

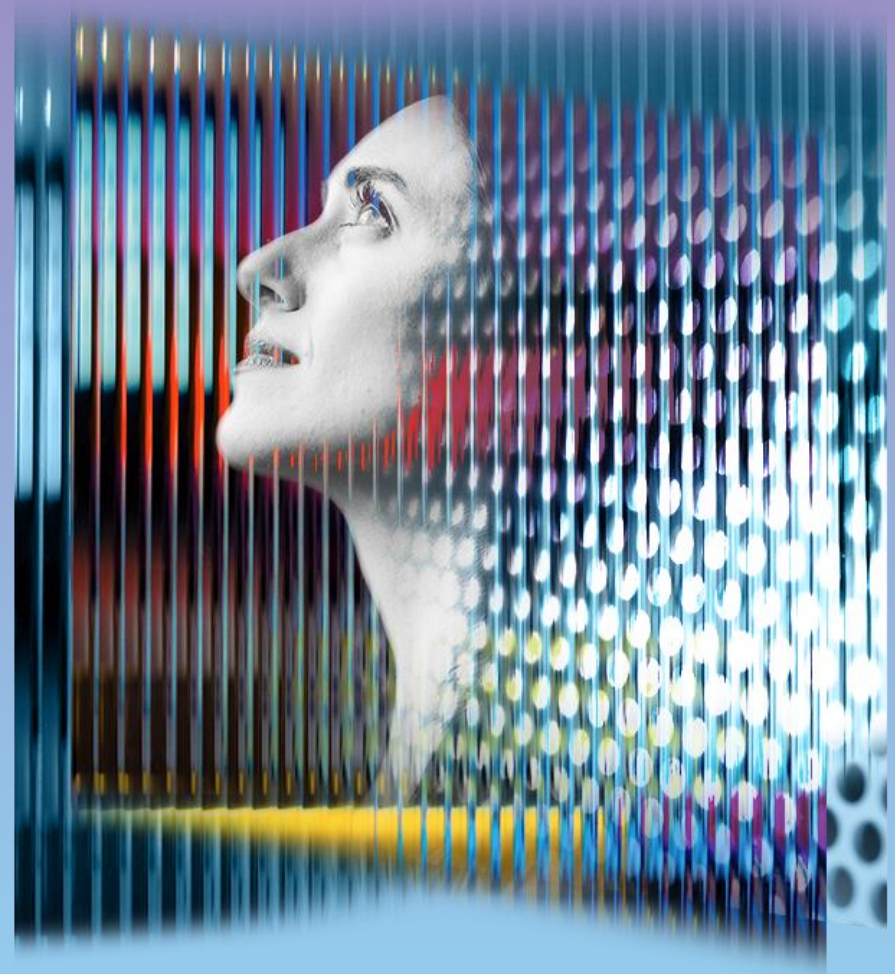
# Technology And Talent In The Agency Of The Future

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Principal Analyst

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November 19, 2020



We help technology and business leaders develop customer-obsessed vision, strategy and execution that drive growth.

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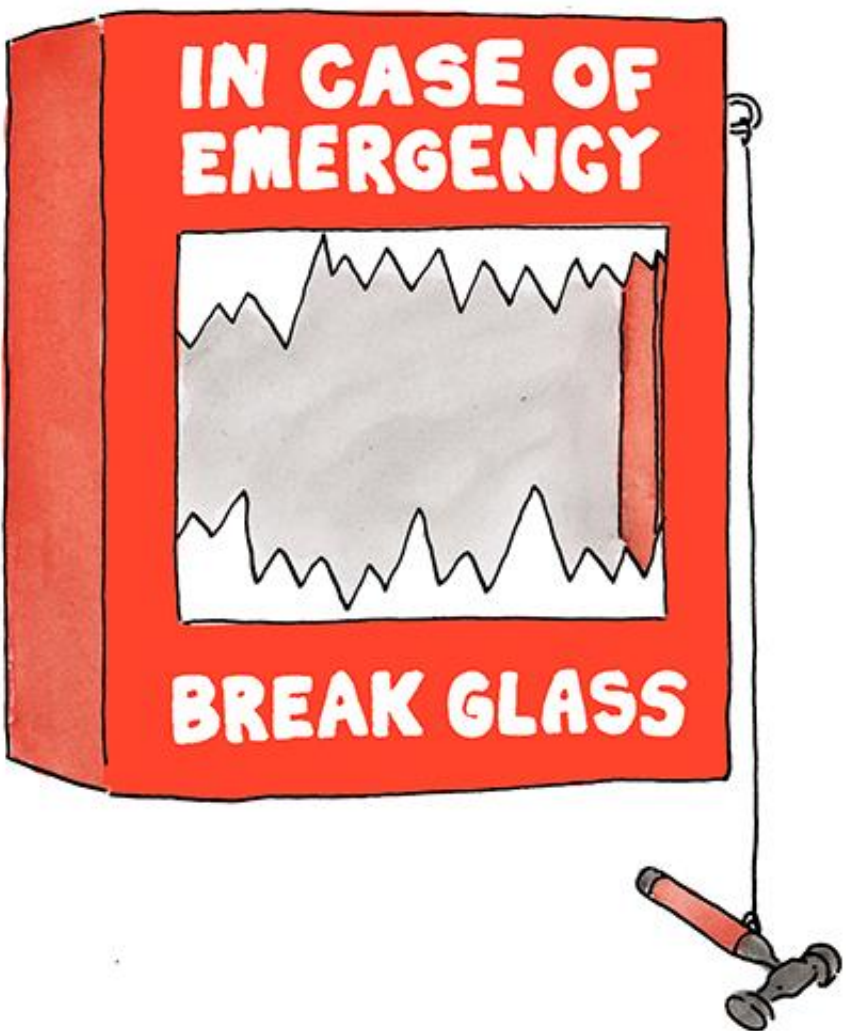
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# What We'll Discuss Today

- The 2020 Context of COVID-19
- Forrester POV for Agency of The Future
- What It Means



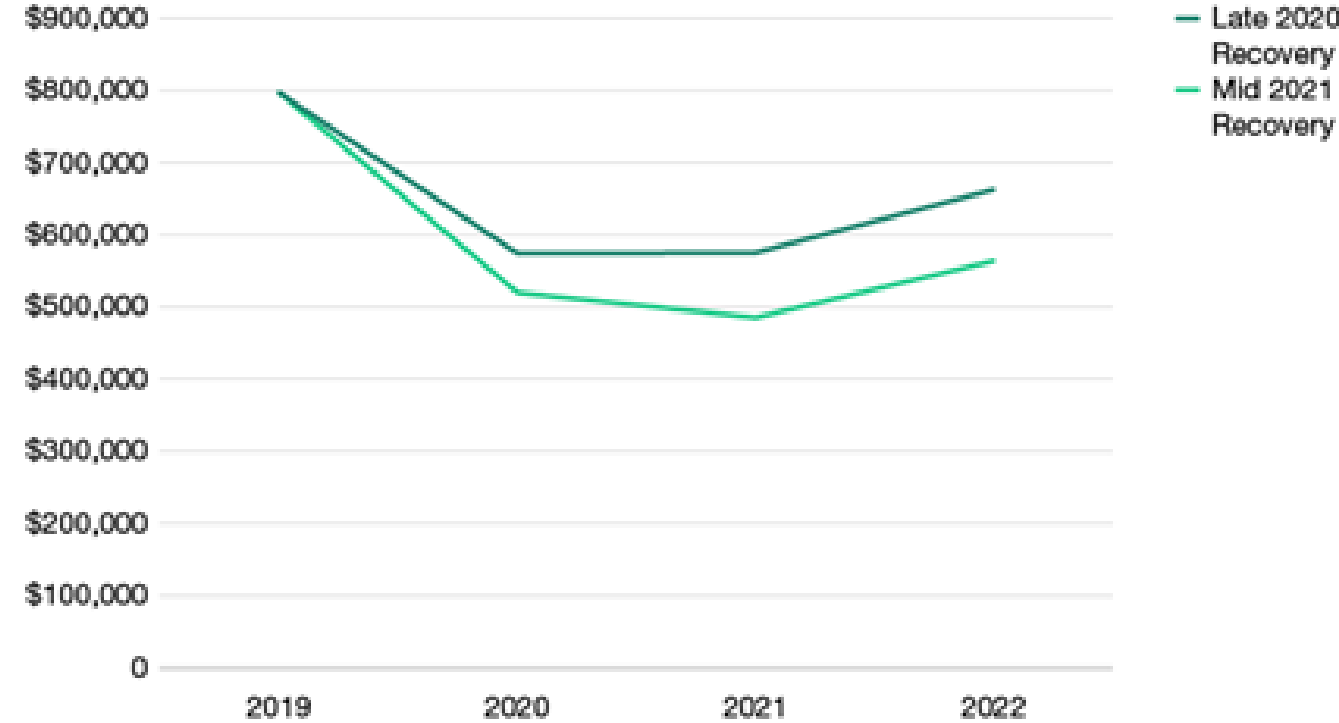


ALL THAT'S IN HERE  
IS A MEMO TO CUT  
OUR MARKETING  
BUDGET.

# Late-2020 and mid-2021 recoveries compared

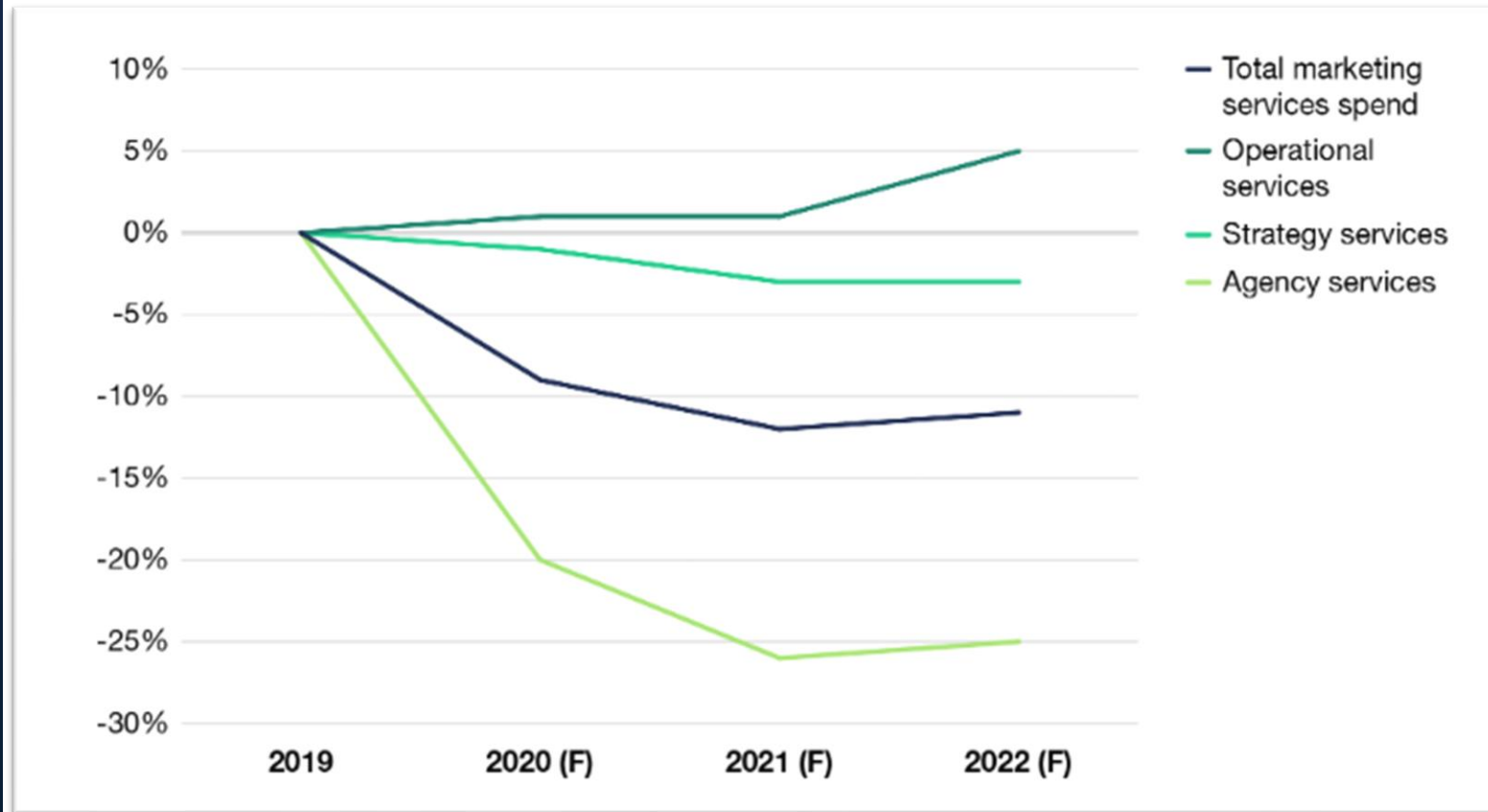
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**US Marketing Spend Will Fall In Any Scenario**  
(Millions, USD)



# Agency and strategy services contracts will be cut

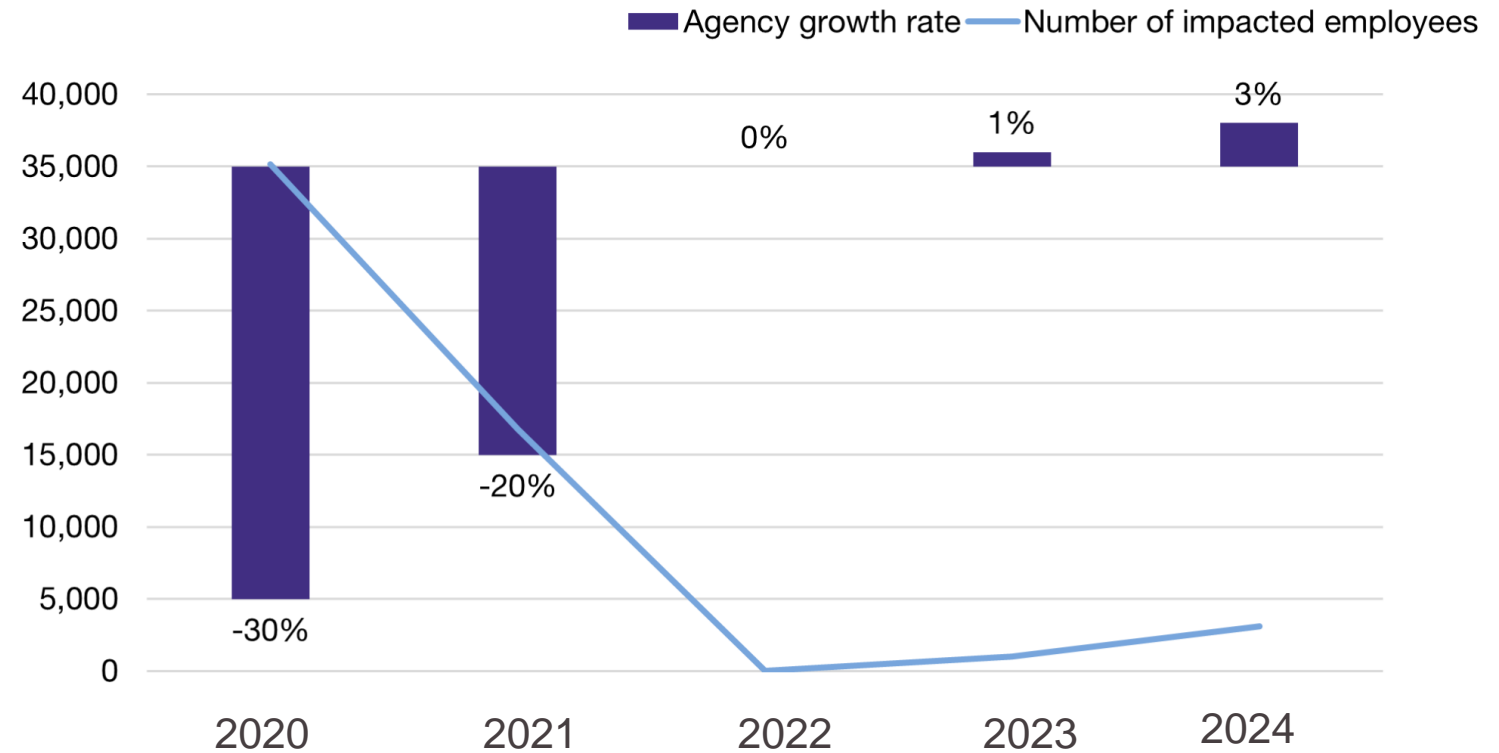
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# US Agencies Will Lose 52,000 Jobs Through 2021

US agencies are poised to lose 35,000 jobs in 2020 and another 17,000 in 2021.

### US agency growth versus employee layoffs, 2019 to 2023



Source: Forrester's forecast of US marketing spend, 2019 to 2023, revised per the 2020 COVID-19 crisis, 2017 US Economic Census, and 2017 County Business Patterns

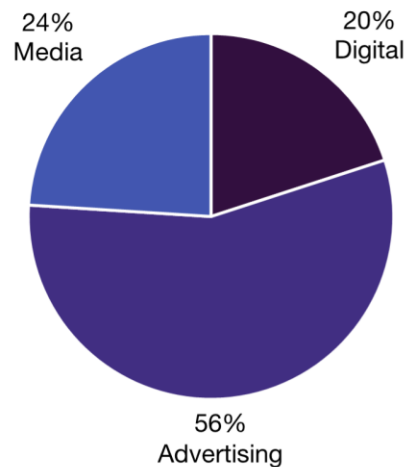
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# The COVID-19 Recession Will Impact Agencies Differently

Ad agencies make up over half of all reported agency layoffs; digital and media agencies represent less than a quarter.

Reported agency layoffs, May 2020

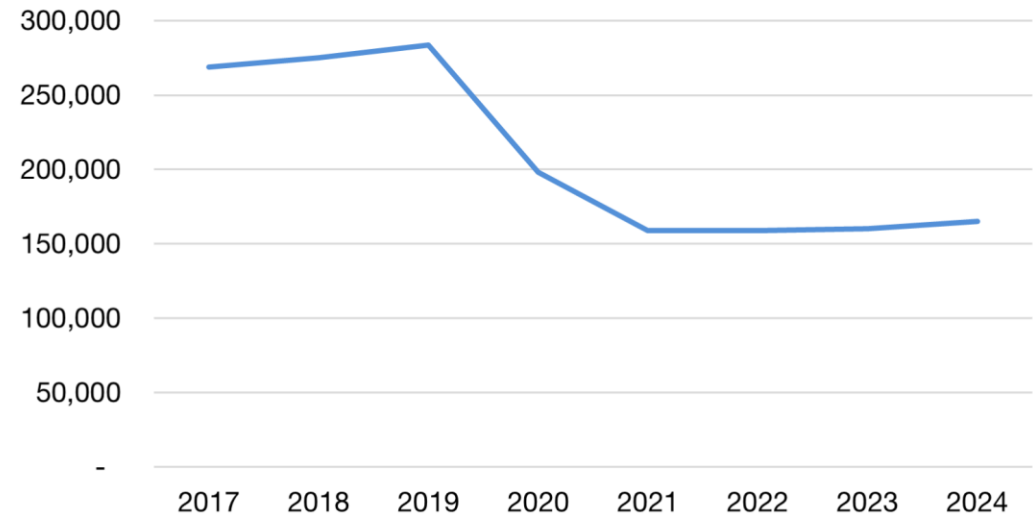


Source: Forrester analysis of 34 reported advertising industry layoffs and furloughs via AdExchanger, Ad Age, and Adweek

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# CMOs Will Need To Rely On Fewer, Smaller Agencies During The Recovery

US agency headcount forecast through 2024



Source: Forrester's forecast of US marketing spend 2019 to 2023, revised per the 2020 COVID-19 crisis, 2017 US Economic Census, and 2017 US County Business Patterns

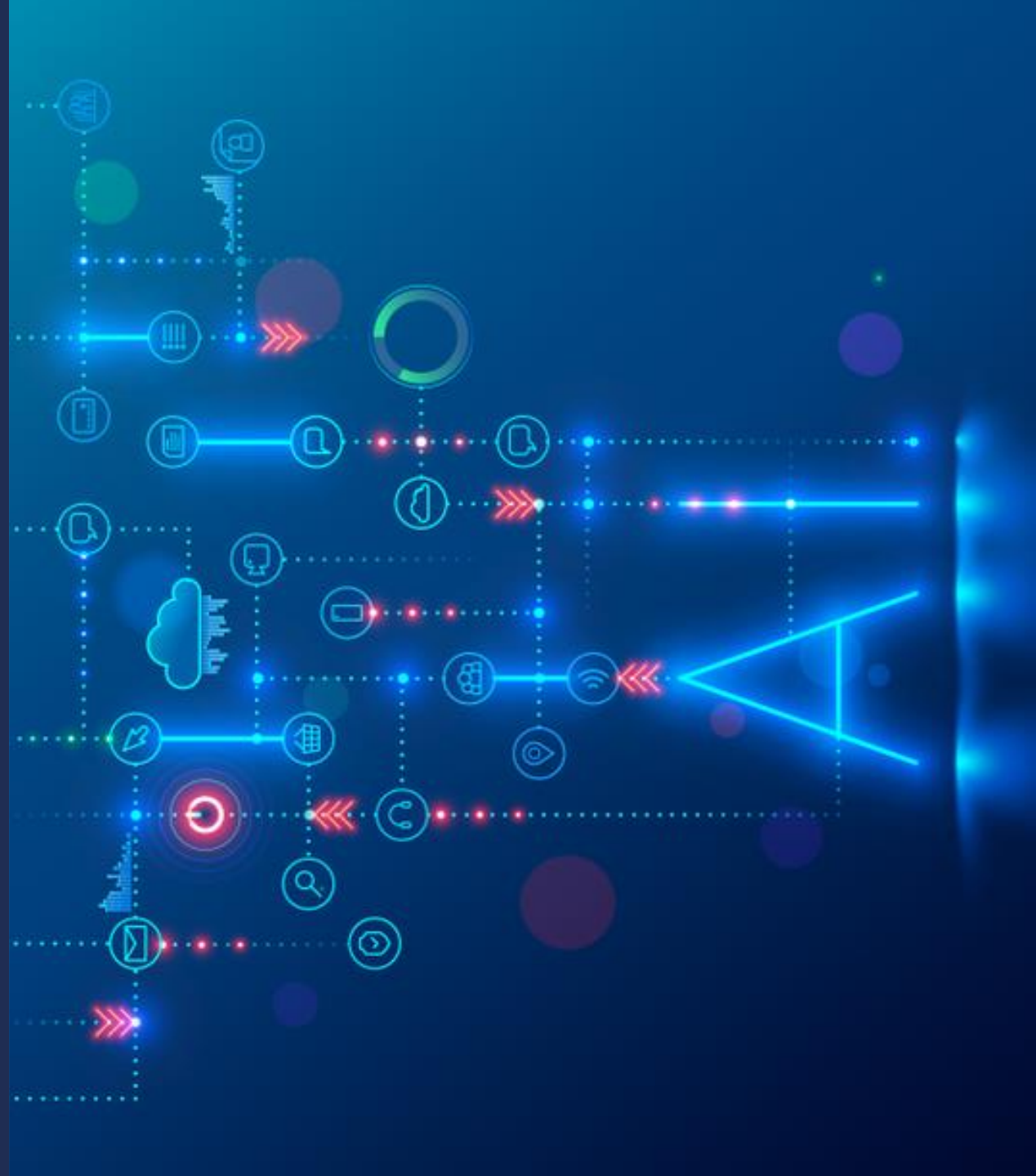
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# What Will The Future Bring For Agencies?

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AI and automation will  
make agencies smaller, yet  
smarter



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# Forrester's Model To Determine The Impact Of A.I. And Trajectory Of The Workforce

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AI and intelligent software will automate 11% of agency jobs by 2023.

### Projected Change in Number of Employees, 2020-2023

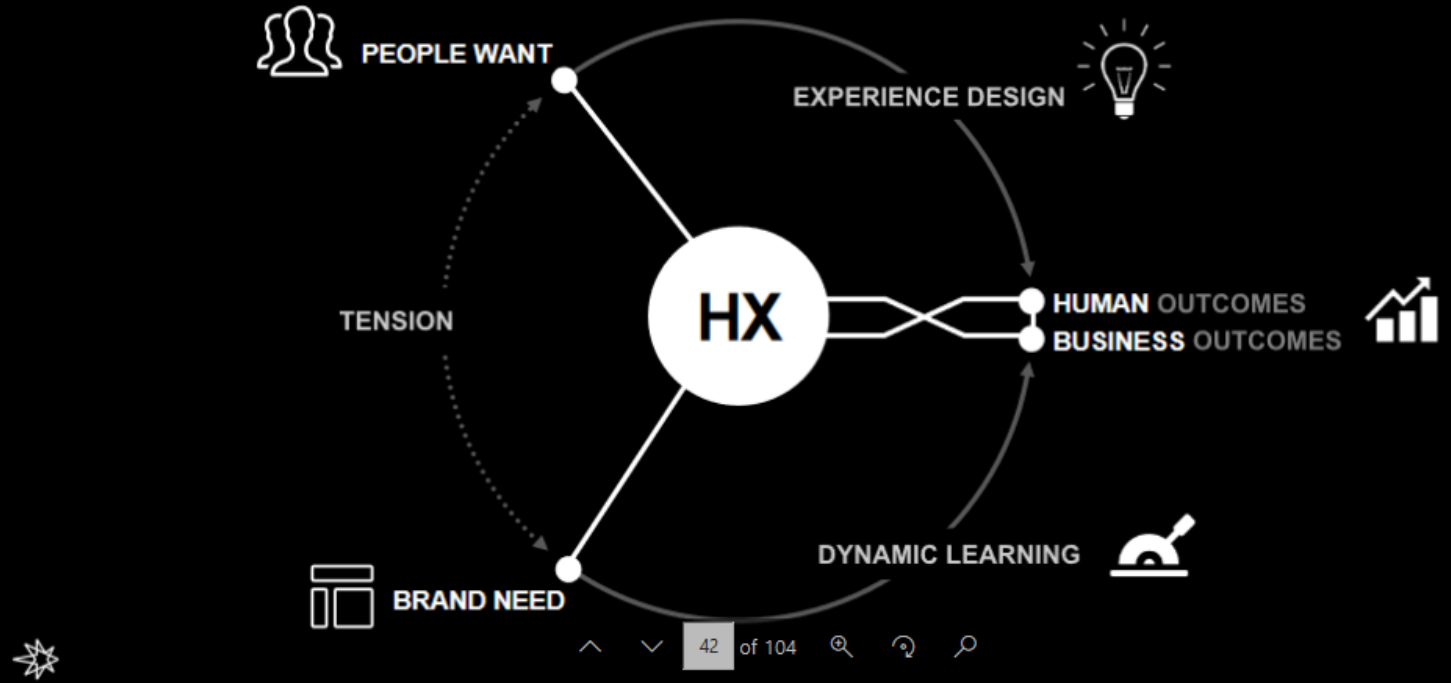
Agency Segment	Large Media Agencies	Small Media Agencies
Account Management	-13%	-12%
Buying & Investment	-12%	-12%
Data & Analytics	-11%	-11%
Executive	0%	-1%
Finance	-9%	-7%
HR	-8%	-8%
IT & Technology	-11%	-4%
Media Operations	-20%	-20%
New Biz/Comms	-13%	-14%
Research	-16%	-19%
Strategy & Planning	-11%	-10%
<b>Total Change</b>	<b>-11%</b>	<b>-11%</b>

160075

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# Delight customers by meeting their emotional needs

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Starcom leverage HX and the Epsilon PeopleCloud to scale human empathy

Agency compensation will shift from paying for people to paying for platforms and performance





# Reformulate the economic model

Create a new compensation structure to account for technology, services and outcomes.

**Performance**

The outcomes created through human and machines working together.

**People**

The creative “differentiation” layer based upon services.

**Platform**

The technology “scale” layer and data intelligence layer.

# THE PAŦ

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Get started

UNPRECEDENTED

**MEDIA CLOUT**

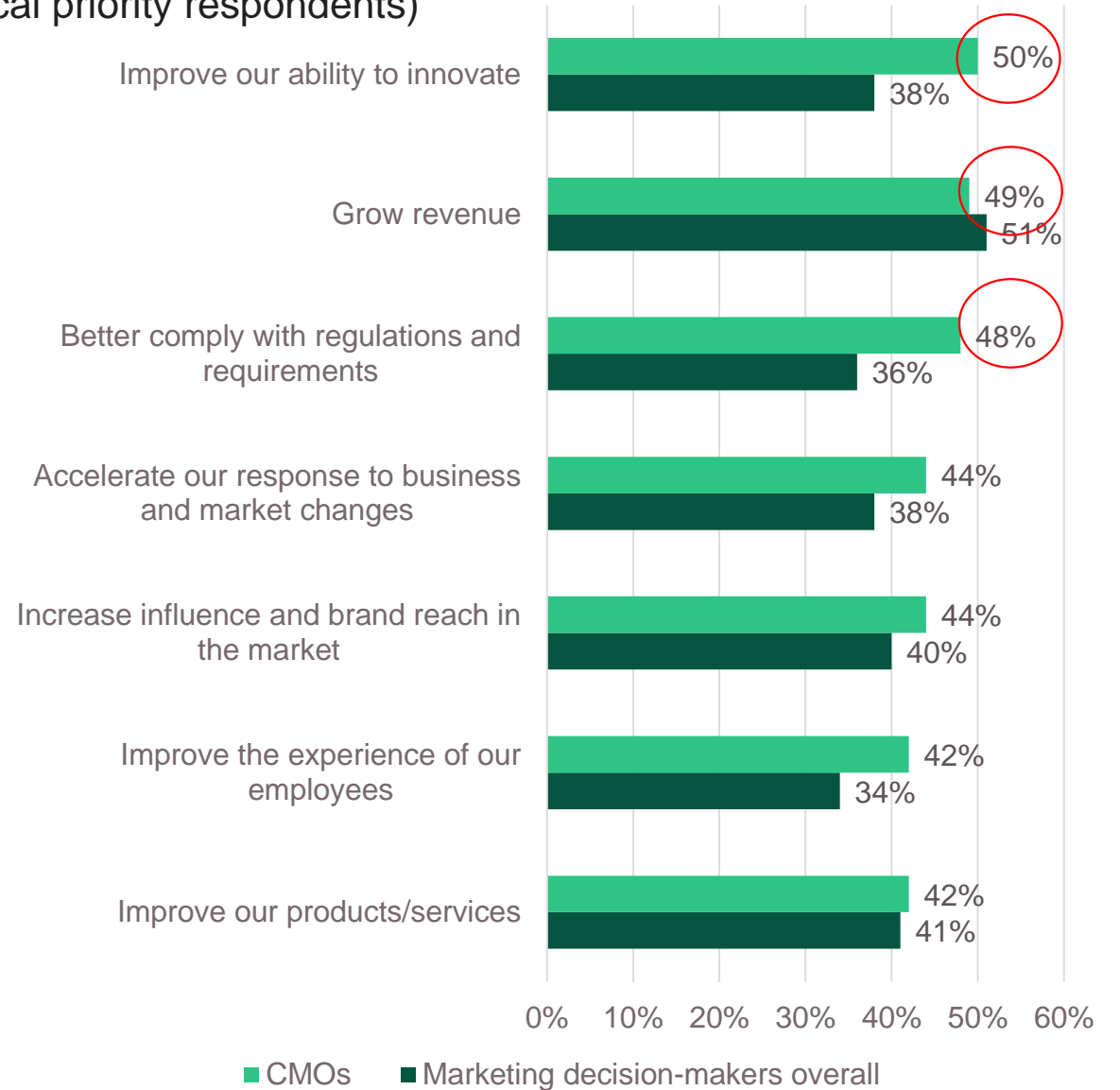


CMOs will relax their grip  
on agency relationships,  
offering agencies new  
prospects



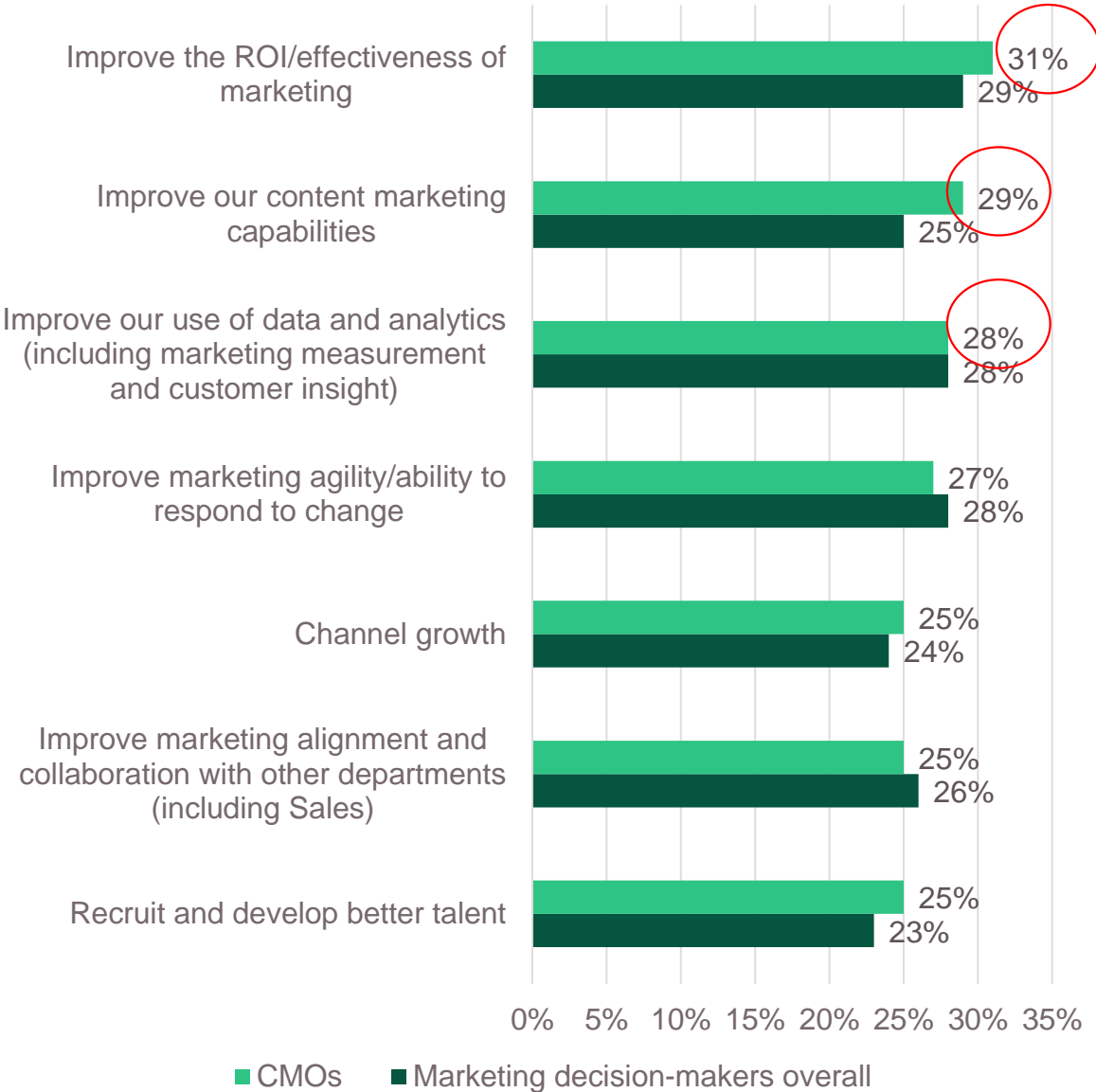
# CMOs prioritize innovation, growth and compliance.

Which of the following initiatives are likely to be your organization's top **business priorities** over the next 12 months? (Marketing decision-makers, High + critical priority respondents)



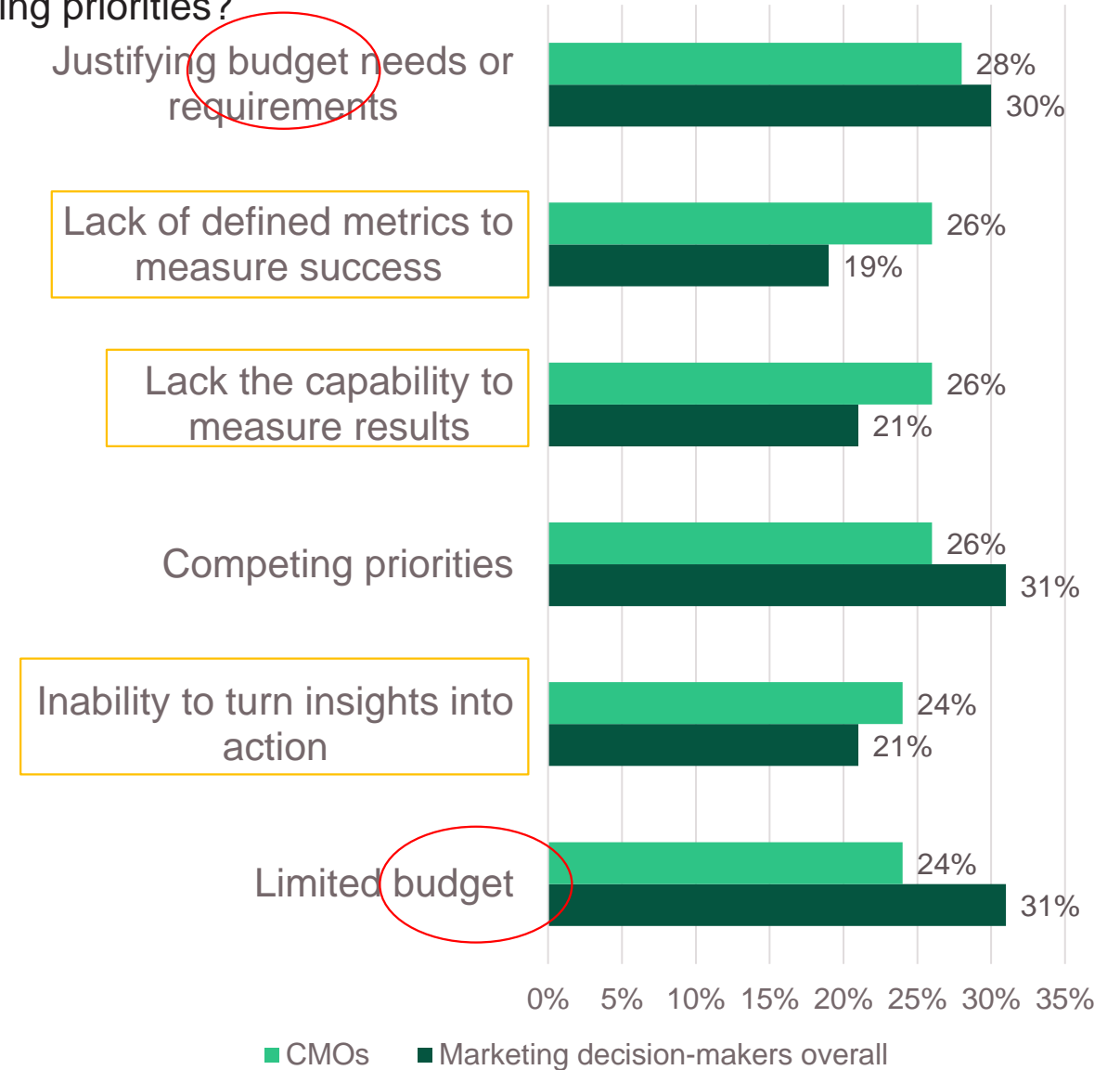
# ROI, analytics and creative content top their marketing priorities.

Which of the following are likely to be your organization's top **marketing priorities** over the next 12 months?



# Measurement and budgets are the main barriers.

Over the next 12 months, which of the following will be the greatest challenges for your organization as they relate to achieving your marketing priorities?



Base: 1,900 Marketing decision-makers; 170 CMOs  
Source: Business Technographics Marketing Survey, 2020

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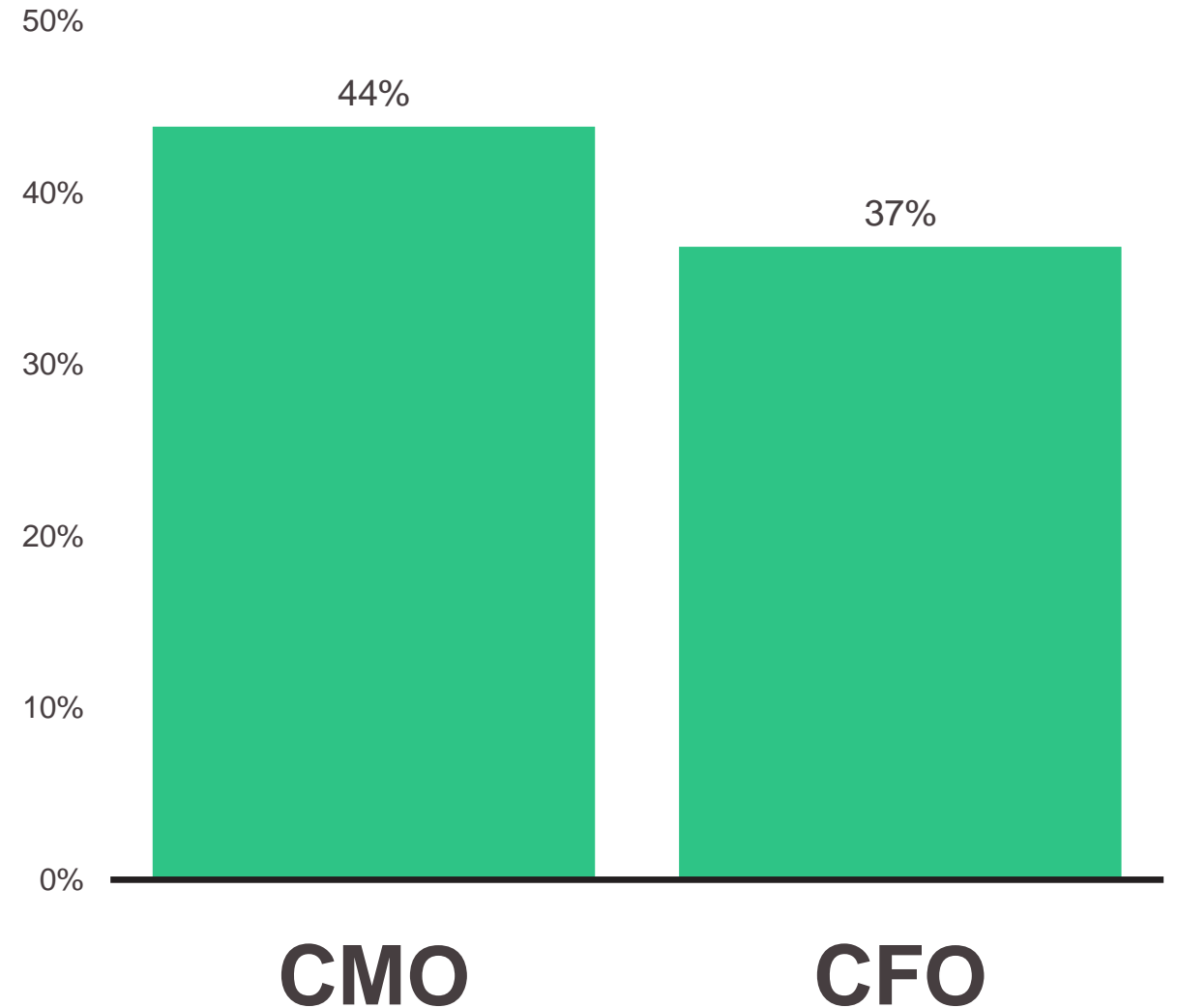
True or False: Marketing and Finance are exactly alike.



CMO's and CFOs  
prioritize  
improving brand  
reach

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# Improve Brand Reach

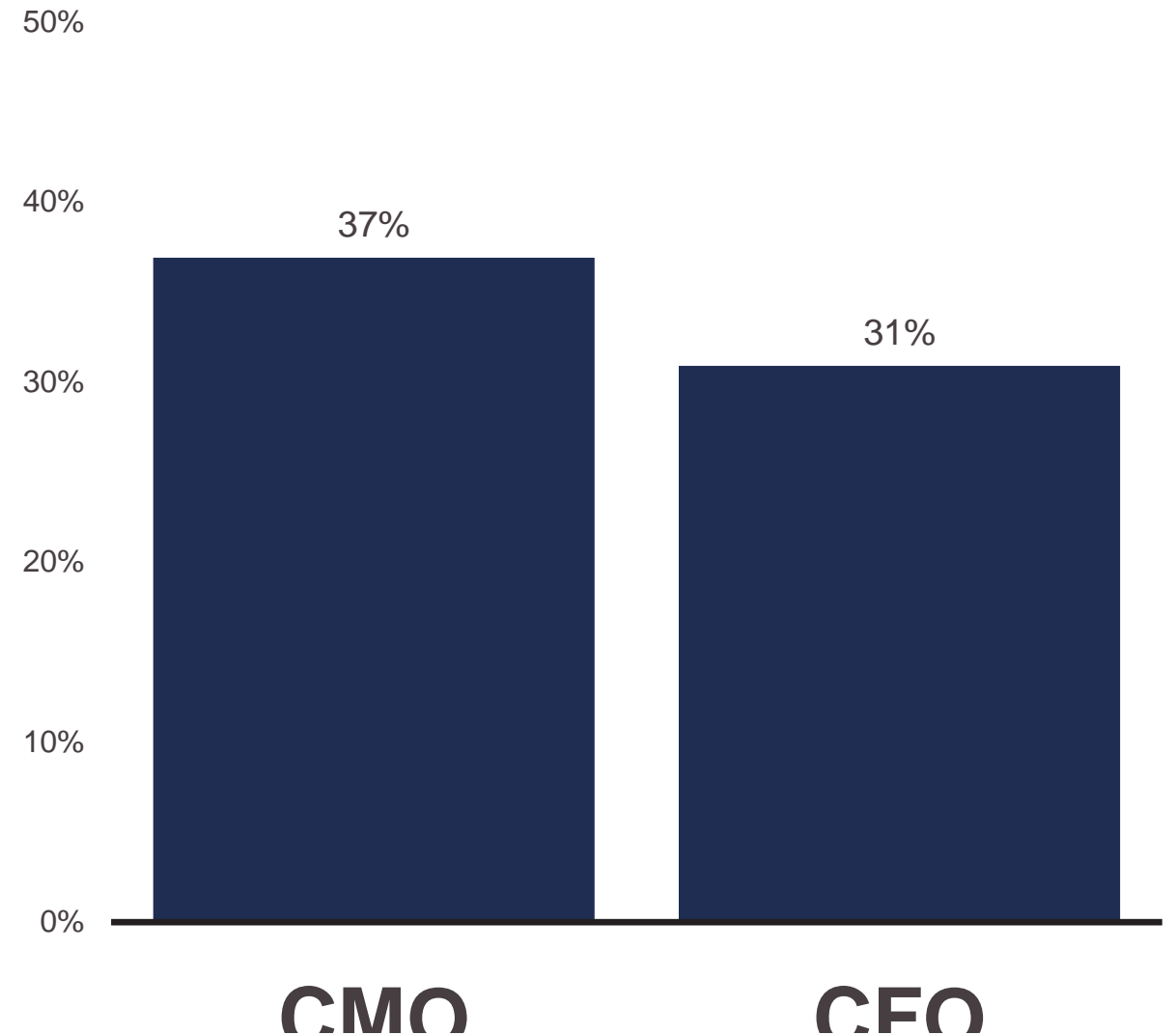




CMO's and CFOs  
prioritize reducing  
costs

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# Reduce Costs



Source: Business Technographics Data And Analytics Survey, 2020

The chief people officer will take center stage in the agency c-suite



Renewed agency  
entrepreneurialism will  
resuscitate creativity



# What It Means

1. Competitive confusion in selecting agencies increases
2. The people + software approach will reshape career paths
3. Clients will select agencies based upon the best algorithms and data
4. Digital labor platforms become the agents for the best talent
5. Mid-sized and start ups leverage technology to power nimble models.



# Thank You.

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**QUESTIONS?**  
**THANK YOU!**