

# How Brands Streamline Their Agency Partnerships

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Shrinking media budgets, aggressive growth goals and ever-complex marketing needs are causing a shift in the brand-agency relationship. In their bid for self-preservation, brands are streamlining spending and in-housing capabilities.

Brands' concerns with agency partners range from the need for better design and creative (33% of respondents), different pricing models (30%) to more flexible working models (25%), according to a study conducted by the Society of Digital Agencies and Forrester Research.

**What Do Client-Side Marketers Worldwide Want From Their Agency Partners and Why Do They Terminate Them?**

*% of respondents, Q3 2018*

What they want from their agency partners		Why they terminate their agency partners	
Better design/creative	33%	Pricing/value	33%
Different pricing models	30%	New management at our organization	19%
More flexible/nimble working models	25%	Cost overrun	16%
Stronger leadership	21%	We needed different capabilities	14%
Stronger technology capabilities	17%	Understaffed/inexperienced team	13%
Stronger data capabilities	14%	Unhappy with strategy	13%
More training/staff augmentation	6%	Unhappy with account/project management	11%

*Source: SoDA, "2019 Global Digital Outlook Study & Report" in partnership with Forrester Research, Nov 19, 2018*

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The study further surveyed client-side marketers about why they terminate their agency partners. A third of respondents (33%) said they terminated over pricing, 19% said it was over new management at the brand's organization and 16% cited cost overrun.

Marketing strategies require increasingly complex tech and data, as well as sophisticated expertise that can come from external partners—partners that tend to stay ahead of the curve with best practices and new innovations. But brands want to be more self-sufficient and increase their internal capabilities to control first-party data and have a direct relationship with their customer, so the brand-agency relationship has started to evolve.

“Agency relationships can be a black box for brands,” said eMarketer principal analyst Jillian Ryan. “Transparency and control were major concerns for brands looking to streamline the agency relationship. For many the end goal is more ownership over their customer data and the ability to self-sustain.”

When brands begin streamlining their partnerships with agencies, they start a discovery process that will help them assess what marketing and advertising goals they want to reach, what internal capabilities they already have, what areas still require agency partners and where gaps and overlaps exist.

This assessment process, ironically, involves another type of external partner—like a management consulting firm—that helps brands distribute skill sets, source new talent or even find an agency partner to manage this work.

Once brands complete their assessment process, they use flexible engagement models to do their work: they either bring their work in-house or consider a hybrid engagement model.

In-housing refers to taking work that was previously outsourced to an agency internally so that a specific internal team, group, or single employee manages the work. [Executives at Verizon, Chobani, and Trunk all noted in interviews with eMarketer](#) that in-housing enabled better access to major decision-makers and allowed for increased flexibility and speed on projects.

Brands that don't want to completely part from their agency can partially in-house operations while still leaning on external agency counterparts. In fact, most in-house agencies (85%) still outsource functions to external providers, according to 2018 research from the In-House Agency Forum, so agencies don't need to necessarily view it as a threat to their existence.

Additionally, for in-housing to work, agency partners need to support brands in their effort and offer coaching to aid brands on their journey.

"Brands implementing a flexible engagement model have more purview over their marketing and advertising capabilities," said Ryan. "This approach also leaves room for agencies. They have an expertise in many of the specialties that brands are looking to manage internally and should offer support, training and guidance to brands to stay relevant and necessary."

To get further analysis on how the brand-agency relationship is changing, read our latest report.

