

To Stay Competitive, Ad Agencies Mimic Consultancies

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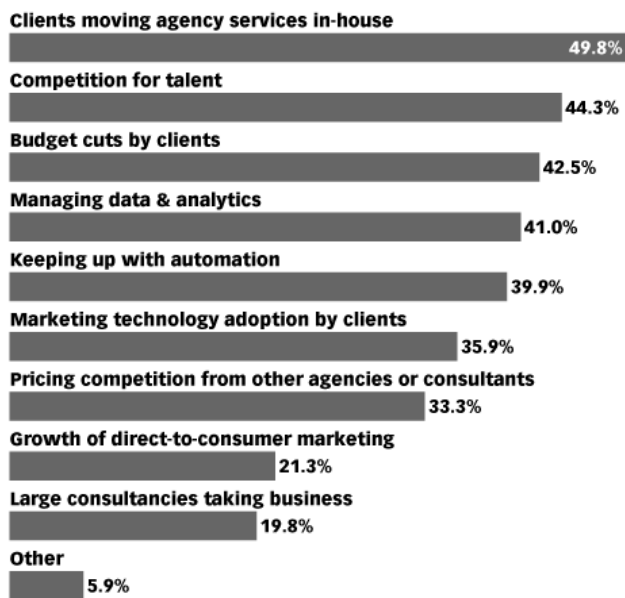
Ross Benes

Agencies have always operated in a competitive market, but now, they must contend with brand clients **bringing marketing tasks in-house** and **consultancies encroaching** on their turf.

Nearly half of digital agencies worldwide said that clients moving services in-house was a key challenge they are facing, according to a December 2018 survey conducted by **Marketing Land**. One-fifth of respondents cited large consultancies taking their business.

What Do Digital Agencies Worldwide Identify as Key Challenges Currently Facing Their Agency?

% of respondents, Dec 2018



Note: n=273

Source: Marketing Land, "Digital Agency Survey," Jan 30, 2019

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An April 2019 poll conducted by Digiday showed that 22% of client-side marketers planned to **shift work from agencies to consulting firms**. While the majority of respondents (52%) planned to maintain their agencies, consultancies are gaining traction with agencies' clients.

Agencies are adapting to these trends by expanding their consulting services. In doing so, they mimic the consulting firms making a push into digital marketing.

"We've become as much as of a consultancy as we are a media agency now," said Andy Cocker, co-founder and COO of programmatic agency Infectious Media. "So, we have a few clients in our book where we are employed as a digital marketing transformation consultant."

For clients where Infectious Media has a consulting role, the agency advises clients on best practices to leverage their data in campaigns and measure ROI.

"Agencies have to step into a different model, which is about marketing, consulting and making sure that they understand data

management and orchestrating platforms,” said Bob Ray, global CEO of Merkle-owned agency DWA.

Embracing a consulting role can be useful for agencies when they have a client bringing work in-house. For instance, if a brand wants to bring ad buying in-house, the agency can still maintain a relationship with the brand if it consults on how to best set up its technology stack. Maintaining that relationship also puts the agency in a good position should the brand decide to **retreat from in-housing**, according to Jessica Lustgarten Courtemanche, vice president and director of data and analysis at ad agency Digitas.

Other sources who spoke with eMarketer for our agency report agreed.

“If we had that consultative service, we'd probably bring them back from time to time to help us understand how we're keeping up with industry standards,” said Brooke Skinner Ricketts, CMO of Cars.com, which took its digital media buying in-house. “One of the biggest advantages that external agencies and consultants can provide is knowing what's going on beyond your business. That's of incredible value, and I wouldn't be surprised if we have consultative players as we go through this in-housing journey.”

eMarketer PRO subscribers can read the full report on the agency relationship in a few weeks.

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