

2020

RSW/US Agency New Business Report

*Perspective On The
Agency New Business
Environment,
2020 and Beyond*

*A Survey Of Agencies
Conducted By*

RSW/US

New Business Solutions for Marketing Agencies



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Introduction

ABOUT US

This study was commissioned by RSW/US. RSW/US is an outsourced lead generation/business development firm that exclusively services marketing service firms (of all sizes and types). RSW/US works with over 50 agencies across the U.S., operating as their outsourced sales and marketing team. RSW was founded in 2005.



In 2010, RSW started RSW/AgencySearch. To-date, RSW/AgencySearch has managed over 40 searches for marketers across a range of different categories, helping them find better agencies. The RSW/AgencySearch model is unique to the industry.

The exposure to the agency and the marketer world has armed RSW/US with perspective unmatched in the industry. This perspective is woven throughout this, and every survey report.

To learn more about RSW/US, visit www.rswus.com.

To learn more about RSW/AgencySearch, visit www.rswagencysearch.com.

Introduction

ABOUT THE REPORT

This is the RSW/US 2020 Agency New Business Report: Perspective On The Agency New Business Environment, 2020 and Beyond.

We've fielded it since 2010 and present comparable data that is available across all previous editions, providing insight on trends in key areas over the past ten years.

This report is typically heavily downloaded because the answers come from our survey of your agency peers.

This year's survey and the resulting RSW/US 2020 Agency New Business Report are of course taking place in a time like no other, and while our survey wasn't focused around the pandemic's effects, it was impossible not to ask and answer our questions through that lens.

Over 5,000 Agency executives nationwide had the opportunity to participate, and in fielding the survey, we wanted to discern how the challenges and dynamics of agency new business efforts have evolved with the relentless pace of rapidly developing media channels and marketing technologies, and the current circumstances we're all experiencing.

Our hope is the key findings and implications of the study presented in this report provide value to you as you develop your plans for the remainder of 2020 and into 2021.

If you would like to reproduce any of our findings in any format whatsoever, please contact either Mark Sneider or Lee McKnight Jr.:

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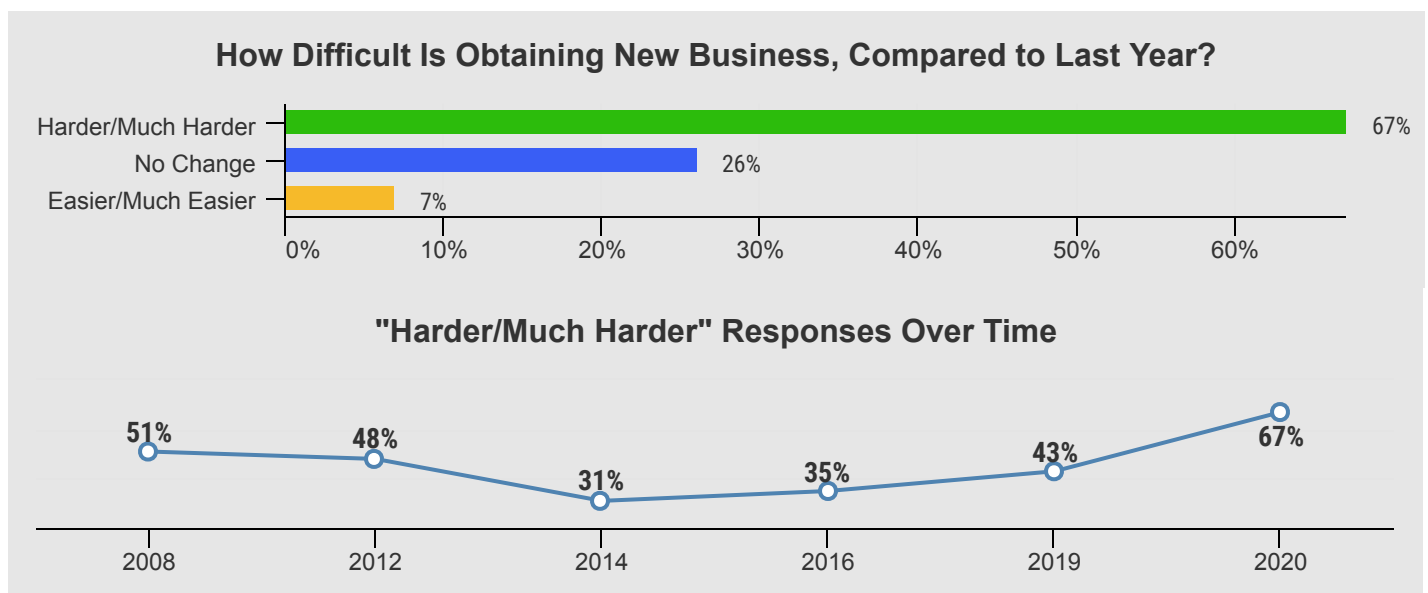
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Difficulty of Obtaining New Business

Not surprising that 2020 has proven to be one of the toughest years for agencies to find and win new business. Even the climate post the 2008 recession, while difficult, didn't match the challenges many agencies are facing today.

When asked how difficult it is to obtain new business, the running average (over the past 5 years) of agencies that responded by either saying "harder" or "much harder" was 40%. In 2008, 51% of agencies said finding new business was "harder" or "much harder".

In 2020, that number jumped to 67%. Regardless of whether your agency has fewer than 50 people, or more than 50 employees, the level of difficulty rated the same.



Implications

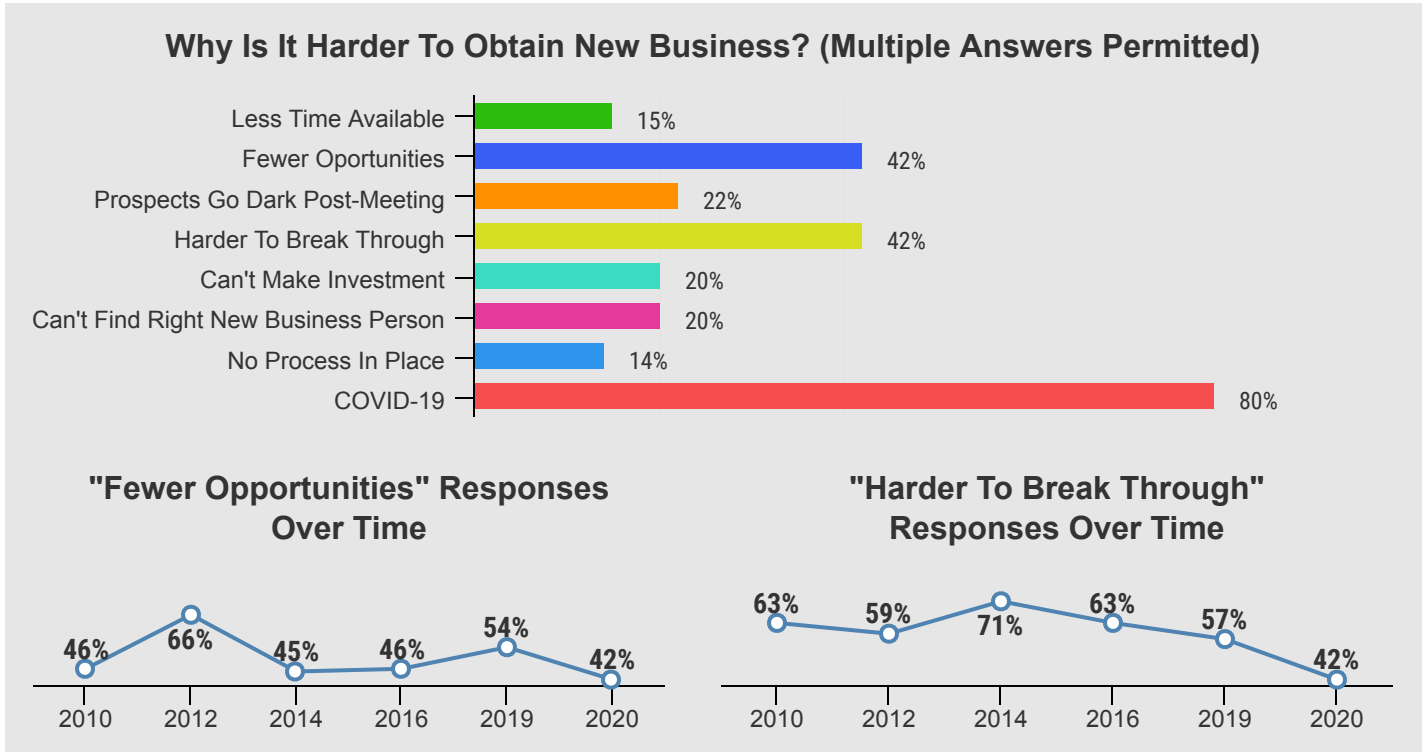
In 2008, we had an increasing number of agencies reach out, looking to establish a new business program for the very first time. Then and now, most agencies build their business through networking and referrals. In 2008 when the recession hit, those pathways to new business slowed down or in many cases, simply stopped. Marketer ranks thinned and there were fewer opportunities to take advantage of marketers moving from one company to another because few were hiring.

The same is occurring now, only magnified by the pandemic. While it's easy to say "now is the time to dial up new business", now truly is the time to think about kicking a new business plan into gear. At a minimum, get yourself a good list of prospects and send them a regular release of value-added content to begin to put your brand on their radar. Sitting idly by and hoping this thing passes quickly, or that companies will quickly start spending again will be a challenge. As the saying goes, hope is not a strategy.

Not that our business is a 100% accurate reflection of how agencies are responding, but since the start of COVID, we have brought on more new clients than we did in all of last year. Agencies are recognizing the need to start something – and regardless of whether you create it and run it inside, or find help outside, do something.

Difficulty of Obtaining New Business, cont'd

No shock that COVID is the root cause for most of the challenges facing agencies today. It is interesting that fewer agencies (relative to years past) felt like it was harder to obtain new business because of the difficulty they're having breaking through or because they feel there are fewer opportunities out there. Could be that the "COVID" response in some respects also captures the limits in opportunities and difficulty in breaking through, thus reducing emphasis on the two areas that tend to rate on top.



Implications

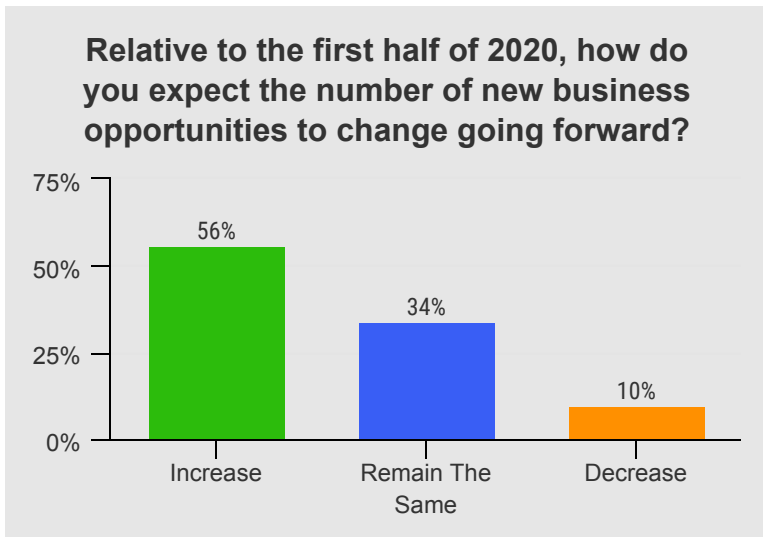
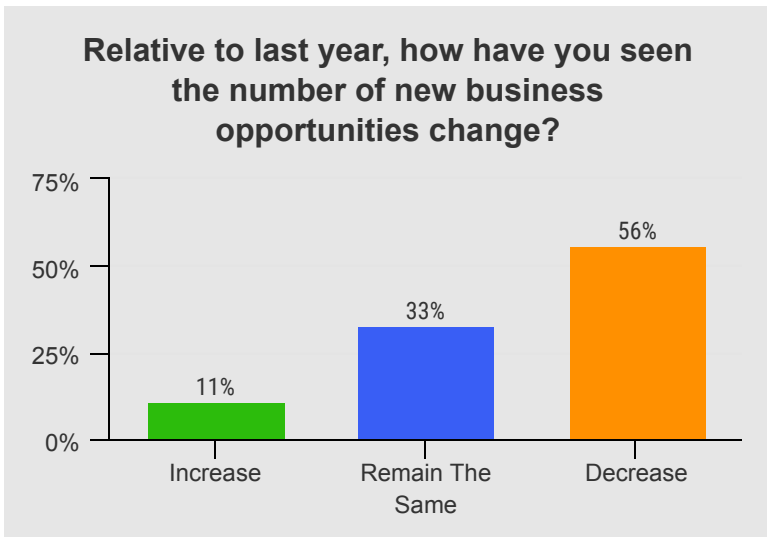
The only major changes we're seeing in our world as it relates to finding and winning new business are related to messaging and the "size of the prize". When COVID first broke, we didn't stop. We saw it as an opportunity to more easily reach prospects who potentially had more time because they were locked down at home. This proved valid. What enabled us to engage with prospects with the same level of frequency was in how we messaged. Immediately following the outbreak, messaging became more empathetic and sensitive to the needs of the prospect. Meetings were positioned as "brainstorming" sessions to try and help these marketers through an unprecedented situation. That messaging continued for a couple of months, but in/around June, most of our programs shifted back to a more direct outreach, using value-added content and relevant connects to move prospects to meetings. This too, proved successful.

The other major change we experienced with our clients wasn't about the number of wins, but with the volume of dollars those wins represented – as marketers cut back budgets, they also appeared to be more open to trying new agencies. Through Q2, 2019, we helped our clients win a total of 36 different times. In 2020, through Q2, we tracked 25% higher, with 45 total wins for our client programs; however, total dollar volume was 17.5% lower in 2020 (through Q2) than in 2019. Happy to report we're already starting to see that tick up as move through some of this uncertainty.

So the good news is, the business is out there. If you're operating the right way, with the right messaging, you can find the opportunities. As I'm sure many of you have experienced, you just have to be prepared to work a little bit harder to keep the win counts, and the amount that you win, up.

Difficulty of Obtaining New Business, cont'd

While the situation for many agencies today is not ideal, with 56% reporting decreased opportunities compared to last year, the same number (56%) expect opportunities to rebound as we head into next year.



Implications

Good to see the optimism, and I believe it's valid. For example, we have a client in NYC that wanted to immediately pause his program when COVID hit. We convinced him otherwise, working with him, and before Q2 was over, he won an assignment with a major B2B firm that quickly morphed into two follow-up assignments, to-date totaling close to \$200k.

While we realize it felt like the world had come to a screeching halt (trust me, I felt that way every day when I'd wake up to 3+ emails from clients gravely concerned about their situation), it only came to a slow pause for most. In

some cases, clients saw increases in business due to the situation. Categories like healthcare, finance, and home improvement all experienced upticks in agency activity.

56% of agencies report decreased opportunities compared to 2019...

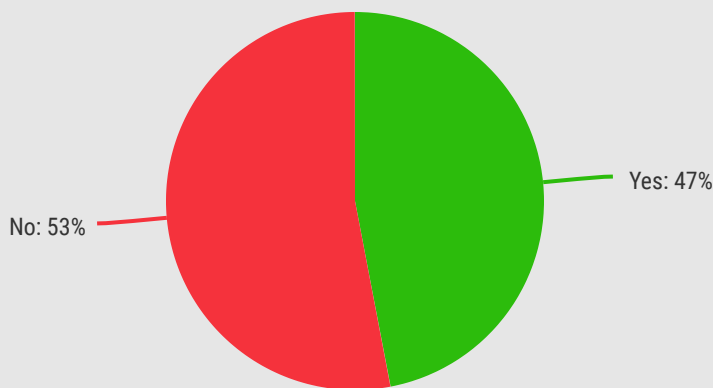
...the same number expect a rebound in opportunities as we head into 2021.

Satisfaction With New Business Program

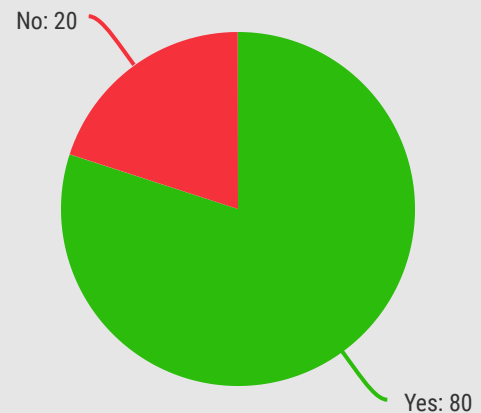
Interesting differences pointed out on the charts below. 53% of smaller agencies (<50 employees) report they're *not* satisfied with the success of their new business plan/program. On the flip-side, 80% of larger agencies (50+ employees) are satisfied with their new business program. Most of the agencies we work with at RSW/US tend to be small- to mid-size firms – agencies that historically rely on referrals and networking to help build their firms, and are absent of a consistent and focused new business program.

In general, are you satisfied with the success of your new business plan/program?

Smaller Agencies (<50 Employees)



Larger Agencies (50+ Employees)



Implications

It's tough to build a solid new business program when you're knee deep in working with your existing clients. It's particularly tough when you're trying to work your way through a global pandemic. In a previous 2020 new business report, we found that 66% of agencies conceded they did not have a new business plan developed for their agency.

There's never a perfect time to start building a new business program. It's a little like having your first child: you try and plan and want to wait until you're 100% ready financially and mentally to make the move, but there's never a perfect time to plan that child, and there's never a perfect time to start developing your new business program. Don't let yourself be blindsided by another recession or another pandemic. Start now by outlining how you can best build new clients into your portfolio.

Impact of Trade Show Cancellations

Also interesting to note that while larger agencies are positive about the success of their new business program, significantly more of these same larger agencies (58% vs. 38%) feel like the loss of trade shows have "somewhat" or "significantly" impacted their prospecting efforts.

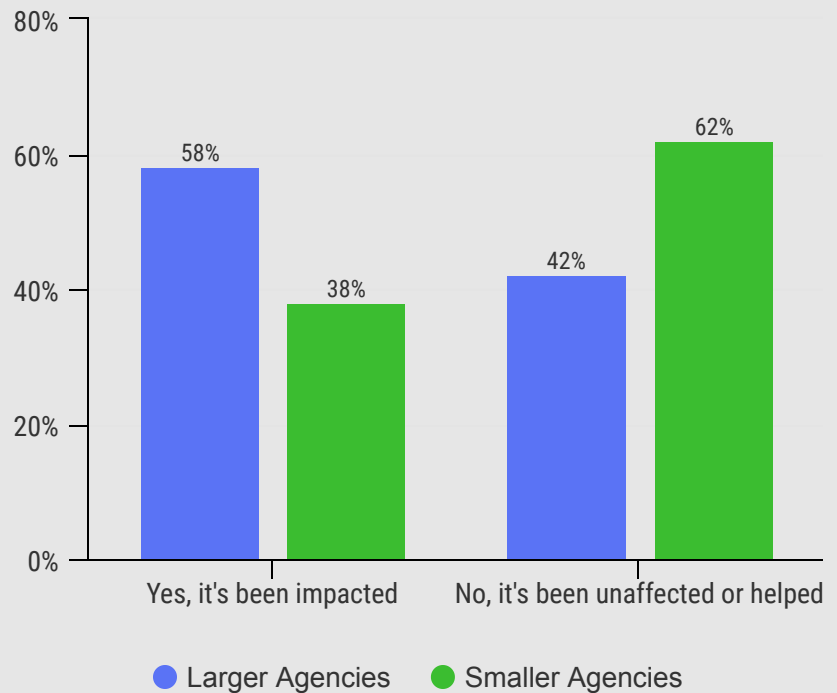
Implications

It's a good thing for small agencies that the closure of trade shows hasn't had a huge impact on their new business development process. We suspect that this is true in part because smaller agencies don't tend to have an organized plan for business development, thus they have never really thought about using shows to support prospecting efforts. In a past study we ran amongst agencies, 66% conceded that they didn't have an organized new business plan at all.

We recently brought several new agency clients on board that DID rely far too heavily on trade shows as lead feeders for their business. What you don't want to do is only use one method to find prospects. In our world, we not only follow an organized methodology for outreach, we also use tech platforms to help unearth new hires in companies, connect with marketers that read our RSW/AgencySearch content, help our clients host webinars to attract prospects, and (when available) use trade shows to set up higher quantities of intro meetings for agency clients when at those shows.

So spread the outreach around. Use different platforms and source intel from different resources. Create an integrated effort that doesn't just rely on one form of engagement.

Has the absence of trade shows caused either a "somewhat" or "significant" impact on your prospecting?



58% of larger agencies have been at least "somewhat" impacted by cancellation of trade shows.



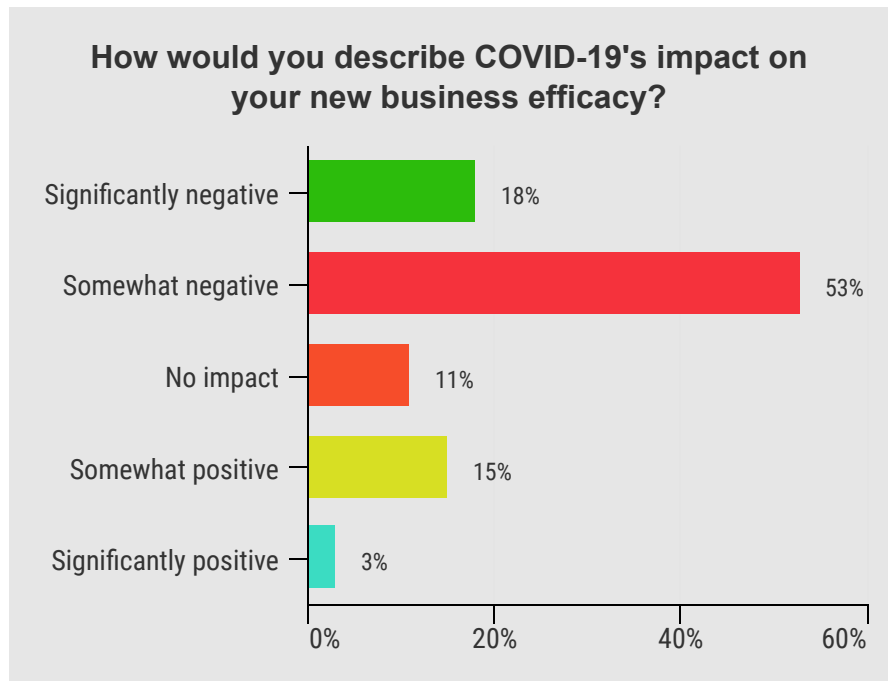
(Compared to only **38%** of smaller agencies)

COVID-19's Impact On New Business

Understandably, 71% of agencies said COVID “somewhat negatively impacted” or had a “significant negative impact” on their new business efficacy.

As a follow-up to this question we asked agencies “why they responded the way they did” and thought it might be interesting to see what agencies said in response to this question if they answered the opening question with a “no impact”, “somewhat positive impact”, or “significant positive impact”.

Interesting that, of the agencies viewing COVID as a positive experience, they reported using the time to re-calibrate, change their agency, or in some cases their focus, and helped clients in new and different ways.



Selected Agency Responses (Presented As Written)

- *It hasn't given us more work, but more time to create new polished vertical content. Ready to go when clients are ready to start moving again.*
- *Our process and effectiveness is consistent, pre and post Covid. We've adapted. Just fewer opportunities to pitch as brands have tightened their belts.*
- *Our clients have needed our communications support even more during these times. Budgets have been affected but less than 10% which I consider good!*
- *PPP funds were welcome, and we've added staff and a new client.*
- *Had prospects in pipeline who are pivoting. Formed new alliance for more of a 360 approach to marketing.*
- *Digital isn't an add-on; it has to be a part of your strategy and Covid has demanded that you take a serious look at it.*

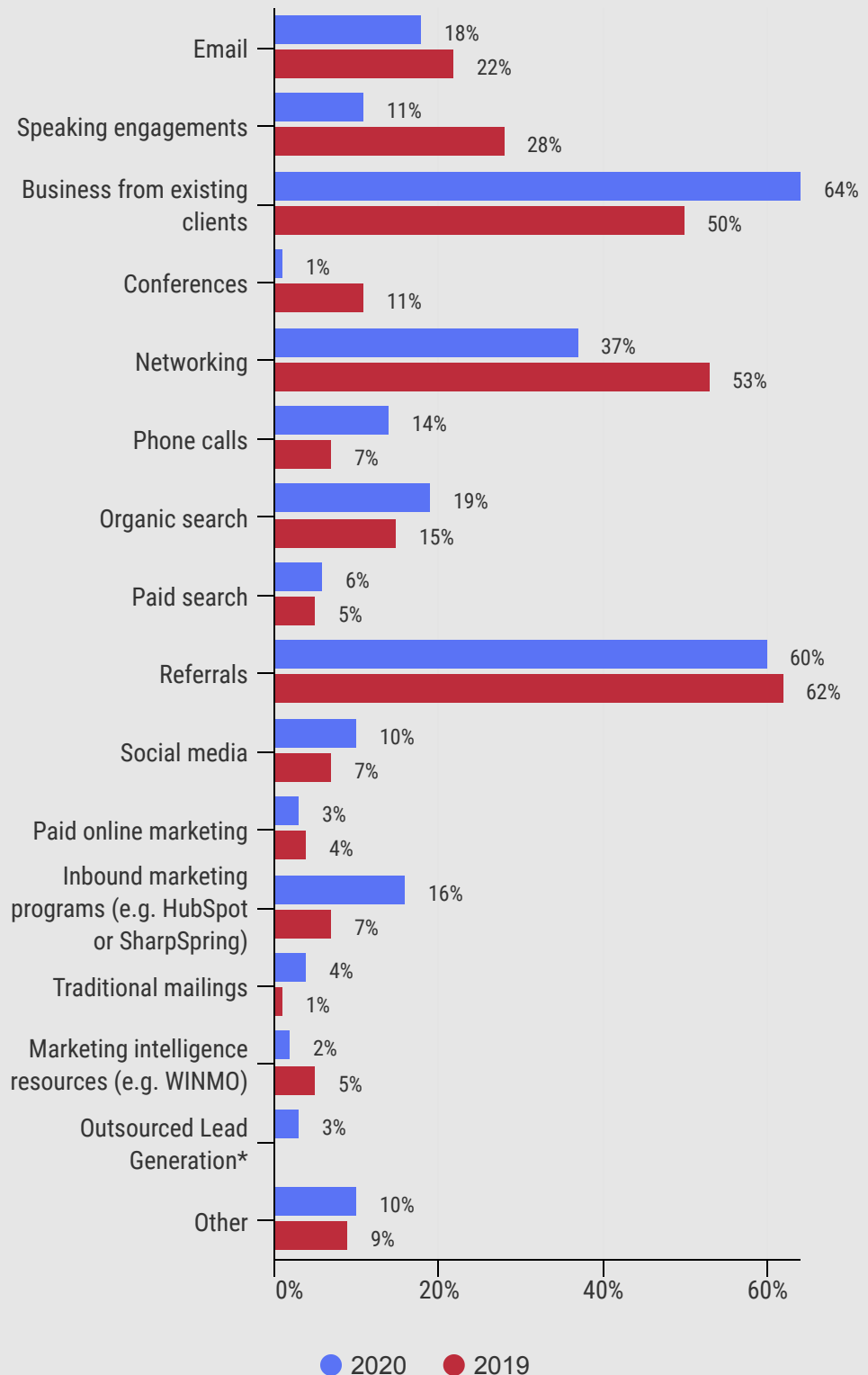
Most Effective Marketing Tools

As new business generated from presentations, speaking engagements, conferences, and networking decline significantly year-over-year, agencies are making adjustments. More agencies in 2020 found business within existing client portfolios and used different platforms to help generate other new business opportunities. 14% of agencies found phone calls to be effective (as compared to half that number in 2019). 16% found inbound marketing (pushing out value-added content to their prospects) was a more effective tool – as compared to only 7% in 2019.

Implications

Key to any successful new business program is to mix it up... make it an integrated effort, just like you might do for your clients. You probably don't rely on just one platform for clients, so why would you use only one for your own new business efforts? We at RSW/US have found historically that this approach works best. We combine traditional mailings (yes, even during COVID for some categories), phone, email, inbound, and social media to help build awareness and break through.

What 3 marketing tools have been most effective in generating new business over the past 4-5 months? (Up to 3 choices allowed)



*outsourced lead generation was not offered as an option in 2019's survey

Agency New Business Message Development

So, while choosing the right mix of tools to use for finding new clients is important, keeping your website and case studies current, aligned with your agency's positioning, and working as hard as possible for you is critical.

When comparing large and smaller firms, we see a pronounced difference in the world of case study development, but general alignment when it comes to website updates.

Most agencies, regardless of size, have done a decent job of keeping their websites current. 100% of larger agencies and 85% of smaller agencies have updated their sites within the past few years. That's a good thing as you don't want your site to look dated, and that includes keeping your work current.

Speaking of current work, when we look at case study design/creation, we see a different story. Larger agencies are significantly more likely to keep their case study work current. 53% of larger agencies design/create new case studies every month. Only 16% of smaller agencies do the same.

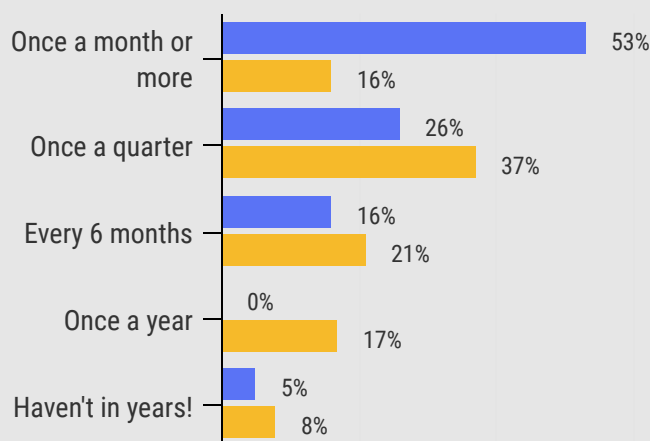
Implications

Old work doesn't do a great job of selling your firm. As a rule of thumb, we look to use client work that is no more than a few years old. Ideally the work is current (completed in the past 1-2 years) and there is a steady stream (maybe 1x per quarter) where new work is brought into the mix.

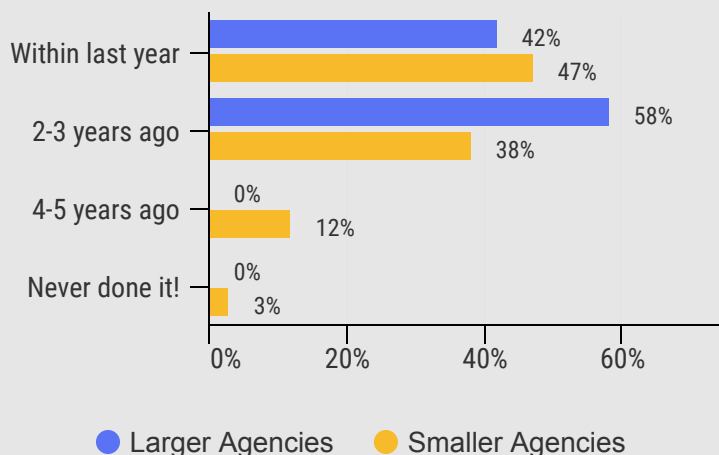
Make it routine. Every quarter, gather up a list of successes/campaigns/projects from your account team(s), create and use a template to draft the story, and hand it to your creative squad to bring to life.

Case studies don't have to be complicated to be effective. We recently created an e-book on how to write effective case studies. You can download it [here](#).

How often do you design/create new case studies for your agency?



When was the last time you did a major overhaul on your agency's website?



Agency New Business Message Development

Of course, great to see so many agencies (large and small) keeping their sites refreshed and current; however, simply providing your website with a needed fresh coat of paint isn't enough in today's hyper-competitive world.

78% of agencies stated that their agency's website was either "somewhat" or "not at all" fully optimized to help them win new business. This is true of both large and small agencies – the numbers were no different.

Implications

Post kick-off meetings with new clients, we often re-review their websites. We check to make sure the messaging is aligned with what is the most compelling positioning for their brand, that the site is functionally easy to use, and to make sure what they're showcasing helps us sell their firm. If we feel anything is off, we provide our recommendations.

In virtually every case, there is some refinement that is necessary.

One of the first places marketers turn after initial awareness of your firm is your website.

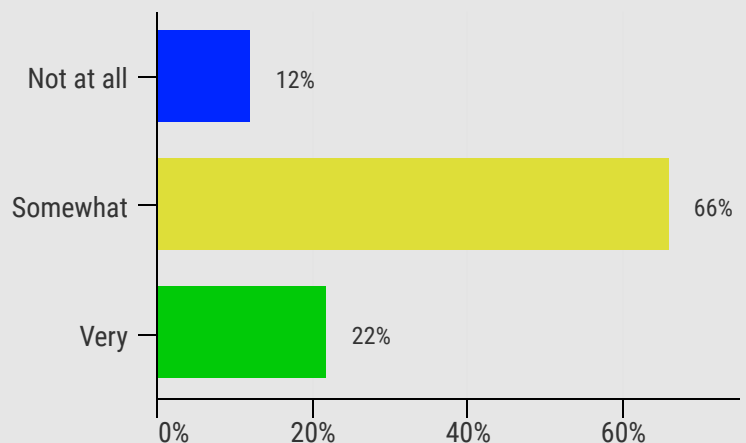
If your site doesn't tell the prospect who you are, what you do, and why you're different & better, you may lose out on an opportunity.

Similarly, if your site doesn't showcase your work in a way that wows the prospect, you might lose out on an opportunity.

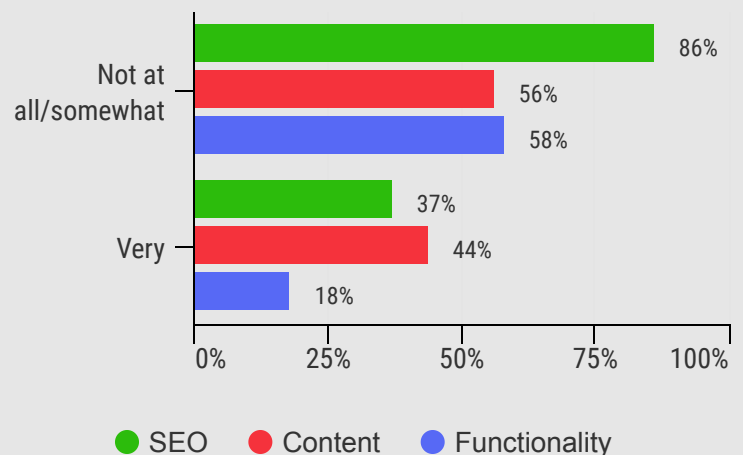
And finally, if your site makes it hard for that prospect to find what's most meaningful and relevant to them, you might lose out on an opportunity.

In addition to our [e-book on case studies](#), we also created an [e-book on websites](#). Check it out. It might prove helpful.

To what extent is your agency's website optimized to help you win new business?

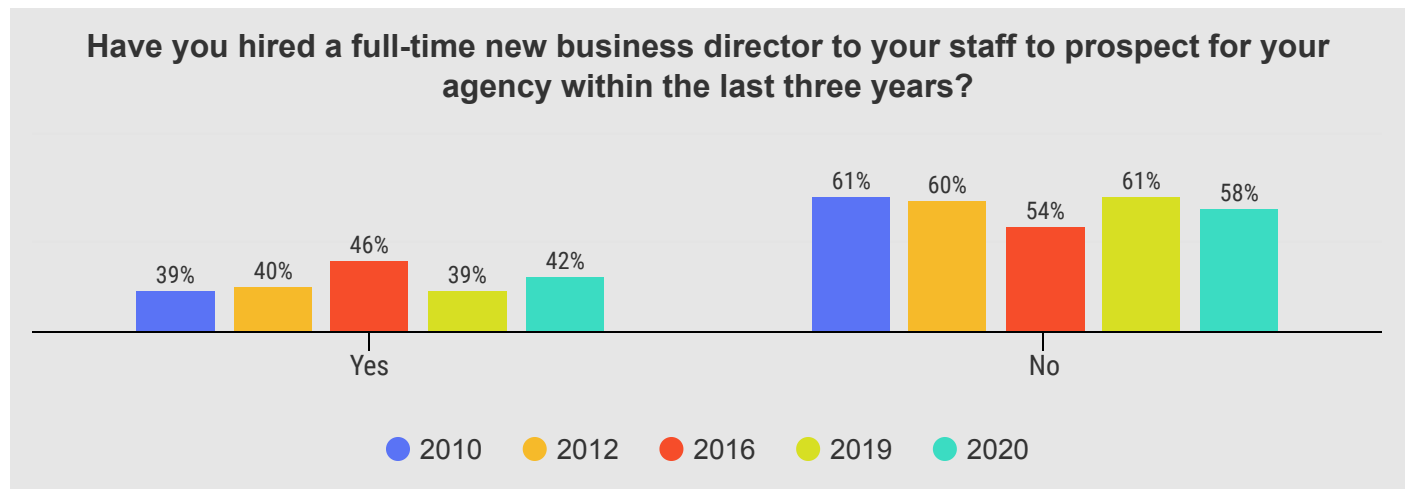


To what extent is your agency's website optimized for the following:



Success And Tenure Of New Buiness Directors

Only 42% of agencies have hired a full-time new business director over the past few years. The averages year-over-year have never been higher than 50% and in 2019 were as low as 39%. As we'll see next, one reason behind these limited hiring numbers, is the limited effectiveness new business directors in agencies generally have.



Implications

If you are going to bring a new business director on-board, don't hire a sales person in the industry you're interested in building up...because the skill sets rarely transfer over. If you want to build up your healthcare practice, thinking a med device salesperson can be equally as effective selling ethereal agency services simply isn't going to work.

When we advertise for new business directors at RSW/US, our ads start with "can you sell creativity?".

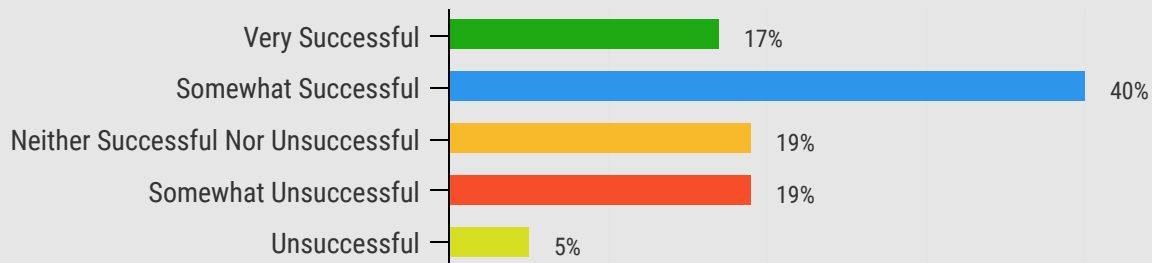
It's an alluring statement for those that understand what we're trying to say to them. And it's a great statement to ferret out those that have grown up selling widgets or less complicated service offerings.

Take your time to find the right candidate. Stay ahead of the game. If you've got what you think is a pretty good new business director now, keep your ear to the ground for future, highly qualified candidates.

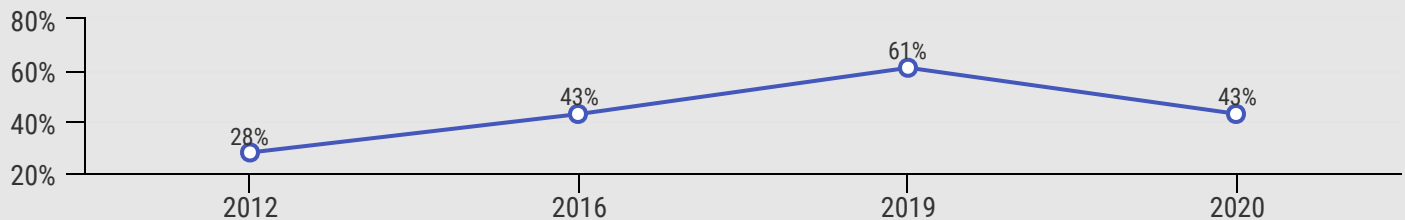
Success and Tenure of New Business Directors

The picture appears to be improving somewhat for new business directors brought inside to represent their agency. While there are still a pretty large number of agencies that don't feel their new business director is lighting it up (43%), this is a solid improvement over last year's 61% level.

How successful would you say your last new business hire was/is?



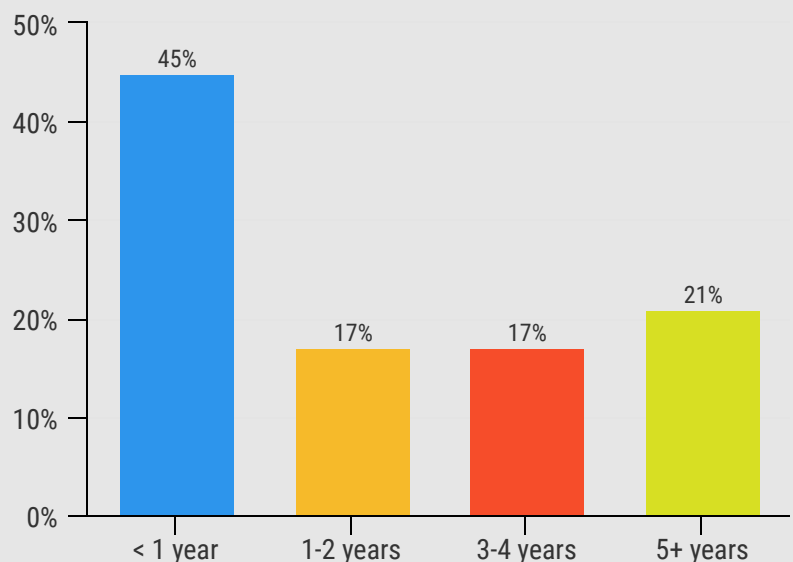
Combined "Unsuccessful", "Somewhat Unsuccessful", and "Neither Successful Nor Unsuccessful" Responses Over Time



The improvement in performance of internal new business directors is likely the reason agency principals appear to be keeping them around a bit longer. While it's still a bit unsettling to see 61% of agencies state that their internal new business director didn't last longer than 2 years, this again, is an improvement over 2019, where that number hit a high of 70%!

Nice work showing improvement, new business directors!

How long has/was your most recent New Business Director employed at your firm?



Success and Tenure of New Business Directors

Implications

While improving, the numbers are still concerning. We continuously run into agencies that have tried to bring new business directors on board numerous times throughout their history, only to see them fail.

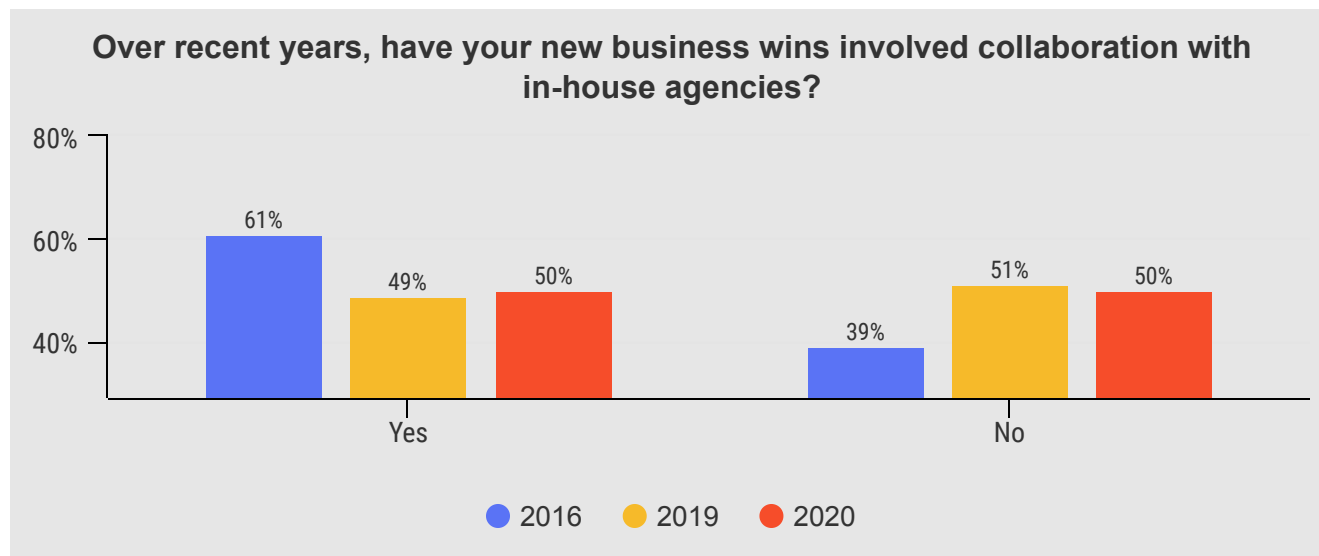
Key to hiring good talent in this area is: 1) composition and 2) screening.

By composition, we mean the composition of their background. When RSW first started, we focused on marketing people that had a knack for selling. That didn't work out well. Today, we look for strong salespeople who have marketing and agency experience. As we mentioned earlier, selling ethereal agency services is a lot different than selling tangibles. Even an individual who sells printing services – while in the space, sells something very one-dimensional. Agency services are anything but that.

And by screening, we mean just that. It's not enough to have a couple folks interview a candidate. We have a very organized process at RSW where four of us focus on four specific areas of a candidate's background. We administer writing tests, sales performance tests, and of course check references. It's a tiring and grueling process that candidates, nevertheless, often appreciate. If you're struggling to find and hold on to good talent, try to beef up your screening.

In-House Agency Collaboration

The following are the results from some auxiliary questions we asked agencies that we thought would prove helpful for your firm. Some we asked last year and present the comparisons, others we dissected, looking at small versus larger agencies, when that analysis made the most sense.



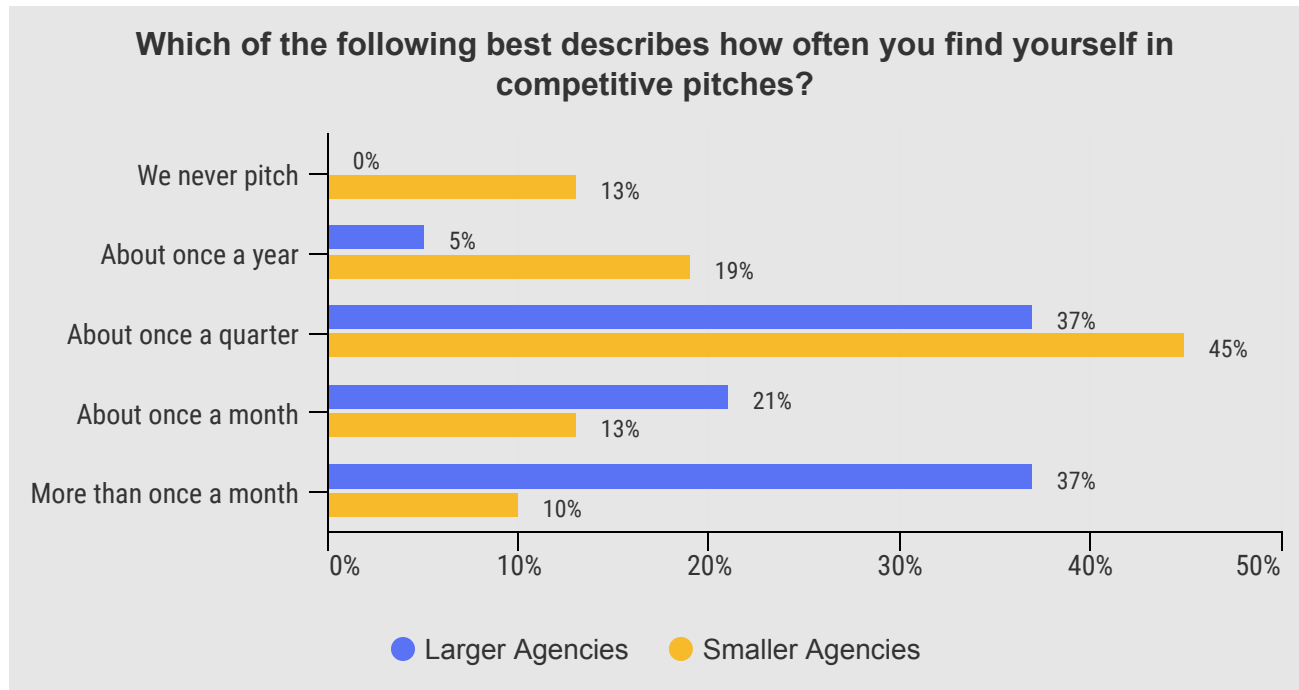
The percent of firms collaborating with in-house agencies hasn't changed year-over-year. It hit what appeared to be a high-water mark in 2016, when the "movement" to in-house really gained momentum, but has since dropped and stayed low these past couple of years.

Implications

We suspect that the impact of COVID will have an increasing impact on the in-house firm. With budgets, employees, and resources in general being cut, it's likely we'll see fewer in-house agencies, and more companies needing a broader set of services from marketing service agencies. The last thing a company probably wants to do now, is add more overhead on their P&L. Good news for agencies!

Frequency of Pitch Scenarios

Unsurprising that larger agencies rely fairly heavily on competitive pitches for new business. 58% of them say they are in a competitive pitch 1x/month or more often – as compared to only 23% of smaller firms.



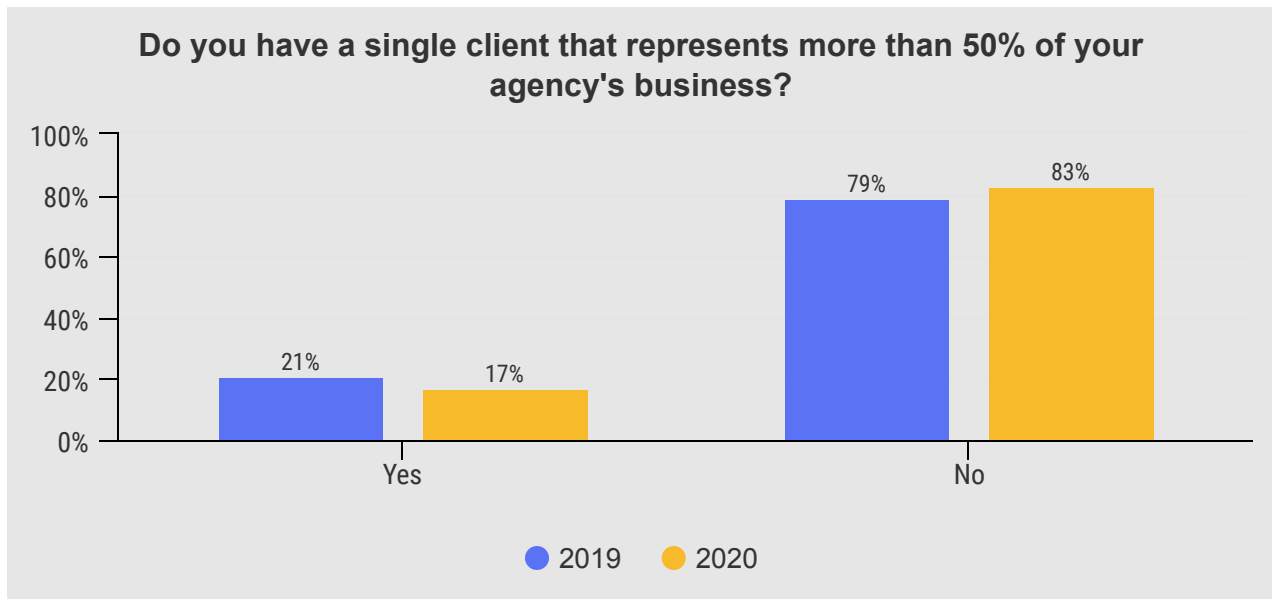
Implications

Good that smaller firms don't rely so heavily on competitive pitches, because the number and frequency of formal searches for AOR type relationships isn't going up...it's going down.

More and more marketers are using project work to initiate relationships. In recent past surveys, as many as 70% of marketers said they used project work to "sample" agencies, so keep giving them reason to sample you, smaller-to-mid-size firms!!

Prevalence Of Non-Diversified Client Portfolios

Good news for agencies, large and small...most firms don't have a client that represents over 50% of their business. And better news is we saw a tick down on that stat. Last year, 21% of agencies stated they had a client that represented 50%+. This year, the number dropped to 17%. Kudos agencies!!



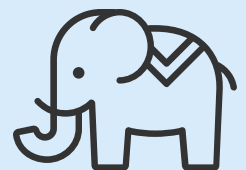
Implications

Obviously every agency wants to avoid finding themselves in this position, and the best way to do it is to keep a new business program running – consistently!

Agencies get in this position because they bring a client on board, and it becomes so consuming they halt anything resembling new business outreach. This new client might not start as an 800lb. gorilla, but eventually it becomes that until one day the agency principal wakes up and realizes they should do something about it...and they scramble to overcome it. Don't put yourself in that position!

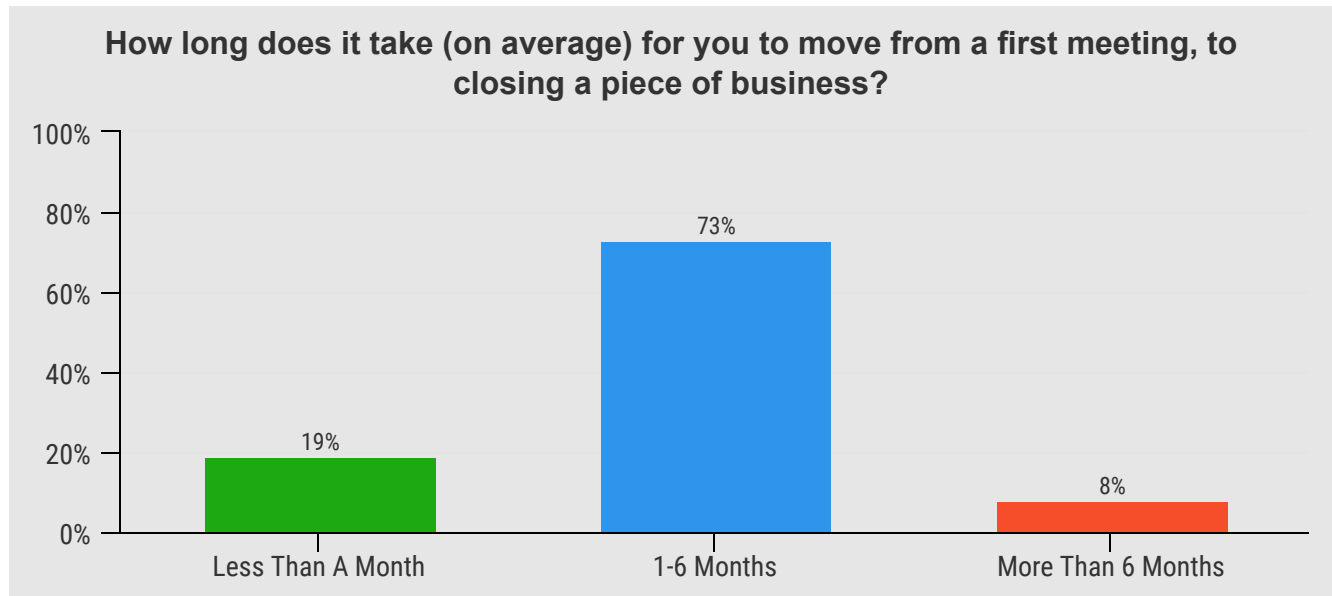
Elephant On The Roster?

Last year, 21% of agencies stated they had a client that represented 50%+ of their business.



This year, the number dropped to 17%.

Average Time Between First Meeting To Closing On Business



And this is just one big reason you need to keep the new business train running – particularly if you’re in a position where you want and need diversification.

Implications

As I’m sure many of you know, it can take time to win new business. We recently had a client win a \$900k piece of business with a consumer products company that took a solid 7-9 months to secure. The process started with a great first meeting. The agency client did a solid job in that meeting, but they weren’t built for sales follow-up. On two separate occasions, their RSW new business director restarted the conversation. And on that third meeting, the company was serious about looking for a new firm, included them in a small review – and they won! It wouldn’t have happened without our follow-up. This is the kind of process you need to follow to move prospects forward. You have to show the prospect what they’re missing, how you’ve done it better for your clients, and how you can get them to a better place.

Be patient, be persistent, be polite, and bring value.

Persistence Brings Results

73% of agencies say it takes 1-6 months from the first meeting to close on business.



Agency Positioning

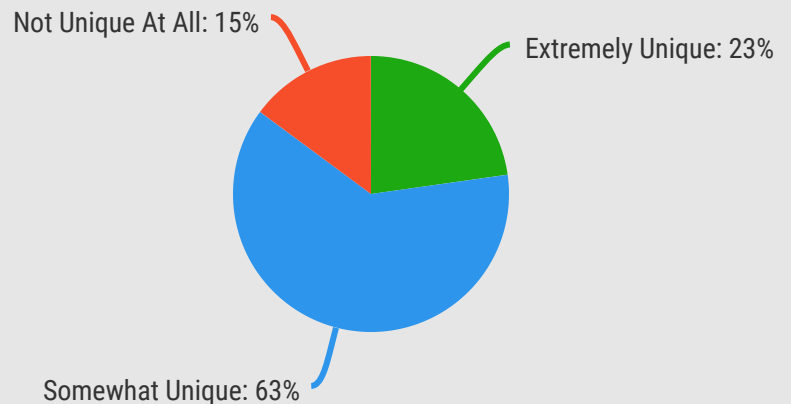
Nice to see that most agencies think their positioning is at least somewhat unique. 63% of agencies stated that their agency's positioning was "somewhat unique", and 23% indicated their positioning was "extremely unique".

We asked agencies to detail their positioning in one sentence, and we got a wide range of responses. Some truly unique, others not so much so.

Implications

Always good to get some objective perspective on your agency positioning. Oftentimes what an agency thinks is new and different – or potentially a good differentiator, isn't. Being smart and strategic and hard-working isn't ownable. Nor are some of the positioning statements in bold below - provided by those respondents that told us they felt their agency's positioning was "extremely unique".

How unique do you think your agency's positioning is?



Selected Agency Responses

- *Specialize in reinventing field marketing through the lens of youth culture*
- **End to End delivery, cost effectiveness, operational efficiency**
- *Proprietary multichannel analytics tool for PPC, SEO, FB, Instagram, LinkedIn, Amazon and Programmatic*
- **A proven successful...social/content marketing, newsroom-production strategy that feeds the ongoing needs of a brands digital channels.**
- **Performance Marketing**
- *Hyper-focused on one industry vertical.*
- *We're one of only two agencies in North America that specialize in speaker placement. Very niche!*
- **We are among the largest independent digital agencies.**
- *Sales and channel expertise in our specific industry*
- **Proprietary consumer behavioral and attitudinal research coupled with predictive algorithm to identify trends = few if any competitors**
- **Niche market**
- **Healthcare and senior focused business development agency**
- *We are pioneering a new concept, Considered Purchase Marketing, that no other agency in the world is pursuing.*
- **Nonprofit expertise**
- *100% Healthcare Providers*
- **Trademarked branding process (around storytelling)**
- **We stay true to our roots as direct marketing. Data drives both strategy and messaging.**

Conclusion

We'll follow our own advice and stay away from words like unprecedented and uncertain, but the fact remains that 2020 has been and will be a year like no other. Some agencies will not recover and just as many will prosper through all this.

The bottom line is, our agency world has always been fraught with risk, yet we push through and continue doing great work for our clients. We have no other choice, right?

No sugarcoating, we're still in the thick of it all, but there are sincere reasons to be optimistic, and many of the key stats in this report reflect that.

Your new business effort will continue to be tough, as it is by nature, but you can succeed. In order to succeed, however, you must take the first step.

Create that internal program today, make that new business hire, or look into firms like ours that will do it for you. Whatever you choose, make that move, you'll be better for it.

Here's to a better 2021.



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