

2022 RSW/US

New Year Outlook Report:

A Return to Form



*Trends and predictions for 2022,
based on a survey of both marketers
and marketing service firms.*



On The Road To New Business

2022 Agency New Business Virtual Conference

Frontline insight from marketers & agencies to help you win

February 7th-11th, 2022

12pm-1:30pm Each Day

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On The Road To Agency New Business

We're excited to announce our 2022 Agency New Business Virtual Conference, from 2/7-2/11, 2022.

It will be another great event filled with Marketer, Agency, and RSW/US perspective on ways to help you win more in 2022!

Last year's inaugural conference exceeded our expectations, and we're looking forward to continuing to build on the experience.

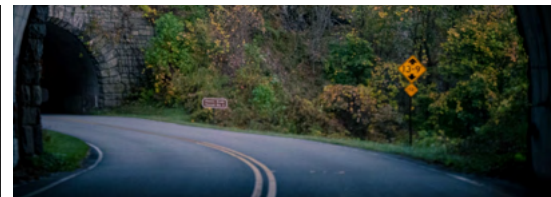
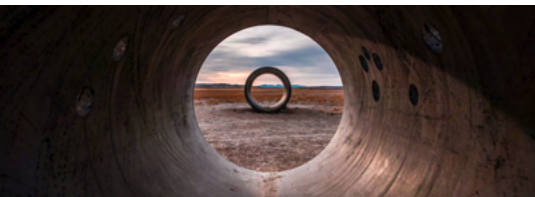
You can register and view each day's agenda, all driven by the team at RSW/US, at the links above.

All five days run from 12 to 1:30 pm, EST - each presentation laser-focused and packed with value to help you drive new business in 2022.

We hope to see you and your team there!

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INTRODUCTION

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/US was founded in 2005.

In 2010, RSW started RSW/AgencySearch, a model that is unique to the industry. To-date, RSW/AgencySearch has managed over 50 searches for marketers across a range of different categories, helping them find better agencies.

And in 2021, RSW started RSW/Organic, a multi-factored consultative (qual/quant) model that helps agencies maximize their opportunities among existing clients by creating a long-term customer success plan and executional tools needed to build growth from within.

This exposure to the agency and 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.

To learn more about RSW/Organic, view our program information [here](#).

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ABOUT THE REPORT

The 2022 RSW/US New Year Outlook survey was completed by senior level Marketers and Marketing Agency executives during December, 2021.

The purpose of the survey was to glean insights relative to marketer and agency perspective as they each headed into 2022.

Topics explored included “biggest challenges facing marketing agencies” as seen through the eyes of marketers and agencies. Also probed were topics related to spending and investment expectations, where traditional platforms stand, in-house agencies in flux, data privacy preparedness, and the continued importance of data and analytics.

Our hope is that the key findings and implications from this study are of value as you kick your marketing and sales planning into gear for 2022.

The agency sample came from the RSW/US database of over 5,000 marketing services, advertising and PR firms in the U.S. and Canada, ranging in size from under \$3M in capitalized billings to over \$75M.

The disciplines of each agency spanned full-service, digital, PR, and marketing consultancies, to name a few.

The marketer sample came from our RSW/AgencySearch database of 50,000 marketing decision maker contacts. Company size, location, and category varied.

If you would like to reproduce any of our findings in any format whatsoever, please give either Mark Sneider or Lee McKnight a call (513-559-3101 / 3111) or email us at mark@rswus.com or lee@rswus.com.

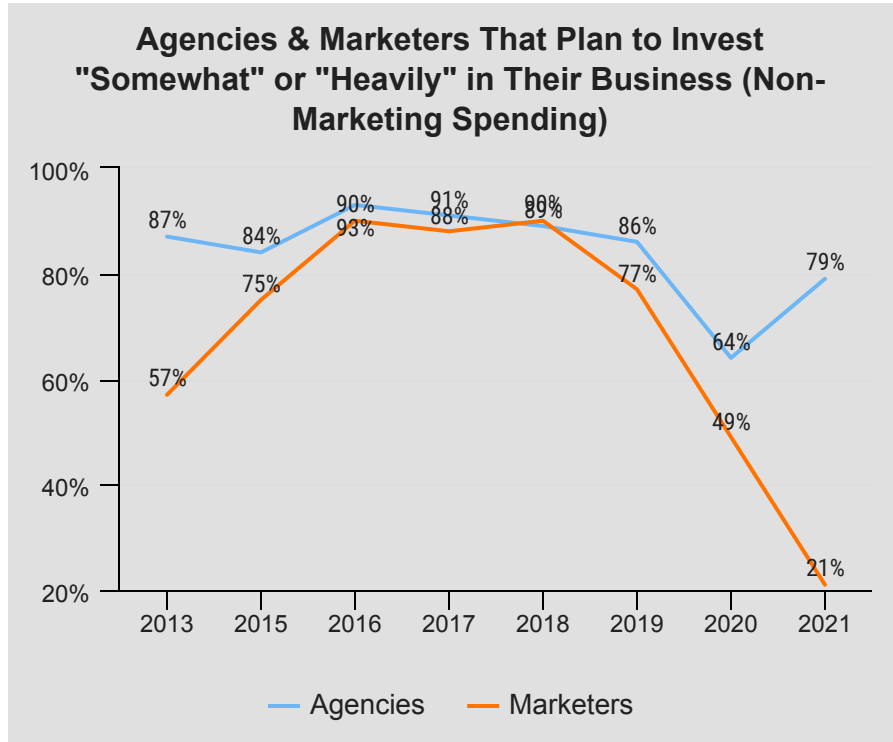
I. The Widening Marketer/Agency Investment Gap

Last year saw, understandably, planned investment drop in non-marketing activities (e.g. new hires, technology, etc.) for both marketers and agencies.

COVID-19 had dampened enthusiasm for marketers' spending, from 77% in 2019, down to 49% that planned to invest "somewhat" or "heavily" in their business in 2020.

Agencies similarly saw a drop from 86% in 2019 to 64% in 2020.

However, this year shows a stark contrast in the respective temperaments of marketers and agencies as it relates to 2022, throwing a spotlight on at least one area of division between the expectations of each.



Just when we thought marketer enthusiasm couldn't drop any lower, this year we hit an even lower point, with **only 21% of marketers saying they would "somewhat" or "significantly" increase spending on non-marketing activities as they roll into the new year.**

The story is different for agencies. In contrast to marketers this year, 79% of agencies actually report they plan to "somewhat" or "heavily" invest in non-marketing activities. As noted above, last year only 64% of agencies felt this way.

So, we see a 28-point **decrease** in Marketer investment expectations, and a 30-point **increase** in agency investment expectations.

What does it mean? Is this an opportunity for agencies?

IMPLICATIONS

For marketers, their lack of enthusiasm for increased non-marketing spending would seem to be driven by COVID still refusing to retreat.

It also appears to be an extension of marketers having to do more with less, per [Ad Age's coverage](#) of our report last year:

In some cases, marketers are just pushing harder on tried-and-true cost-cutting measures including agency consolidation, increasing project reviews, or bringing more marketing in-house.

Marketers' pull-back in spending could also mean a slower pipeline of new product and service launches, which could impact their agencies' ability to drive more organic growth.

So where is the silver lining in all of this for agencies?

If agency clients and prospects are planning to pull back in these areas, it looks like agencies are primed for these opportunities with their expected increases in spend.

Agencies need to make sure they specifically convey the investments they are making in their business, to both their clients, and in their prospecting, to show they are ahead of the curve.

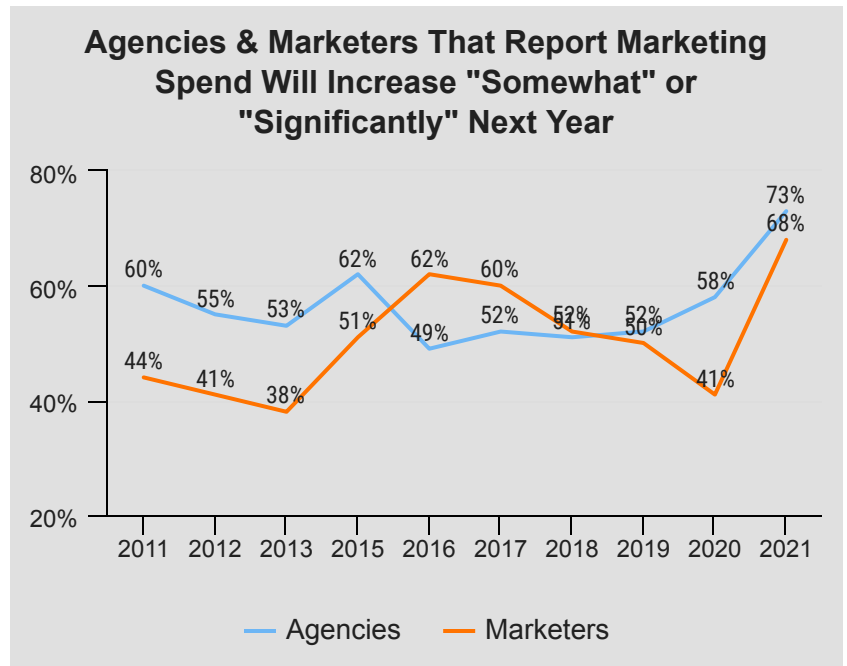
II. Expected Marketing Spending

This year’s New Year Outlook Report appears to be all about the contrasts.

Last year brought an unwelcome helping of gloom and doom from marketers, as only 41% expected to see marketing spending “somewhat” or “significantly” increase in 2021. As we now know, that turned out not to be the case - as we mentioned, organic growth soared last year, and [per Forbes](#),

“2021 Was A Record Year For Ad Spending, With More Growth Expected In 2022”

Which makes this year’s stat from responding marketers reason to cautiously celebrate:



68% of marketers said they expect marketing spend to increase somewhat to significantly in 2022. A 27-point increase over last year.

Looking to agencies, last year 58% believed their clients would “somewhat” or “significantly” increase spending, a level higher than agencies reported in each of the past 4 years.

Turns out they were onto something, and this year, **73%** of agencies believe their clients will increase marketing spending somewhat to significantly.

IMPLICATIONS

Celebrating is a wonderful thing, but we mentioned caution above, and there are reasons to be cautious.

First, these responses are of course only plans cited by marketers and agencies. And COVID, as of this writing, will just not go away. Variants will play a part in these plans, and agencies and marketers will have to react accordingly, bobbing and weaving as they’ve done for over two years of this.

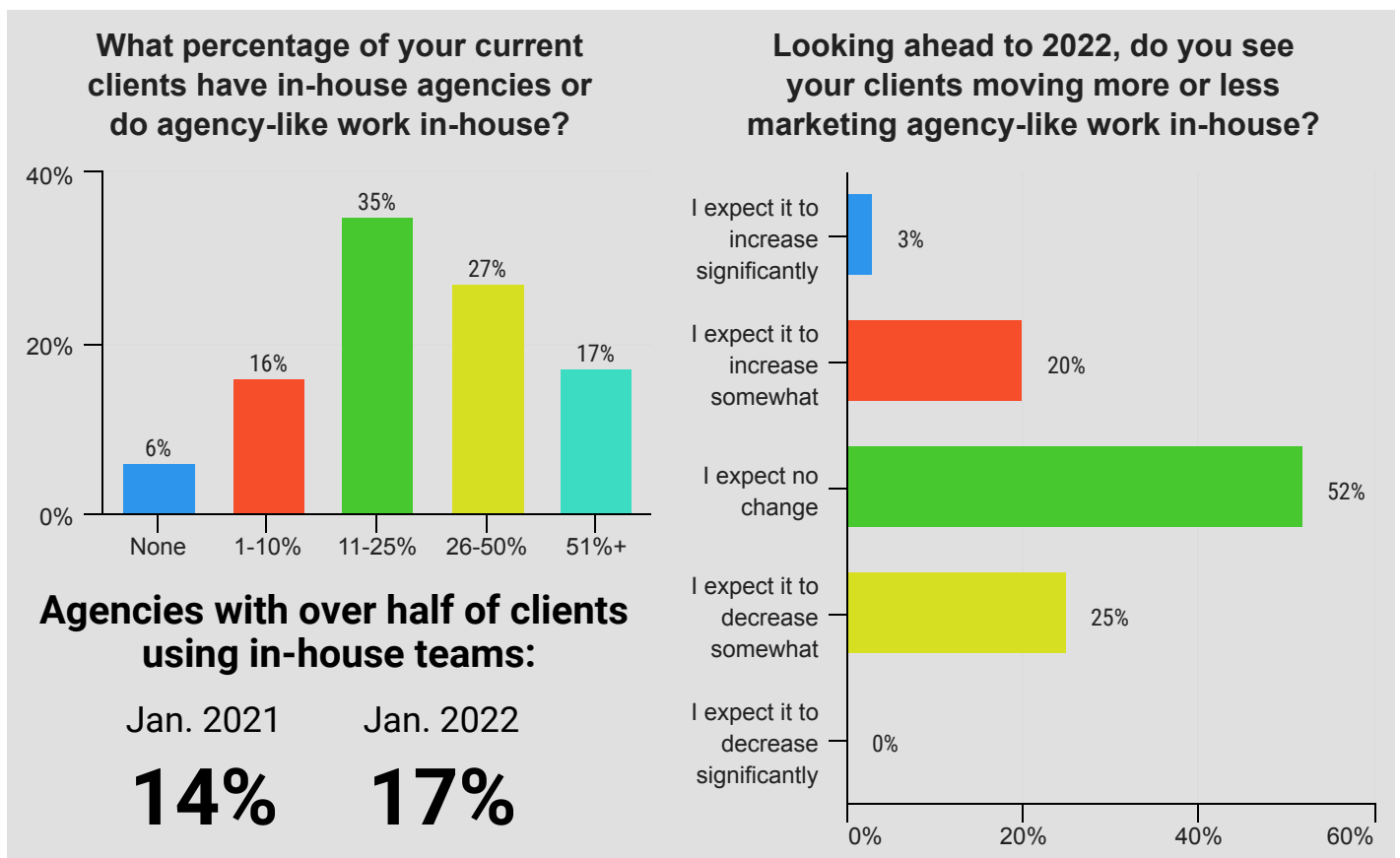
It is heartening, or at least interesting, to see marketers and agencies so aligned on a response (only 5% apart) - that’s a rarity.

If marketing spending increases do continue into 2022 as both Marketers and Agencies believe it will, this means further opportunities for agencies to win more new business. While this past year has been beneficial, from the standpoint of business from existing clients, this trend may not continue and the need for an organized, well-thought-through new business plan is key.

III. In-House Agencies in Flux

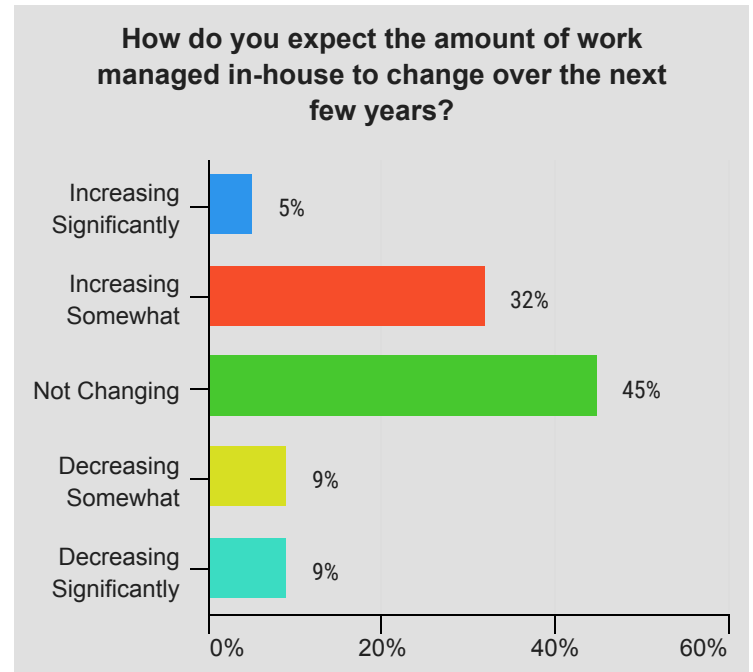
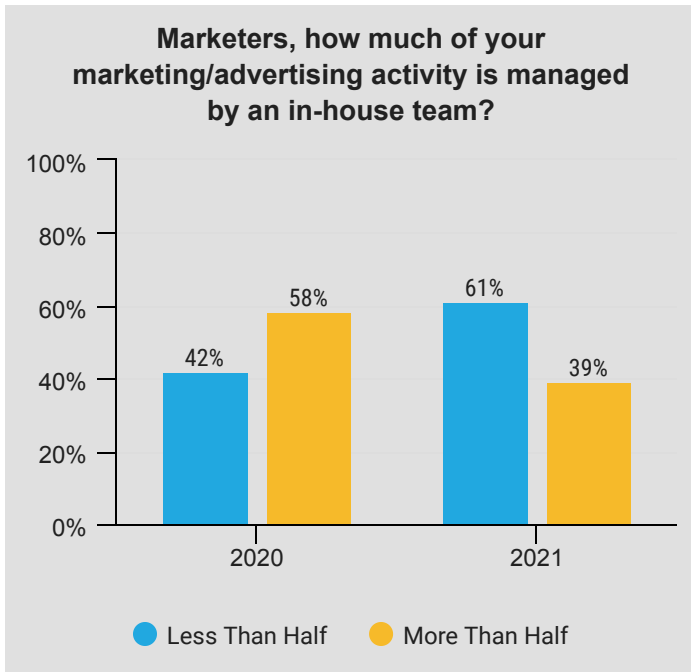
With one exception, signs point towards the trend we saw in last year’s report: marketers’ reliance on in-house teams seems to be on the wane. We initially asked agencies “what percent of YOUR current clients have in-house agencies/do agency-like work in-house?”

To provide some perspective, in January 2020, 28% of agencies indicated that 51%+ of their clients brought agency work in-house, and in January 2021, it was only 14%. Bucking the trend a bit, in this year’s response, that number jumped slightly to 17% of agencies reporting 51%+ of their clients brought agency work in-house. So while rising slightly, as mentioned previously, this is the only exception to the in-house trend actually decreasing. For example, 77% of agencies expect either no change or a reduction in the amount of work being managed by their clients in-house. Last year’s report saw that number at 67%.



IMPLICATIONS

Overall, this is seemingly good news for agencies. The good news continues with marketer responses. We asked marketers, “what percentage of your marketing/advertising activity is managed by an in-house marketing/advertising team?”



Last year’s report saw 58% of marketers reporting more than 50% of their work was done in-house. **This year, that number is only 39%, quite a decrease.** And when asked how marketers see the amount of work managed in-house changing over the next few years, last year the response was 36% saying it would not change or decrease somewhat to significantly. This year it’s **63%**!

In-house agencies aren’t going away of course. Part of your agency new business strategy needs to include how to co-exist and work with in-house groups, but if these numbers prove themselves out, we’re looking at yet more potential opportunities for agencies to win more new business.

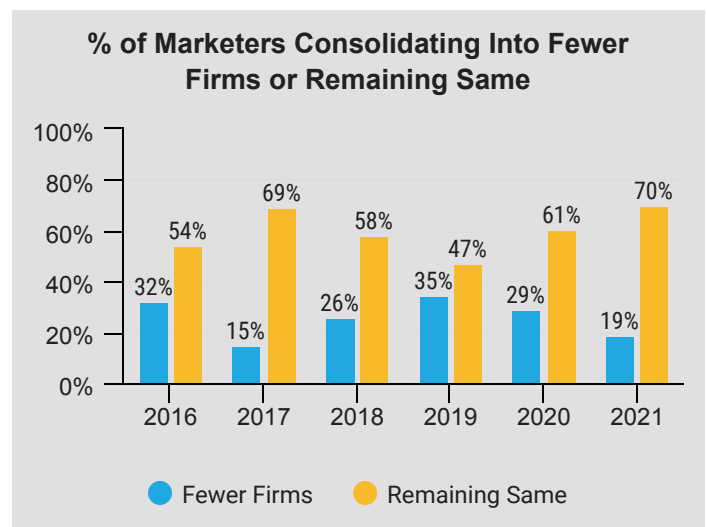
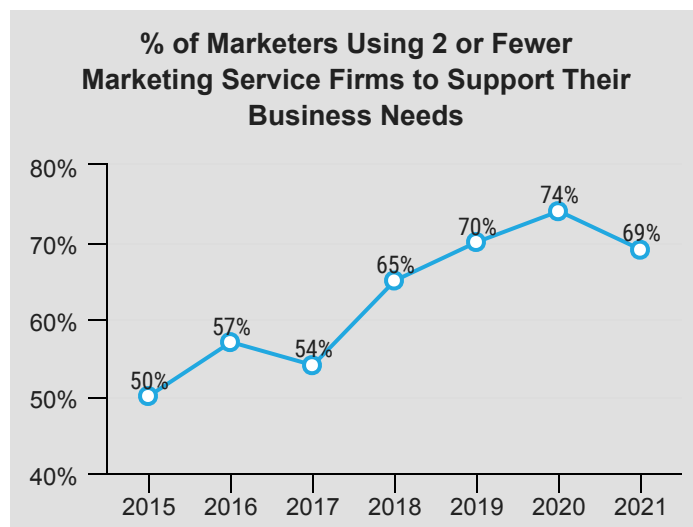
Part of your plan for winning new business from existing clients is to make them aware of all the things you can do for them. In recent surveys agencies reported the vast majority of their clients didn’t have a full view of all of the potential offerings/services their agency had to offer. Creating a comprehensive plan to organically win new business is just as important as having a solid plan to find new business outside your clients’ four walls.

IV. Increase in Agency Partners?

We asked marketers how many marketing agencies (not including independent contractors/individuals) supported their business in 2021. We've asked marketers this question since 2015, and since 2017, have seen a steady increase in the percentage using 2 or fewer marketing services firms, resulting in 74% of marketers in last year's report. However, for the first time in several years, that percentage was lower this year, with 69% using 2 or fewer.

We also asked marketers, as it relates to marketing agencies supporting their business, "how have you been trending?" A 9-percentage point higher response than last year at 70% said they had no plans to change, and 10 points lower than last year, 19% of marketers said they planned to consolidate into fewer firms.

It's possible the pendulum is swinging the other way, but time will tell, as using fewer agencies has generally made sense for marketers in the past several years, in terms of more cohesive integration, minimizing complexity, and a consistent and unified brand treatment.



IMPLICATIONS

Throwing an interesting wrinkle into the above stats, we asked marketers if they were less or more likely to look for a specialist agency (e.g., digital, social, content) versus a full-service agency than they were 3-5 years ago.

We saw three years of decline in the percentage of marketers more likely to look for a specialty agency until 2020, when we saw an increase (from 52% in our 2020 report), to 60% of marketers saying they were more likely to look for a specialty agency in 2021. This year we see another jump, with 68% of marketers confirming they're more likely to look for a specialist agency versus a full-service agency than they were 3-5 years ago.

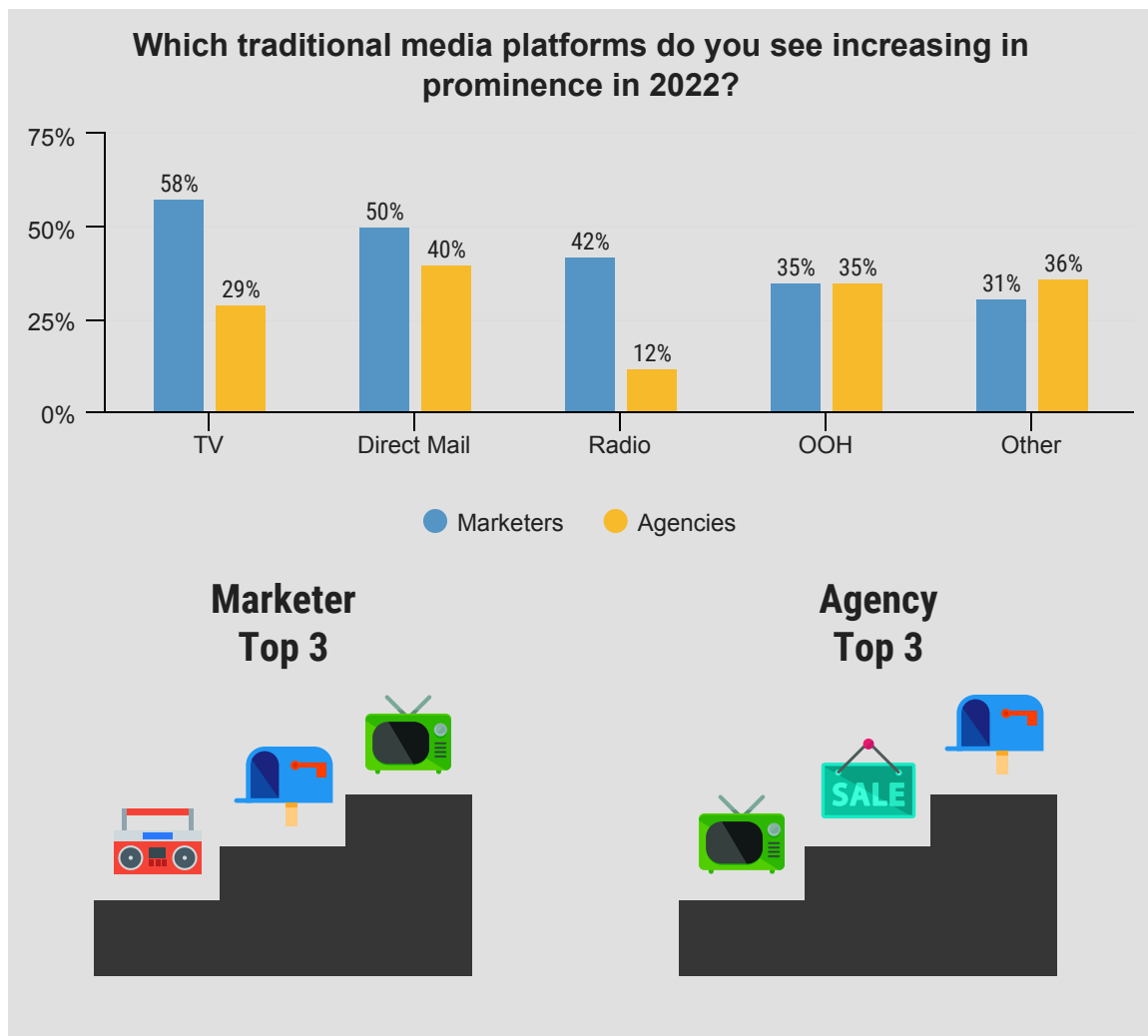
We feel many collective eye rolls as you're reading this - agencies tell us they hear all the time they need to specialize, yet they're doing fine as generalists. We would argue that even generalist agencies specialize in some way, whether it be through a vertical or a service. Specialization doesn't mean your firm only focuses on one vertical, but marketers tend to hire those firms who establish their expertise in a specialized way.

V. Traditional Media Platform Increases?

We asked marketers and agencies which traditional media platforms they expected to see increase in 2022.

Marketers' top 3 are TV at 58%, direct mail (of any kind) at 50%, and radio at 42%.

Agencies' top 3 are Direct Mail (of any kind) at 40%, OOH at 35%, and TV at 29%. ('Other' was technically second, however the open-ended questions primarily mention digital, a non-traditional platform within our questions.)



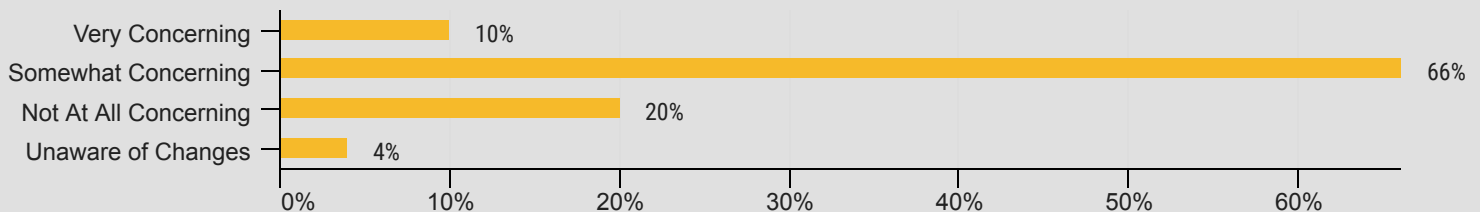
VI. Data Privacy Preparedness

A topic of ever-increasing importance, we asked agencies, “How concerning are recent and upcoming data privacy changes being implemented by companies like Apple (i.e., iOS 15) and Google (i.e. 2023 3rd party cookie deprecation) as they relate to your digital efforts and analytics?” Agencies responded with 76% saying moderately to very concerning.

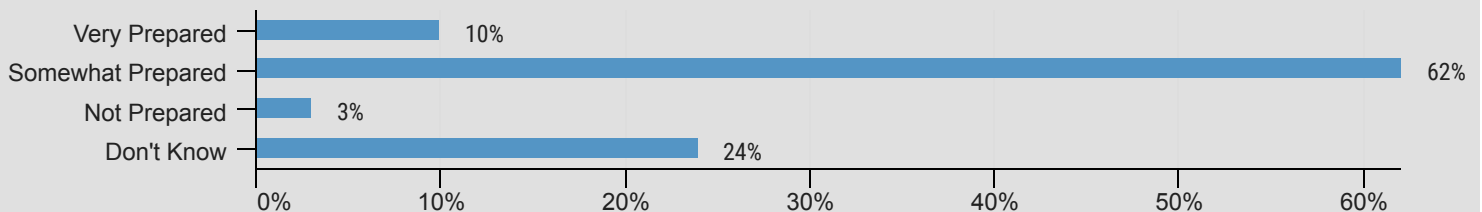
We asked marketers the same question, but changed the latter part by asking how well prepared they feel their current agency or agencies are on the data privacy front, in relation to their digital efforts and analytics.

72% of marketers feel their current agency is somewhat to very prepared.

Agencies, how concerning are recent and upcoming data privacy changes from Apple (iOS 15) and Google (3rd-party cookie deprecation) in relation to your digital efforts and analytics?



Marketers, how well-prepared do you feel your current agency or agencies are to handle these changes in relation to your digital efforts and analytics?



IMPLICATIONS

Similar to our industry trends section later in the report, kudos to agencies for being aware and concerned, and apparently fairly prepared, at least from a client point of view.

Of course, being aware does not equate to being prepared, so it's critical that agencies become the source for their client on these issues. It is of course complicated and staying informed doesn't mean you have to be on an expert level,

but if your firm doesn't stay abreast of the major changes and potential implications, another firm will be more than happy to step in and become your client's trusted advisor.

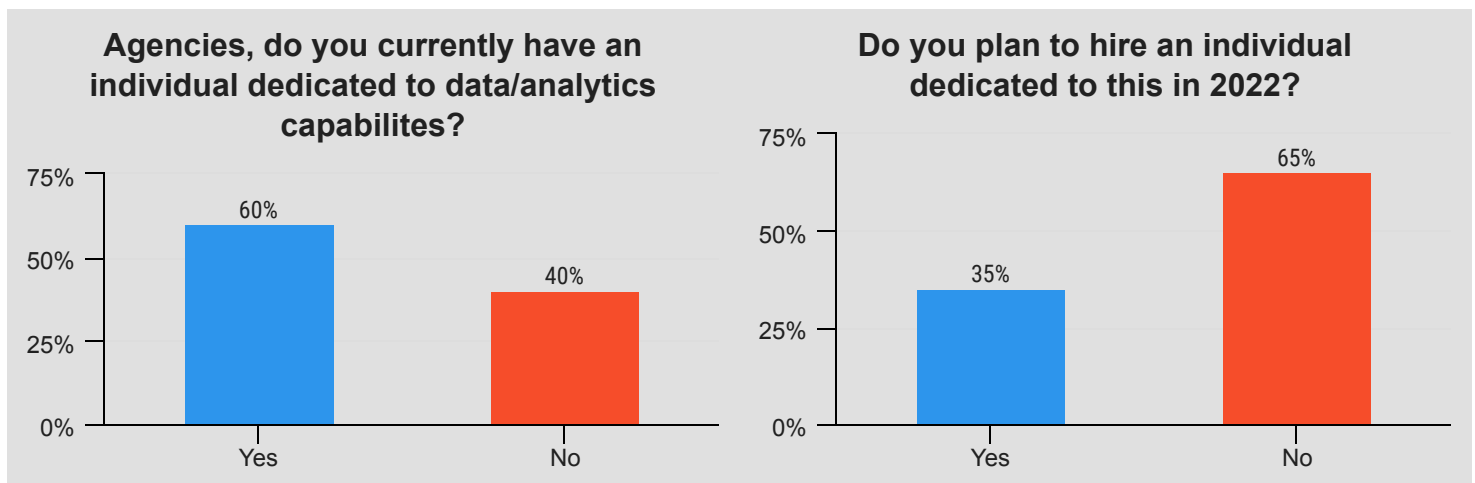
76% of agencies are at least "moderately" concerned with recent data privacy measures from Google and Apple.



VII. Continuing Importance of Data and Analytics

In last year's survey report, **97% of agencies** reported it was somewhat to highly important to provide marketing data/analytics capabilities. We asked agencies if they currently have an individual dedicated to data/analytics capabilities, with 60% responding yes. As a follow up, we asked agencies if they plan to hire an individual dedicated to data/analytics capabilities in 2022, with 65% responding no.

On the marketer side, in last year's survey report, 89% of marketers said it was somewhat to highly important that their agency provide marketing data/analytics capabilities. We asked marketers if their current agency or agencies provided those capabilities in 2021; 54% said yes.

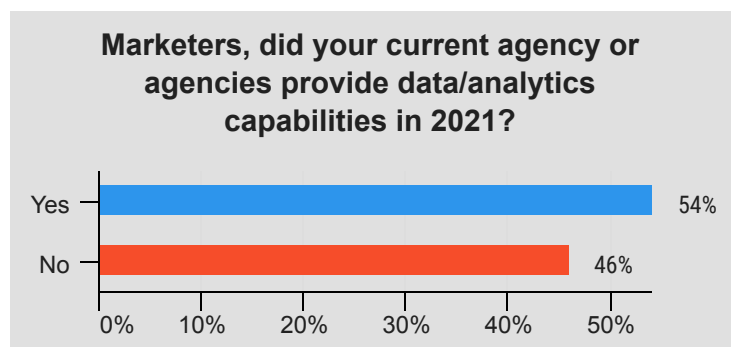


IMPLICATIONS

With virtually 100% of agencies saying it was highly important heading into 2021 that they have these capabilities to support their clients (and themselves) it's positive to see 60% of agencies hiring that individual. And the 65% responding they have no plans to hire that position is disconcerting, however, the current hiring situation has to play into that percentage. For many agencies, small to mid-sized especially, there are other, critical positions they're looking to fill, in terms of order of importance.

Only about half of marketers responding said their current agency is providing these capabilities, so there is obviously a lot of opportunity for agencies to capitalize on. And the need for these capabilities

isn't going anywhere. Per Forbes, in the article [Increasingly Agencies Are Using "Big Data" As Part Of Their Advertising Strategy](#):

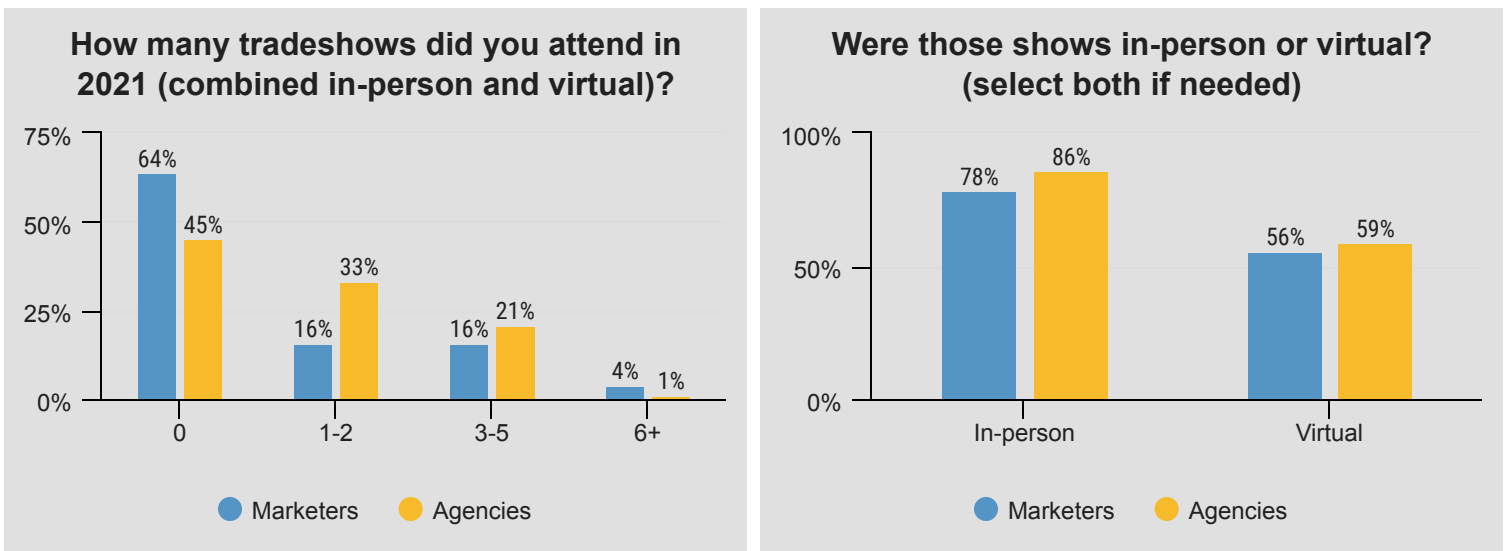


"For agencies, the capabilities to manage and enrich data into insights for media and messaging is critical to marketing in the age of the customer."

VIII. State of Virtual & In-Person Trade Shows and Conferences

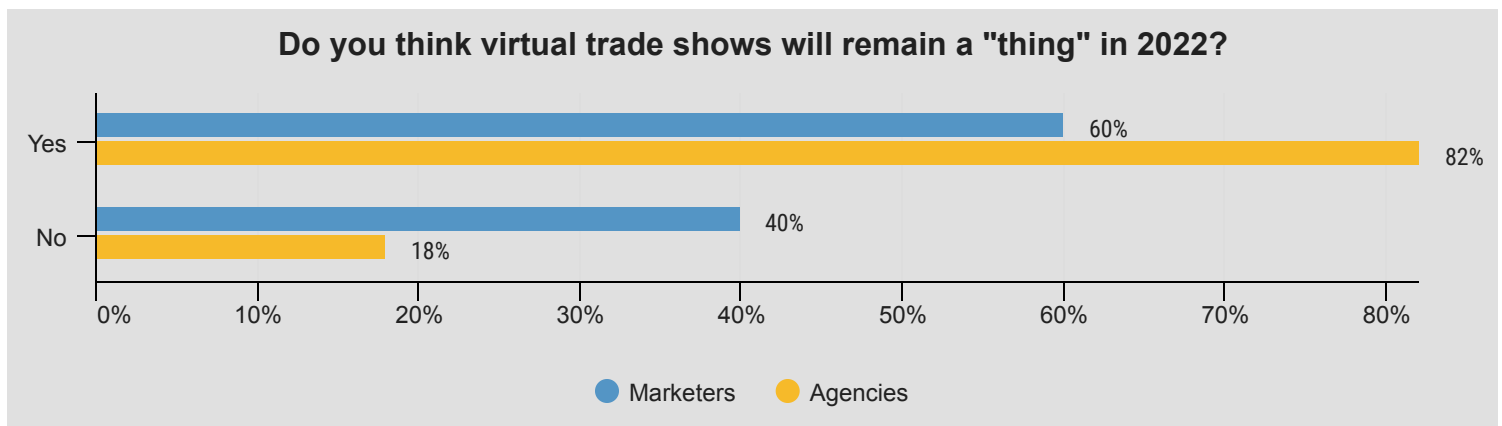
We revisited the conference question this year, and to provide some perspective, in last year's report, 76% of agencies and 70% of marketers said on average, they attended 1-5 tradeshows annually pre-COVID.

We asked how many they attended (including both in-person and virtual) in 2021, still in the midst of uncertainty, and 54% of agencies and 32% of marketers said they attended 1-5 shows. Interestingly, in last year's report agencies said 54%, but we see a precipitous drop in marketer attendance, as last year 65% said they attended 1-5 virtual tradeshows.



We followed up by asking if those shows/conferences were in-person or virtual in 2021, allowing to pick both if needed. Agencies said 86% of those were in-person, and 59% were virtual, and marketers said 78% of those were in-person, and 56% were virtual.

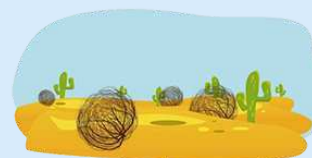
In a third follow-up question, we asked agencies and marketers if virtual trade shows will remain a "thing" in 2022, with 82% of agencies, and 60% of marketers responding yes.



IMPLICATIONS

Even with the uncertainty in '21, agencies attended conferences at the same rate, but we saw a 33-point decrease in marketer attendance. Even with that marketer decrease, we saw both agencies and marketers overwhelmingly going to more in-person than virtual events/shows when they did attend. The world was hungry to return to in-person events in 2021, so it's not a surprise to see these numbers, but marketers still attended far fewer events overall.

64% of marketers didn't attend a conference in 2021 (virtual or in-person)

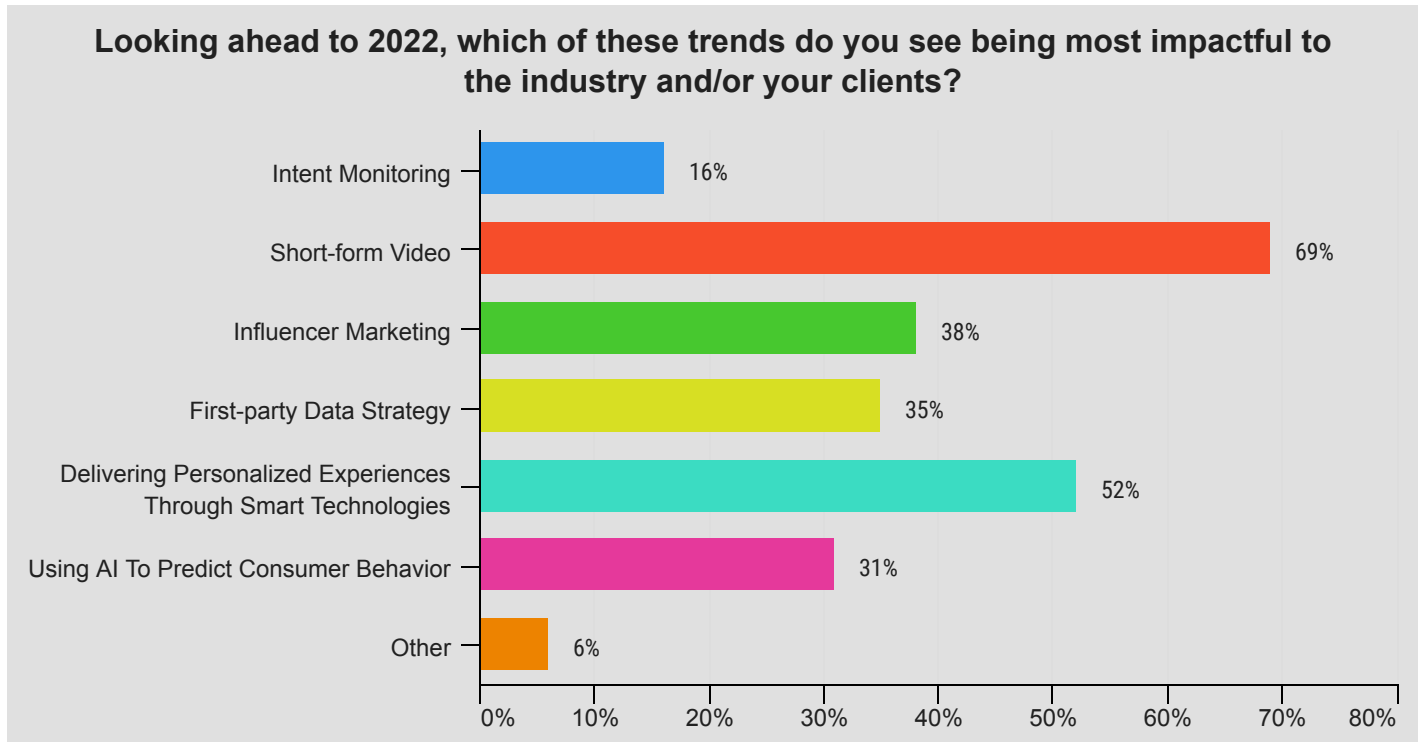


While it's conjecture, marketers may have found the events in '20 lackluster enough that they dramatically dropped their attendance in '21. From a new business perspective, smart agencies saw they couldn't rely on live events in 2020 as their strategy, and that carried over in '21. Unfortunately, that looks to continue, as least into the first few quarters of 2022. And while agencies are bullish on virtual events continuing this year (with a 10-point increase over last year), marketers are less so, with a 7-point drop from last year. Inevitably we'll see some further virtual fatigue, but both agencies and marketers apparently still find value in virtual events that provide a solid return.

Agencies that haven't adjusted to this new, hybrid reality of virtual and in-person need to. Trade shows and conferences can be a great source of new business if managed in an organized fashion – regardless of whether they are live or not.

IX. The Agency Take On 2022 Industry Trends

We asked agencies, “Looking ahead to 2022, which of these trends do you see being most impactful to the industry and/or your clients?” Per the breakout, agencies consider short-form video to be the most impactful at 69%, followed by delivering personalized experiences to consumers through smart technologies at 52%, and influencer marketing third at 38%, followed closely by first-party data strategy at 35%.



IMPLICATIONS

This was a new question for us this year, and we thought it would be interesting to get a take on what agencies were thinking about – for their clients and in their own prospecting efforts.

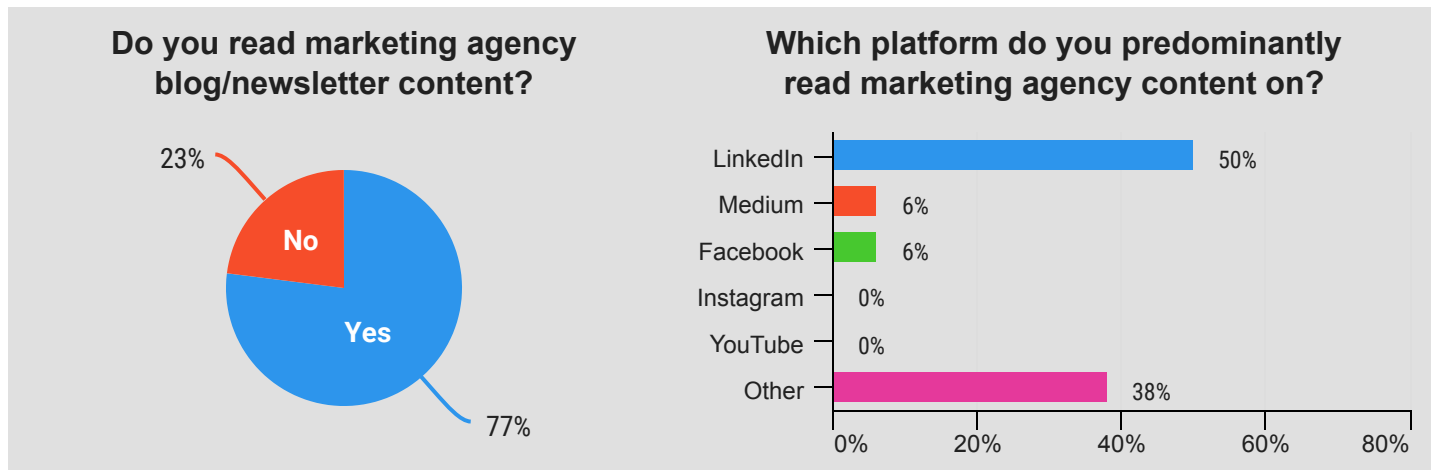
As we attempt to come out of COVID as a country and an industry, these stats reflect what’s become so important to our industry the past several years: video, consumer personalization, harnessing new technologies, and finding new and better ways to use first-party data. These trends are here to stay, and what’s so important, from a client retention and new client acquisition strategy, is 1) staying current with these trends, and 2) showing your clients and prospects that your firm is on top of them.

That doesn’t mean you necessarily invest in and employ every one of them, but you need to do the homework, and guide your clients through the sea of information. If they know they can rely on you to be that source, you become that much more valuable. As an aside, we were surprised that intent monitoring was so low on the list. If you’re not aware, “intent data is digital prospecting information that shows which leads or accounts are actively researching on third-party sites. This behavioral pattern can help identify potential hot, ready-to-buy prospects.” That definition comes from [this primer](#) on intent data (we have no affiliation BTW). Worth a read.

X. The Importance of Agency-Created Content

In a repeat question from last year’s report, we asked marketers if they read agency-created content in any form. The answer was a resounding yes at 77%, up from 73% in last year’s report. As a follow up, we asked what platform they most often read that content on.

LinkedIn was the predominant platform at 50%, followed by “other” at 38%, where the majority of open-ended answers were email, or email newsletters.



IMPLICATIONS

Initially, that 77% is quite a validation of the content-creation efforts many agencies have made over the past several years. Agencies often feel they’re in a vacuum, as content creation is part of a long play in gaining new business, but marketers are paying attention.

As ever, simply creating it isn’t enough, it’s only the first step. LinkedIn, unsurprisingly, is where 50% of your prospects are consuming your content. With all of the cold selling on LinkedIn the past several years, it makes your job harder as an agency, but the key is consistent posting on LinkedIn with quality content. Similarly, email deliverability continues to be an issue in a space that’s been crowded for many years now, but as these stats point out, your prospects are paying attention here as well.

If your agency team has steadfastly been creating content, these stats are your affirmation to continue, and if not, here’s more proof that it must be a part of your agency new business arsenal.

XI. Biggest Challenges Facing Marketing Agencies in 2022

In your opinion, what is the single biggest challenge facing AGENCIES in 2022?

According To Agencies



According To Marketers



Starting with the understatement of the year, 2021 did not go as planned. For marketing agencies, the year was not all negative however – 2021 saw a rise of needed organic growth for many firms, although the flip side of that was budgets that were all over the map.

Two areas where marketers and agencies align in terms of their perceived challenges: 1) Staying relevant/educating clients and 2) staffing and retention. Marketers and agencies listed some version of these two challenges repeatedly, and it mirrors several stats we discussed in this report.

Other notable challenges are being able to offer a more robust suite of tools, per marketers, and on the agency side, multiple responses from them addressed the lack of actual face time with clients, resulting in weaker relationships, continual CMO churn, and “balancing the expectations of employees in today’s labor market with the expectations clients have for quick turn service.” And ever-present was also new client acquisition.

IMPLICATIONS FOR AGENCIES

Thankfully, several of these challenges are within your firm's control. In a continuing theme from previous sections, educating your clients on the marketing landscape needs to be a priority as we still wade through COVID's uncertainty. Per section IV of this report, this doesn't mean you must be the expert across all facets of the landscape, there's not enough time in the day, but you can prioritize the information that will be most valuable to your client and do the homework.

Also in your control is the acquisition of new clients. For many firms, organic growth replaced an actual new business strategy last year, and while organic growth is a wonderful thing, and should be part of your strategy, you can't sustain growth on organic alone, just as you can't sustain growth on referrals alone.

Staffing is obviously less in your control. The cyclical nature of our industry and the country dictates this will change, but COVID has of course affected the workplace permanently in many ways as well. Flexibility is key here, and it will be challenging as you try to retain your culture, but taking a step back and looking at your employee retention, and simple steps like reviewing your firm on Glass Door and Google Business for example, will help you attract new talent. And being flexible in work-from-home/office balance looks to be a permanent fixture as well. The good news there: agencies were well-placed, for the most part, before the pandemic to allow for that flexibility.

XII. Biggest Challenges Facing Marketers in 2022

In your opinion, what is the single biggest challenge facing **MARKETERS** in 2021?

According To Agencies



According To Marketers



The challenges facing marketers continue from 2021, in terms of budget uncertainty resulting from COVID, and finding and reaching an ever-expanding target audience. Similarly to our previous section, marketers and agencies both agree staffing and retention on the marketing side will continue to be a challenge, and education/keeping up with new tech was also mentioned frequently. However, each side views it a bit differently.

On the agency side, it's best explained in these two direct agency quotes:

"Too many new shiny things—maintaining focus as well as realistic expectations from superiors"

-and-

"Despite the many tools available, marketers tend to focus on tactics and rarely understand or invest significantly in strategy or creativity."

Marketers put it this way:

"There will be a lot of gaps which need to be filled which will put pressure on marketers to learn new tasks on the fly to fill in the gaps."

-and-

"Change management related to dramatic change in all of our tools and platforms; attracting talent with experience in the Martech stack we are leveraging."

IMPLICATIONS FOR MARKETERS

Marketers, like agencies, will be under immense pressure to deliver in 2022 (yes, like every year), but whereas we thought we would be essentially free, or learning to live with COVID by this point, obviously we are not there yet.

What we see from these stats are marketers potentially relying less on in-house agencies, relying on multiple agencies that can deliver a fuller suite of services - and yes, specialization - and are struggling to keep up with tech.

They'll be looking to their existing agencies, or new ones, to help them achieve their goals.

And for all the great work they do together, and the countless excellent relationships they have, marketers and agencies, as ever, don't always align. There is no better example than these two quotes:

In your opinion, what is the single biggest challenge facing **MARKETERS** in 2022?

Agency response: *"Marketers are not getting smarter. Despite the many tools available, marketers tend to focus on tactics and rarely understand or invest significantly in strategy or creativity."*

In your opinion, what is the single biggest challenge facing **AGENCIES** in 2022?

Marketer response: *"Evolving traditional strategies to match the investment clients are making in digital platforms and strategies; at this point, we know more than they do and the gap is growing."*

CONCLUSION

What we hope agencies will take away from this report is a sense of optimism heading into 2022.

Yes, we all said that about 2021, but one thing so many firms have proven is their ability to persevere through yet another year of COVID, and come through it stronger (if not bruised).

With so much potential opportunity, agencies need to get to work on actively pursuing new, new business, staying on top of trends within the landscape that will help foster tighter relationships with clients, and putting policies into place that will keep agency culture strong, but flexible.

This is all easy to say without knowing what lies ahead, but even though “normalcy” (whatever that is today) eludes us now, establishing reliable patterns can and should be accomplished.

If your firm struggles with the pursuit of new business, RSW/US may be the dedicated new business development alternative that’s the right solution for your firm. You can reach us at www.rswus.com. Or if your goal is to handle new business internally, we have the talent and resources to help you build a stronger new business program yourself.



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