

The era of uncertainty exacerbates the challenge for advertising agencies

Article

Just as agencies came to terms with the pandemic wave, they were forced to contend with the war in Ukraine, ongoing supply chain disruptions, global political polarization and unrest,

soaring inflation, and concerns of a recession. Closer to home, the Big Tech fallout created more uncertainty relating to regulation, data access, and consumer engagement. That’s led to a greater need by advertisers to diversify ad spending and experiment with new media channels and approaches

Agency heads and senior marketers we spoke with are now focused on a hiring and keeping talent, maintaining a healthy culture, improving internal processes and operations, and securing fair and equitable compensation, despite the market uncertainty.

Attracting and Retaining Talent

Respondents to a June 2022 MediaOcean H1 2022 market report cited “talent retention and access to expertise” as the second greatest area of concern—up from third place the previous time the study was conducted. The battle for talent has been intense during the past year, forcing many agencies to increase salaries and benefits to attract and retain the best people.

More than half of global agency respondents to a July 2022 World Federation of Advertisers and MediaSense survey believe the media industry is in its worst-ever talent crisis. Rising employee costs are a particular cause for concern and scrutiny for agency leaders as they attempt to retain their best talent while carefully watching the macroeconomic tea leaves regarding potential inflationary and recessionary activity.

Marketing Professionals Worldwide Who Believe That the Media Industry Is in the Midst of Its Worst Ever Talent Crisis, by Region and Company Type, May 2022

% of respondents in each group

	Agree/ strongly agree	Disagree/ strongly agree	Undecided
Region			
Asia-Pacific	60%	14%	27%
Europe, Middle East, and Africa	44%	22%	34%
US	52%	20%	28%
Company type			
Advertiser	41%	25%	34%
Agency	54%	20%	26%
Publisher/tech	48%	14%	38%
Total	48%	21%	32%

Note: numbers may not add up to 100% due to rounding
Source: World Federation of Advertisers (WFA) and MediaSense, "Media's Got Talent," July 28, 2022

Retaining Culture

Agencies, like every other business that survived the pandemic, embraced remote working. But now many agency leaders feel that communication, collaboration, and training—while manageable—are more challenging in a hybrid or remote workforce. Fostering creativity, innovation, and agility can be even tougher.

The work-from-anywhere phenomenon is a double-edged sword for agencies: It provides access to a bigger pool of talent, at a potentially lower cost but struggles to foster a sense of camaraderie and belonging to the entire workforce.

Improving Operations

Despite making progress in digital transformation, many agencies still have to automate processes, digitize their back offices, and integrate their operations. Clients noted that agencies may have moved from pitch books and storyboards on easels to PDFs and slides, but very few have digitized their workflow and interaction.

At the same time, clients are placing significant operation burdens on agencies via information security and cyber insurance policies that require additional technical, legal, and operations investment. This is also happening while clients are tightening—or at least scrutinizing—budgets, thus squeezing agencies from both sides.

Maintaining Equitable Budgets

Even if the world avoids an intense economic decline, agencies are already feeling the pinch. A July 2022 study by SoDA found 48% of agencies said they'd had success increasing client budgets but that billing rates had not kept up with salary and benefit increases. In the 2008 recession, some of the world's largest companies bullied agencies into hefty budget decreases or significant extensions of payment terms. After the bruising agencies experienced during the pandemic, it is likely that many would struggle to survive should clients behave the same way during a near-term economic downturn.

[Read the full report.](#)

Report by Dave Frankland Sep 28, 2022

The Marketing and Advertising Agency Report 2022

