

A Forrester Consulting
Thought Leadership Spotlight
Commissioned By Adobe

January 2017

The Future Of Agencies

A Spotlight On Customer Experience



Table Of Contents

- 1 Executive Summary
- 2 Marketers Invest To Differentiate On Customer Experience
- 4 Agencies With Digital Acumen And CX Expertise Will Succeed In The Future
- 7 Key Recommendations
- 8 Appendix

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In order to deliver superior CX, marketers rely on agency partners to enhance their digital competencies.



Agencies that embrace data and technology to create connected brand experiences will win in the future.

Executive Summary

Empowered customers compel companies to transform their marketing and advertising strategies. Mass awareness and brand building campaigns have given way to connected, personalized, and content-driven experiences. To succeed in this environment, marketers need agency partners to be proactive technology experts with digital acumen and strong customer understanding. Marketers need agencies that support customer experience (CX) initiatives — demand for experience design, technology integration, and content marketing is on the rise. They also need agencies with broad technology partnerships and agile, collaborative processes. Marketers expect more from agencies than they currently deliver in these areas. As a result, agencies that invest in these areas will find more opportunity for growth and impact. To succeed, agencies must leverage technology and data to create connected customer experiences for clients in new and different ways.

In October 2016, Adobe commissioned Forrester Consulting to explore marketers' evolving needs for CX and requirements of agencies to meet those needs. Forrester surveyed 518 marketers to explore their current needs, future plans, and how they engage with seven types of marketing agencies and service providers: digital and interactive, full-service/integrated, specialist, creative, direct/performance marketing, media, and systems integrators.¹

KEY FINDINGS, OVERALL

- › **Agencies must embrace marketing technology and data to survive.** Keeping pace with technology is not enough. Building core competencies in marketing technology (including advertising technology) and proactively embedding these into service offerings are seen as key to marketers.
- › **Technology partnerships are an emerging opportunity.** Over the next two to three years, marketers will favor agencies that develop strong competencies and innovative services through technology partnerships.

KEY FINDINGS, CUSTOMER EXPERIENCE

- › **Marketing priorities reflect the interconnectedness of technology and CX.** To differentiate, marketers have started evolving their organizations and spending priorities to prioritize customer experience across engagement channels.
- › **Marketers will increasingly rely on agencies for customer experience expertise and services.** Foundational digital services like web development will maintain momentum, while experience design, integration across marketing and advertising technologies, and content marketing emerge as top agency demand drivers.
- › **Agencies will need to credibly position themselves as either full-service partners or specialists.** Marketers will move on from a haphazard mix of agency relationships to engage agencies more strategically across the customer journey — either as end-to-end partners or experts for specific journey phases.

Marketers Invest To Differentiate On Customer Experience

Modern marketers are tasked with delivering the seamless, personalized, cross-channel experiences that their customers expect. To respond to these needs, marketers are investing in capabilities and services to build connected brand experiences across channels. In today's competitive environment, brands must deliver on their brand promise through experiences beyond advertising and marketing messages. Marketers are evolving their strategies to seize this opportunity. Our study found that:

- › **Marketers see CX as the opportunity to differentiate.** Two out of three marketers we surveyed believe that CX is the biggest opportunity for their company/brand to differentiate. To succeed in this area, 57% have built an organizational structure that prioritizes the entire customer journey over individual channels (see Figure 1).
- › **Top marketing priorities highlight connection between technology and superior CX.** Nearly half of marketers consider improving cross-channel customer experiences and personalization to be a top priority (see Figure 1). To achieve this, marketers are investing in technology platforms to connect customer data across paid, owned, and earned channels and using insights to create rich digital and physical experiences. In fact, 58% of respondents have dramatically expanded their marketing technology stack over the past few years, and 57% use customer insights to drive every marketing decision they make.

In the post-digital world, technology drives superior customer experiences.

“It has been a huge transformation for us to become customer centric, focused on customer needs across all different devices. We went through a global digital transition, and it was really a huge investment.”

eBusiness director, global financial services firm



Figure 1



MARKETERS' TOP PRIORITIES TODAY:

51% Better align brand promise with customer experience

50% Improve mobile customer experiences

45% Improve cross-channel customer experiences

45% Improve personalization across the entire customer journey

Base: 518 marketers who manage agency relationships for large companies across the globe
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2016

Marketers differentiate brands by creating superior experiences across the entire customer journey.



- › **Marketers will rely on agencies for customer experience expertise and services.** During the rise of digital, marketers turned to agencies to help build their foundational digital capabilities.² As marketers shift from building digital ecosystems to creating connected experiences, new needs are emerging, including experience design, technology integration, and content marketing. Most marketers (52%) expect their demand for CX design to increase over the next few years, and many also expect they'll need more services that support CX (see Figure 2).
- › **Digitally disciplined agencies will benefit from this increase in demand.** Marketers most commonly employ digital/interactive and specialist agencies to design experiences; build their digital foundation (e.g., through web and mobile development and marketing technology management); and create compelling content. Creative agencies lag behind, with fewer marketers using them for CX services compared with digital agencies. Creative agencies have an opportunity to capitalize on increasing demand for service and experience design.
- › **Despite this momentum, most marketers are not fully satisfied with agencies' roles as CX partners.** On average, 74% of marketers are at least somewhat satisfied with their agencies' roles as partners in improving customer experiences — but few (18% on average) are very satisfied (see Figure 2). To capitalize on increased demand for CX services, all agency disciplines and/or holding companies will need to close gaps reported by marketers, including technology integration and end-customer focus.

Marketers most commonly rely on digital agencies, including specialist and interactive agencies, for CX-related services.

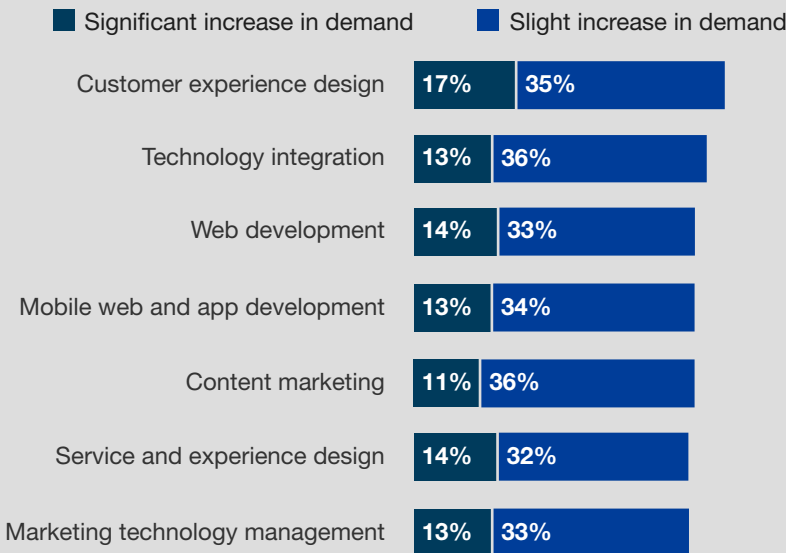
“They [agencies] are too busy focusing on us when they should be focusing more on [our] customers. Sometimes what customers want is different from what we want.”

*Marketing manager,
UK retail company*



Figure 2

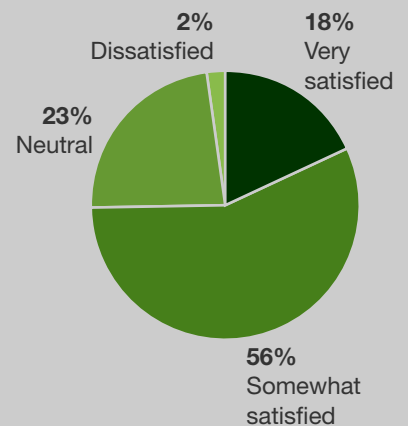
“How do you expect your marketing organization’s demand for the following agency services to change in the next two years?”



Base: 518 marketers who manage agency relationships for large companies across the globe
 Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2016

Despite increased demand, marketers are not completely satisfied with their agencies as strategic partners in improving customer experiences.

Average level of satisfaction across agency types:



Agencies With Digital Acumen And CX Expertise Will Succeed In The Future

Technology and data are crucial to delivering superior customer experiences. Customer insight guides strategy and enables personalization, while technology platforms help marketers orchestrate relevant content and interactions with customers across channels at scale. Marketers need agency help in these areas, but they want to own CX strategy for their organization and collaborate with agencies rather than just outsource strategy and execution entirely to an agency. Our research shows that agencies need to combine customer experience expertise with digital acumen, technology partnerships, and data-driven competencies to remain relevant. Our study revealed that:

› **Agencies embracing marketing technology and data will prevail.**

Marketers need agencies to not only keep pace with technology but proactively enhance marketers' digital competencies to drive differentiation. Today, agencies use many technologies on behalf of clients to create and deliver engaging experiences. However, most marketers believe that agencies need to embrace technology (57%) and data (55%) as core competencies, not just as tools to support processes (see Figure 3).

› **Technology partnerships are an opportunity for agencies.**

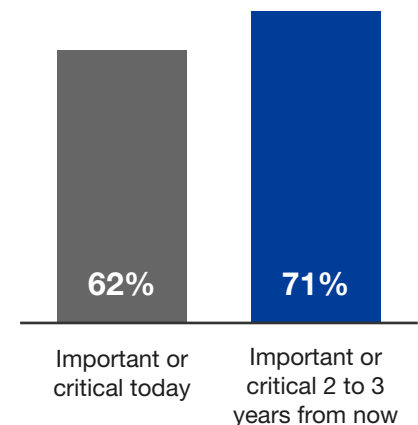
Agencies can create new sources of value for clients by partnering with leading technology companies to build CX-focused offerings. When we asked marketers how agencies can help them achieve their priorities over the next three years, 53% selected developing partnerships with technology companies that give marketers access to innovative solutions (see Figure 3). Marketers are starting to seek out this offering; in fact, 48% said they will consider agencies that leverage technology partnerships over those that do not.

› **Marketers value both breadth and depth.** Two-thirds (67%) consider depth of specialization important or critical, and 60% said the same about breadth of service offerings. In practice, this means that agencies need to either develop (or if available, enlist sister agencies for) end-to-end or multidisciplinary services or demonstrate deep expertise in a handful of areas (e.g., CX design, multichannel campaign management, data usage across ad tech and marketing tech, or personalization). Both strategies require marketing technology and data expertise across paid, owned, and earned channels.

› **Marketers will engage agencies more strategically across the customer journey.** Today, 73% of marketers take a scattered approach, with a mix of agencies that provide end-to-end services and those that specialize in certain customer journey phases (e.g., acquisition or loyalty). However, our research showed marketers want to be more strategic by moving to either extreme. While only 19% said they use different agencies at different journey stages today, 36% consider this their ideal state. On the other end of the spectrum, 8% have holistic agency relationships across journey phases today, but 19% consider this their ideal state (see Figure 4). This growth in demand will benefit agencies that blend disciplines across audience acquisition, branding, conversion, and retention.

Breadth of technology partnerships will be a huge differentiator for agencies in the next two to three years.

Breadth of technology partnerships and ecosystem

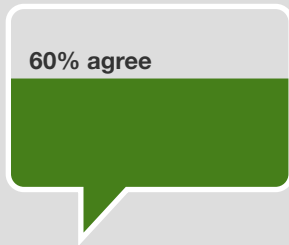


“If there was this hybrid agency that could do it all, from design to running projects to UX to implementation, that would be highly attractive, but I just haven’t seen it so far.”

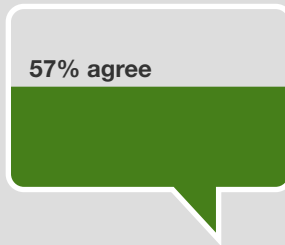
Marketing director, global financial services firm



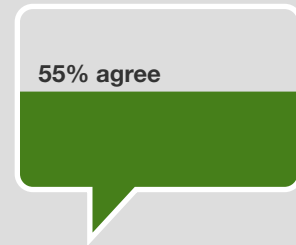
Figure 3



“We rely on our agency partners to deliver value that enhances our digital competencies.”



“It is essential that agencies prioritize marketing technology as a core competency, not simply as a tool to support processes.”



“It is essential that agencies prioritize data as a core competency, not simply as a tool to support processes.”



Marketers embarking on CX initiatives will rely on agencies that embrace technology and data to enhance marketers’ digital competencies.

“In which of the following areas do you believe your agency partner(s) will help your marketing organization achieve its top priorities over the next three years?*



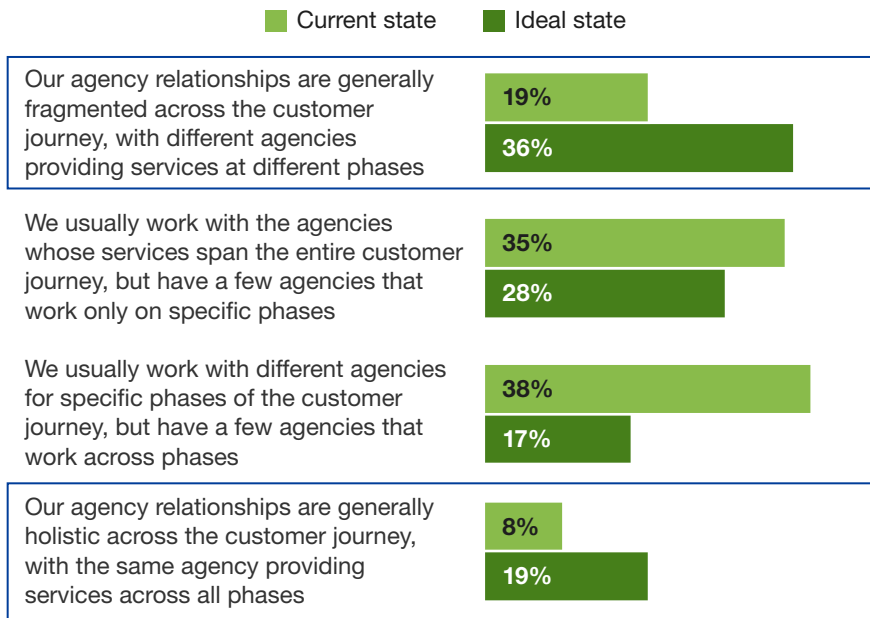
Agencies will succeed in the future by developing technology partnerships and using customer insights to help marketing clients create connected brand experiences.

Base: 518 marketers who manage agency relationships for large companies across the globe; *863 responses counted due to respondents rating multiple agency types

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2016

Figure 4

“Does your organization work with the same agencies to address customer needs across the entire customer journey or do you work with different agencies to solve these problems independently?”



Base: 518 marketers who manage agency relationships for large companies across the globe

Source: A commissioned study conducted by Forrester Consulting on behalf of Adobe, October 2016

→ Marketers seek to shift their agency relationships from haphazard to strategic across the customer journey.

Key Recommendations

Customer experience is a critical new frontier for marketers hoping to drive brand differentiation and results. To seize this opportunity, marketers are significantly increasing investments in CX technology and the support of agency partners to deliver superior CX. But the current agency landscape doesn't offer the solutions to keep marketers highly satisfied. To meet marketer needs and remain relevant, agencies must:



Strategically deepen CX capabilities. To deliver superior CX, marketers need agencies with deep expertise across CX design, digital experience development, and personalization. Agencies and/or holding companies must also decide whether they are equipped to offer end-to-end services or are better suited to play the role of specialist. Regardless, they will need marketing and advertising technology partners to power end-to-end strategy, integration, implementation, and management to deliver a connected, cross-channel brand experience.



Proactively seek out technology that enables CX. To differentiate, agencies must approach the crowded technology market with a sole focus on delivering superior CX. Agencies that proactively build partnerships with technology providers that enable CX design, seamless multichannel marketing, and cross-channel personalization will be better prepared to provide strategic support to marketing clients.

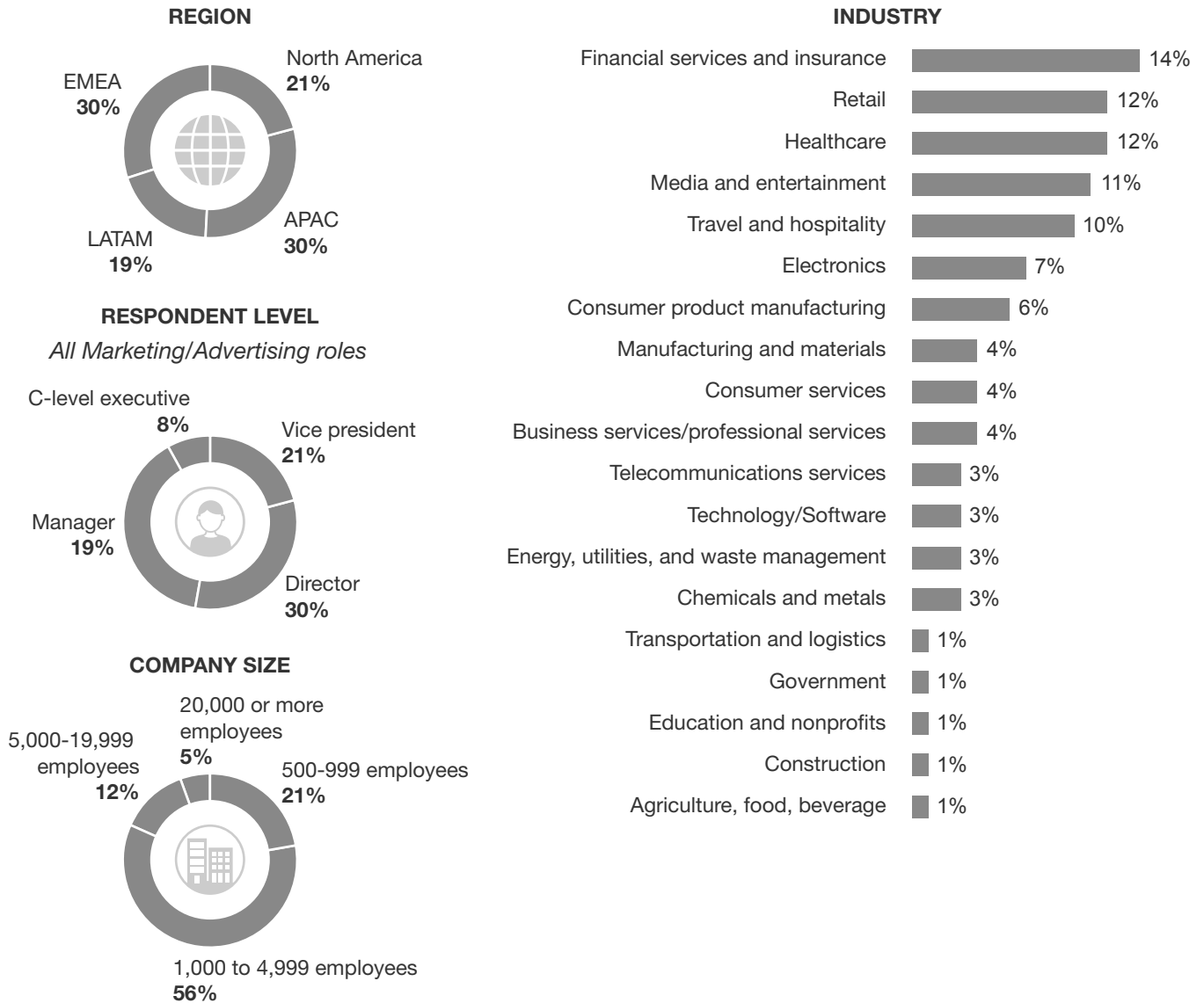


Prepare to implement *and* integrate. Marketers' CX needs will continue to grow over the next two to three years. To take advantage of increased demand, agencies will need to not only demonstrate a deep understanding of the client's end customers, but also provide implementation support and better technology integration to enable richer experiences.

Appendix A: Methodology

In this study, Forrester conducted an online survey of 518 respondents at organizations with 1,000 or more employees in the US, and organizations with 500 or more employees in Canada, the UK, France, Germany, Brazil, Mexico, Australia/New Zealand, China, and India. The survey evaluated marketers' changing priorities and needs and what qualities and services from agencies are important to meeting those needs, now and over the next three years. Survey participants included marketing and advertising decision-makers in manager-level positions and higher who regularly work with agency counterparts and manage agency relationships. In addition to the survey, Forrester interviewed two Adobe customers in brand-side marketing roles to gain a qualitative perspective on the future of agencies. The study began in September 2016 and was completed in October 2016.

Appendix B: Respondent Details



Appendix C: Supplemental Materials

“Revamp Your Agency Roster To Lead A Connected Brand Experience,”
Forrester Research, Inc., April 27, 2016

“Predictions 2017: Media Disrupts Itself With New Business Models
And Unexpected Partnerships,” Forrester Research, Inc., November 3,
2016

Appendix D: Endnotes

¹ For purposes of the survey, we defined the seven agency types as follows:

Digital and interactive agencies. Focused on digital strategy, web and interactive design, and build.

Full-services/integrated agencies. Broad-based, incorporating a full range of services to clients.

Specialist agencies. Focused on a specialist area such as mobile, social, or disciplines such as UX, enterprise, or technology.

Creative agencies. Focused on above-the-line and creative or designed business models.

Direct or performance marketing agencies. Focused on direct or performance marketing specialties, including paid media.

Media agencies. Focused on media planning and buying.

Systems integrators. Focused on bringing together various marketing and advertising technologies into a whole and ensuring that they function together.

² Source: “Revamp Your Agency Roster To Lead A Connected Brand Experience,” Forrester Research, Inc., April 27, 2016.