant dollars were pushed to the second half of the year.”

Takeaway: There is an expectation that budgets and projects postponed earlier in the year will be executed in the latter half of 2024. This shift indicates a backlog of financial resources that agencies are now planning to utilize, leading to anticipated growth in business activity. This aligns with broader economic patterns where delayed spending often resurfaces as economic conditions improve, providing a boost to business performance.

Marketer Expectations

2nd Half of 2024 Compared to 2nd Half of 2023

We Asked Marketers:

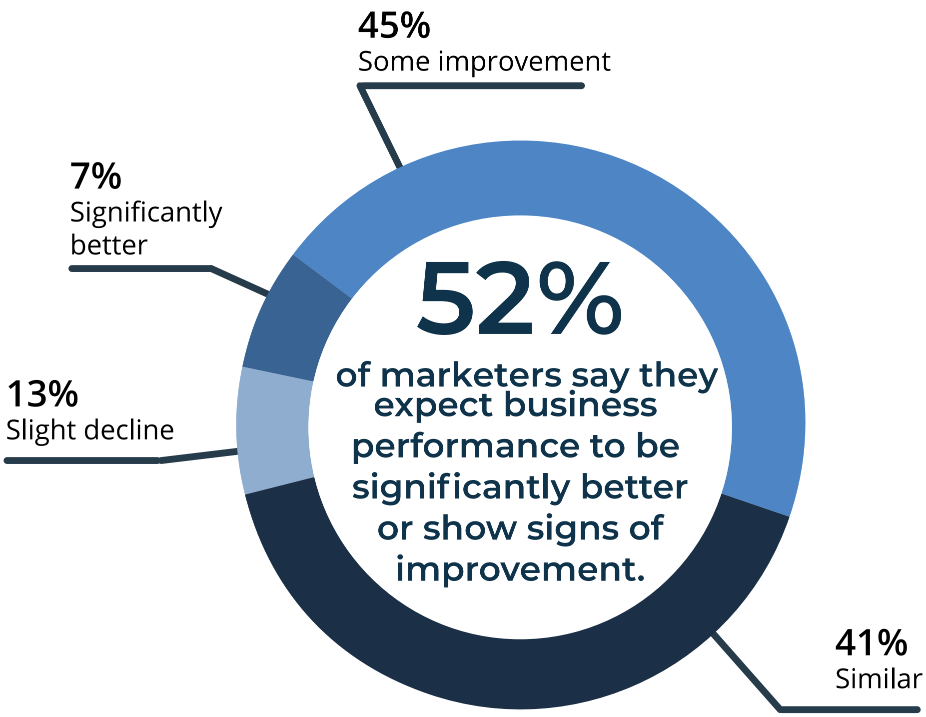
How do you expect your company's business to perform in the 2nd half of this year compared to the 2nd half of last year?

We then asked marketers the same question, how they expected business to perform in the second half of this year compared to the 2nd half of last year.

52% of marketers said they expect business performance will be significantly better or will show signs of improvement.

And...

41% said they expected business performance will likely be similar.



Implications

General Optimism Among Marketers

52% of marketers expect business performance to be significantly better or show signs of improvement in the second half of 2024 compared to the same period in 2023. This optimism is in line with broader economic indicators such as rising consumer confidence, increased GDP growth, and higher levels of business investment. Marketers are likely encouraged by these positive economic signals, anticipating that they will drive increased demand for marketing services.

Marketer Expectations

Stability Expected by a Significant Portion

41% of marketers expect business performance to remain similar to last year. This indicates a sense of stability in the market, with many marketers predicting consistent performance rather than significant growth or decline. This stability can be beneficial for strategic planning and resource allocation, allowing marketers to focus on sustaining their current levels of performance while exploring new opportunities for incremental growth.

Economic Confidence Influencing Expectations

The overall economic environment plays a crucial role in shaping business expectations. With improving economic conditions, such as steady job growth and increasing consumer spending, marketers are more confident about future business performance. This confidence is reflected in the positive outlook shared by most of the marketers surveyed.

Impact of Election Cycle on Marketing Spend

Takeaway: Historically, election periods see increased advertising and promotional activities, as political campaigns and related entities ramp up their marketing efforts. This surge in demand for marketing services during election cycles can contribute to the optimistic outlook among marketers as they anticipate higher business performance in the latter half of the year. But it also has its challenges beyond political spending. Per Ad Age (Top CMO Concerns for the Second Half of 2024):

> "Marketers are also grappling with how to navigate culture clashes. Ilona Aman, chief marketing officer of Athleta, said that the brand is focused on uniting its female shoppers despite their differences.
>
> "The world is going to continue to go through topics that the world is going to go through, but our guiding compass is how to bring people together forming communities in places where things feel divided, but we can still find room where we have things in common," she said, "to counteract any slowdowns especially with the election cycle approaching."

Strategic Adjustments to Capture Opportunities

Both marketers and agencies are making strategic adjustments to capture anticipated opportunities. Marketers are likely refining their strategies to align with economic trends and consumer behaviors. By leveraging data analytics, enhancing digital marketing efforts, and focusing on customer engagement, marketers can better position themselves to capitalize on the expected improvement in business performance.

Marketer Expectations

This presents opportunity for agencies, as embodied in this Ad Age quote, from the article on our previous page:

"Another continuing worry for marketers revolves around measurement, particularly amid the end of the cookie (although Google has a habit of delaying its demise). A recent report from marketing analytics firm WARC suggested that advertisers are not ready for this. "Marketers are leaving value on the table by failing to measure the full impact of their marketing investments," WARC found."
*

*In fact, as of the publishing of this survey report, Google has backed away from their cookie deprecation. This will likely further increase agency optimism in the short-term.

These key takeaways reflect a generally positive outlook among marketers for the second half of 2024, with a significant number anticipating improvements or stability in business performance. This optimism is underpinned by broader economic confidence, though there remains a cautious segment preparing for market fluctuations.

Marketer Surprises

Pleasant Surprises

We Asked Marketers and Agencies:

What Has Been the Most Pleasant Surprise Relative to Your Business, Your Industry, and/or the Economy?

In a series of open-ended question, we asked marketers and agencies, “What has been the most pleasant surprise relative to your business, your industry, and/or the economy?”

What follows is a selection of the most meaningful quotes from **marketers**:

- Numbers have been staying fairly steady where as I was prepared for an economy drop.
- I work in healthcare and am happy to see our employee retention rates climbing and our open positions decreasing.
- Growing traffic.
- Slight easing of raw costs. Together with prudent pricing and discount management, we’ve achieved better profitability.
- Consistency in social media keeps showing to be a great tool to expand reach.
- That “regular consumers” continue to give more attention to the advertising ecosystem and I think that’s parlayed into increased focus on determining the right metrics and how to get there (measure for it).
- No major headcount changes, as of now.
- We’ve enjoyed 58% y-o-y growth in new online students - May 2023 - May 2024. We’ve found our groove in terms of channel determination, bidding strategy, and creative resulting in a low CPI and relatively high conversion rates.
- Competitors reducing prices.

Agency Surprises

What follows is a selection of the most meaningful quotes from **agencies**:

- The development of AI applications for our business.
- There's an increase in interest in our services, but budgets are still modest.
- The forceful snap-back in Q1 from a dark and drifting 2023, and low attrition among existing clients.
- Large brands entertaining smaller shops like ours.
- We have three main revenue streams and that seems to help us stay afloat through any weather. We also decided not to hire, but to take more on internally to meet the demands of 2024 and the team rose to the occasion.
- Companies recognizing that when the market is soft, it's time to plant seeds.
- That what we are doing is really resonating with potential clients - it has taken some work.
- Stability of core business clients
- Despite being an election year, where uncertainty slows the market down, we are seeing steady activity and new client inquiries.
- Slightly better first quarter than last year.
- We're just tiptoeing into AI, but can already see its potential to help us do more with less time, people, budget. We're seeing a few companies gearing up to drive growth in 2025. The Covid hangover is real, but it seems that companies no longer can rely on the narrative of a covid slump to shroud lack of growth.
- More clients returning to outsourcing digital - too difficult to stay up to date internally.
- Budgets seem to be picking up in 3 & 4Q.
- The biotech industry has maintained its marketing spend.
- Interest in our media capabilities returning.

Marketer Frustrations

Small Frustrations

We Asked Agencies and Marketers:

What Has Been the Biggest Frustration Relative to Your Business, Your Industry, and/or the Economy?

What follows is a selection of the most meaningful quotes from **marketers**:

- The Fed not lowering interest rates.
- Lack of consumer confidence.
- slower decision making as people fear the economy.
- we are seeing smaller growth, frustrated on identifying cause.
- Biggest frustration is being constrained by IT resources.
- There are too many influencer and celebrity brands emerging that have no real purpose or mission other than making profits.
- Still dealing with labor shortages, demand and rising costs.
- The industry changes around tracking including cookies and Meta's phasing our of custom campaign optimization.
- Suppliers marking down inventory without adjusting costs - shrinking margins.
- Slow pace of adoption.
- Competition trying to focus on lowest price wins.

Agency Frustrations

What follows is a selection of the most meaningful quotes from **agencies**:

- Client pull-back.
- It's very similar to last year so far. Clients don't seem to invest in big budgets or commit to long-term agency partnerships.
- Larger firms with more sophistication, more tools, more services are wowing prospective clients, making it difficult for smaller firms to compete.
- Changes in personnel at some key clients led to confusion and dysfunction and irregular communication.
- I hear that we should be earning new business and big business at that, but we are a boutique shop of 10 people and I'm never sure what the right "size" of client is that would push us to the next level without crushing our capacity.
- Companies not recognizing that when the market is soft, it's time to plant seeds.
- I always want things to move faster. But having a mix of small and medium businesses is the way to make that happen. Big companies are too damn slow for us.
- More RFPs, poorer quality of RFPs, and winning submissions going outside of our metro area.
- Leads who agree to meet but then won't ever reply, even if it is to say s/he change his/her mind.
- Jumpstarting meaningful outreach program on a shoestring budget.
- All things considered we are in a strong position and have not had very many frustrations. If I had to pick one, RFPs continue to be a challenge - we do win them but we also lose some and they require a lot of time and expense.
- clients trying to do more on their own.
- Getting clients to move forward.
- Supply chain issues continue to impact our clients and agency and daily necessities are still very expensive.
- slow close rates - still extend more than 6 months
- CMO turnover.
- Not getting a new business program up and running.
- new business, finding credible leads

Marketing Spend

Marketer Expectations for Marketing Spending in the Second Half of 2024

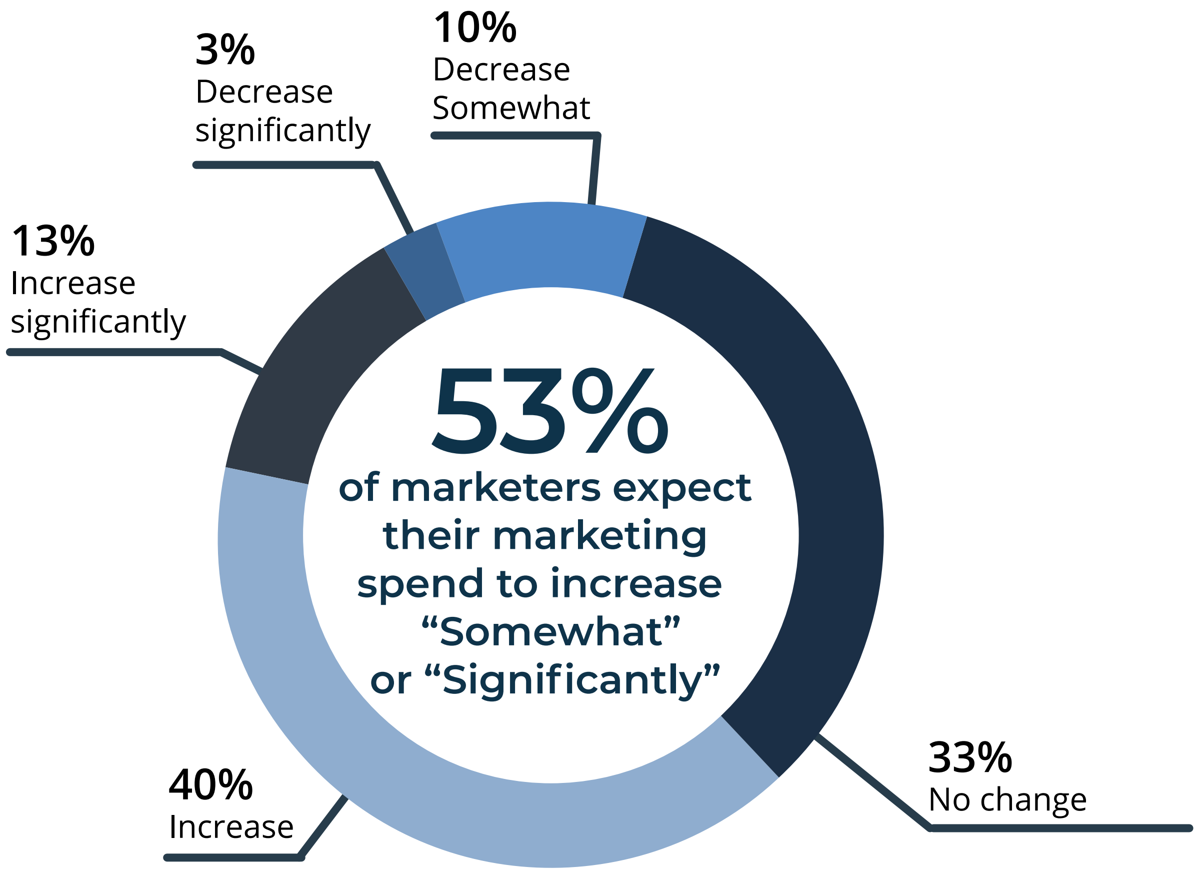
We Asked Marketers:

What are your expectations for MARKETING SPENDING in the 2nd half of the year, compared to 2nd half last year?

We then asked marketers about their expectations for marketing spending in the second half of 2024 compared to the second half of 2023:

53% of marketers expect their marketing spend to increase “Somewhat” or “Significantly” compared to the second half of 2023.

And 33% expect no change, with only 13% of agencies expecting a decrease.



Marketing Spend

We then gave marketers the opportunity to respond in an open-ended section. Here are some key takeaways from a selection of those responses:

Anticipated Increase in Marketing Spend: Over half (53%) of marketers surveyed expect their marketing spend to increase "Somewhat" or "Significantly" in the second half of 2024 compared to the same period in 2023. As indicated in the previous question to agencies, this optimistic outlook is supported by broader industry trends indicating a positive shift in marketing investments. Marketers are aware of the need to:

> "Keep up with the other emerging brands and address the competitive landscape."

Stable Budget Expectations for Many: About 33% of marketers expect no change in their marketing budgets, indicating a stable outlook for many businesses. This aligns with Gartner's report that highlights the importance of strategic resource allocation despite reduced budgets.

Although only 24% of CMOs feel they have sufficient budgets, many are optimizing their spending to drive growth effectively.

Limited Expectation of Decreased Spend: Only 13% of marketers foresee a decrease in marketing spend, a relatively low figure that mirrors HubSpot's findings, where just 8% of marketers plan to cut their investments in 2024.

This indicates that most marketers are committed to maintaining or increasing their efforts to ensure continued business growth and market presence.

Inflation and Competitive Pressures: Many marketers are feeling increased pressure to combat inflation and remain competitive. One respondent noted that

> "More marketing pressure is required to combat the impact of compound inflation."

Another emphasized the need to "spend more on organic content with creators," highlighting the rising costs and competitive nature of content marketing. These pressures are driving marketers to find innovative ways to maintain their market share and effectiveness.

External Factors Influencing Marketing Strategies: External economic and political factors are significantly shaping marketing strategies. Marketers expressed concerns about interest rates and the cautious spending behavior of clients due to the upcoming election.

One respondent mentioned, "Hoping that interest rates fall," while another pointed out the impact of the "Election + clients being cautious with cash." Despite these challenges, there is some optimism, with marketers reporting "some optimistic 2nd half feedback from clients."

Conclusion

Conclusion

Overall, the survey reveals a cautious optimism among marketers, with many planning to increase or maintain their marketing spend to navigate economic challenges and leverage digital advancements for growth.

And agencies need to be prepared, from a business development standpoint (whether this optimism comes to fruition or not). This back half of the year will be crucial to your new business efforts.

Marketers will continue to need agencies as tools continue to evolve, in-house team expertise remains finite, and strategic insights grows. Looking at the rest of 2024, you need to assess your business development strategy in three ways:

Positioning: Should be intentional and focused on verticals, or services, where you have a right to win. Come from a place of experience, so you can craft messaging that will speak directly to your prospects rather than at them.

Process: Should be manageable above all else. Most agencies stop and start business development efforts because 1) they're not willing to give it the patience required and 2) take on too much and give up. Set a cadence of one hour a day, or every other day, to start.

You will need to invest in platforms to help you build lists and track site visits, and you will need 5-6 case studies, referring to specific problems you solved for each case study and asking yourself what about this case study will cause a prospect to open an email.

Execution: First, set your expectations. You will not close business in a first meeting, and it may take you 6 months, or longer to close a piece of business. You need to incorporate referrals, content (even if only posting on LinkedIn) site tracking, inbound and outbound. And you need a dependable follow up strategy.

While this may sound like a lot, keep it simple and ongoing, and it will pay off.

For more help on positioning, process, and execution, visit these URL's:

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