

The Cost of Losing Creativity

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FORRESTER®

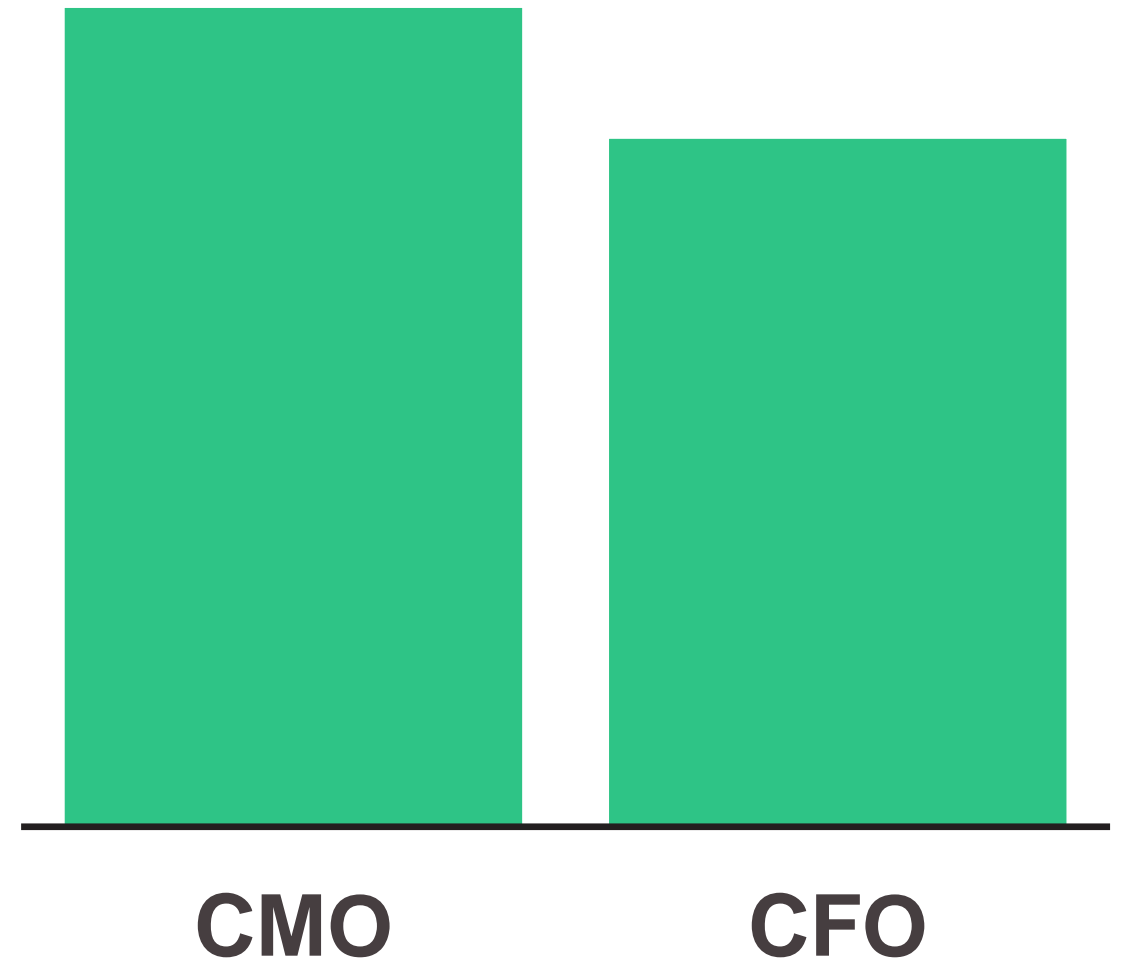
We work with business and technology leaders to drive customer-obsessed vision, strategy and execution that accelerate growth.

True or False: Marketing and Finance are exactly alike.



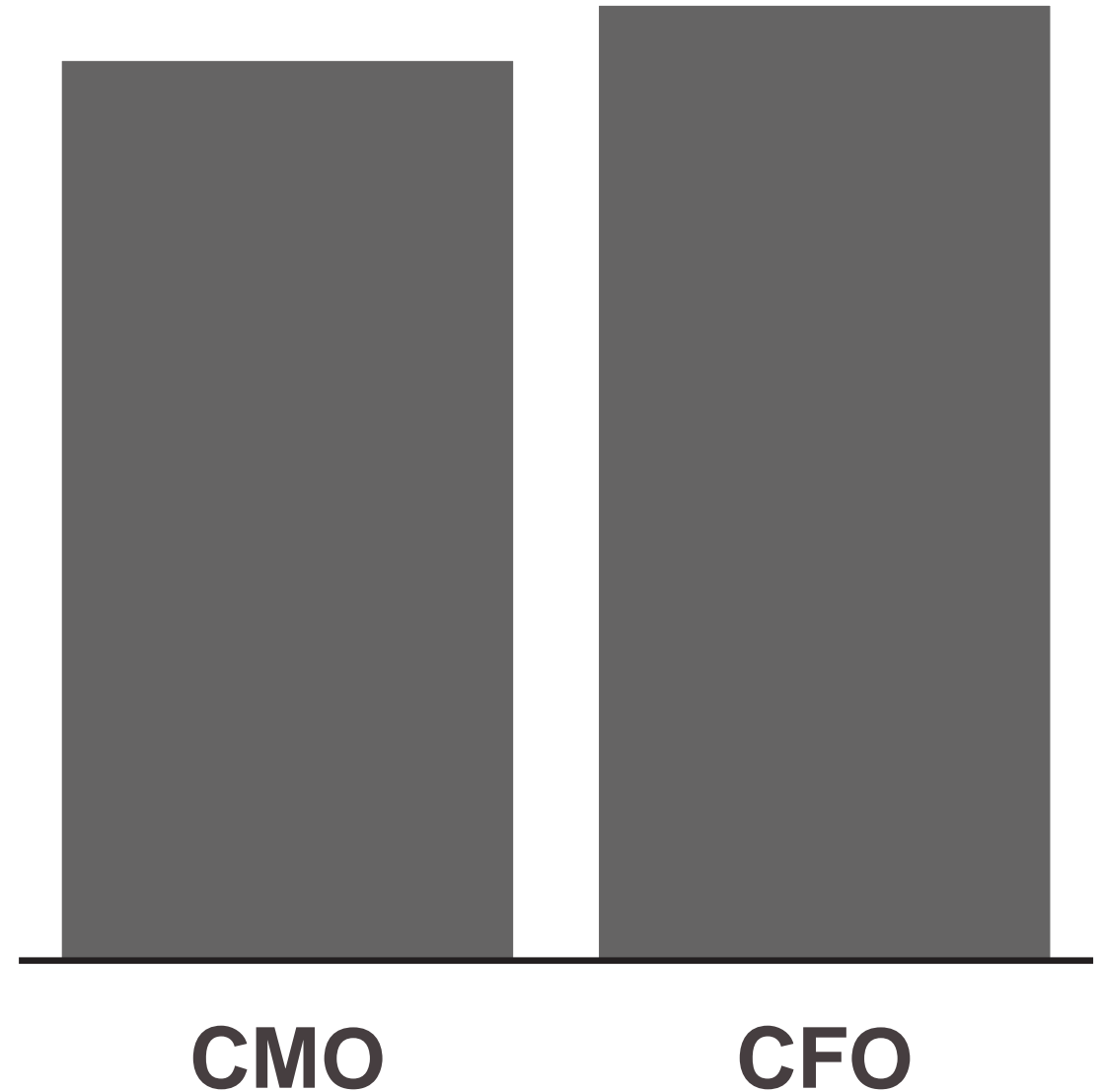
CMO's and CFOs
prioritize
improving brand
reach

Improve Brand Reach



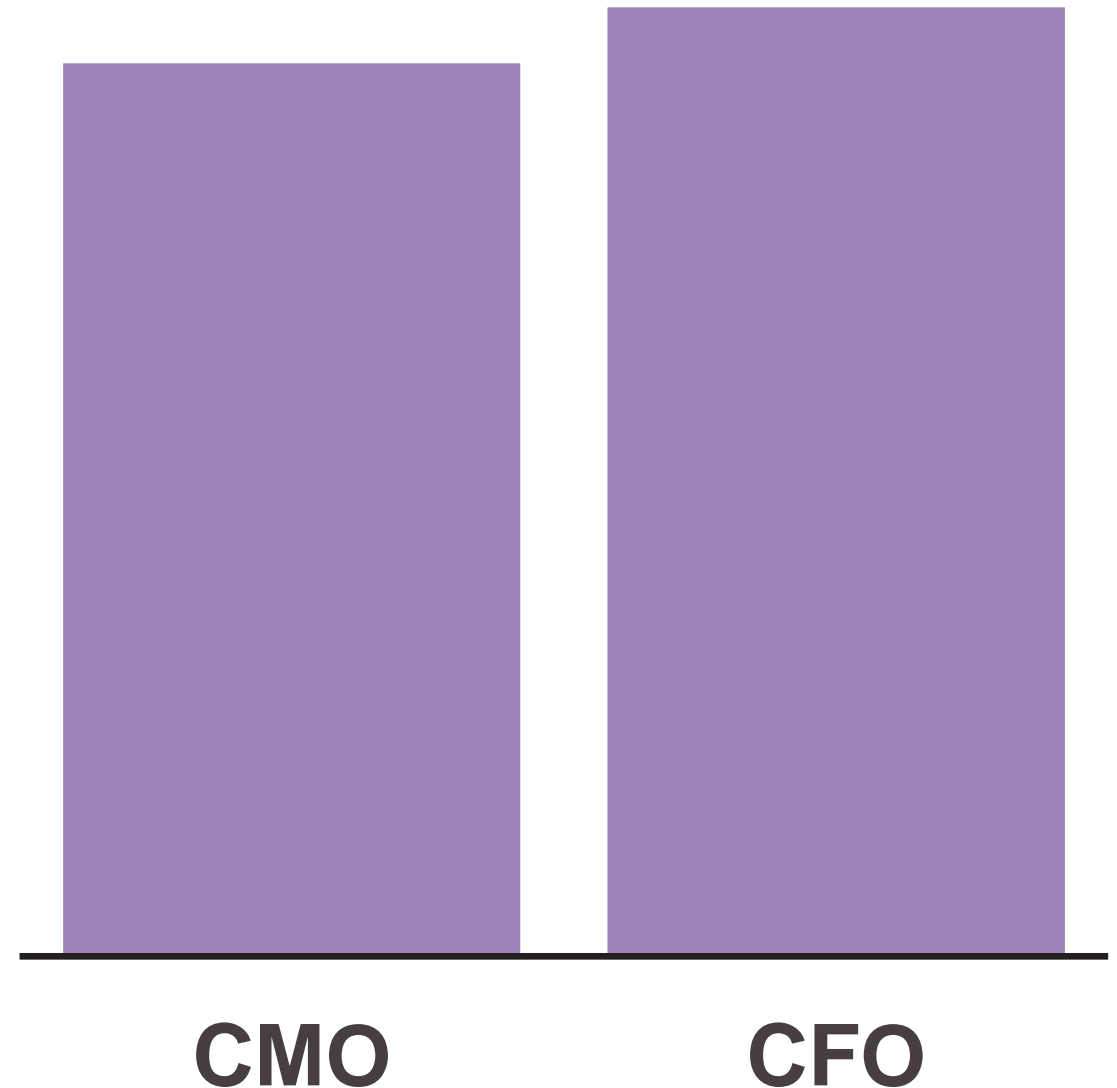
CMO's and CFOs
prioritize growing
revenue

Grow Revenue



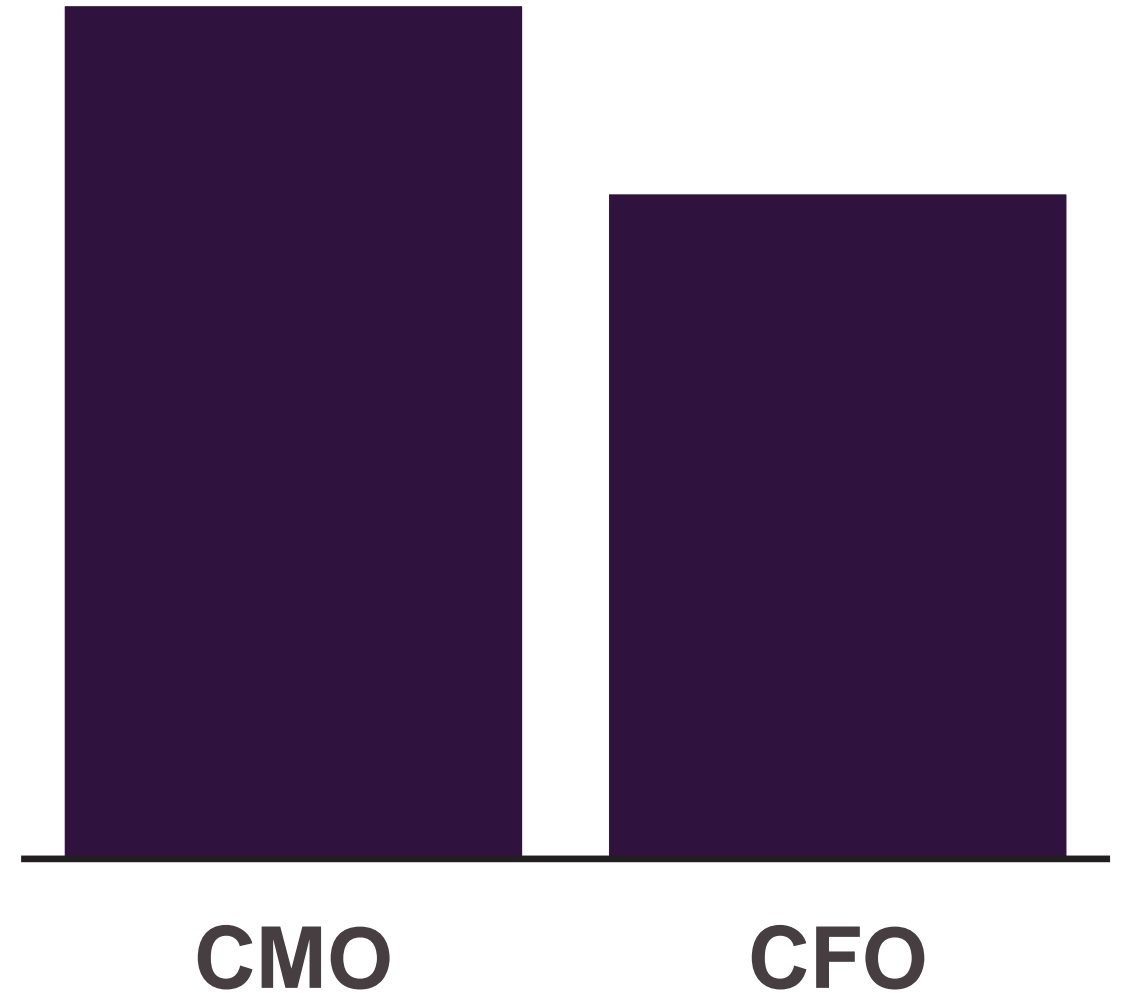
CMO's and CFOs
prioritize
improving
compliance

Regulation Compliance



CMO's and CFOs
prioritize
improving
innovation

Improve Innovation



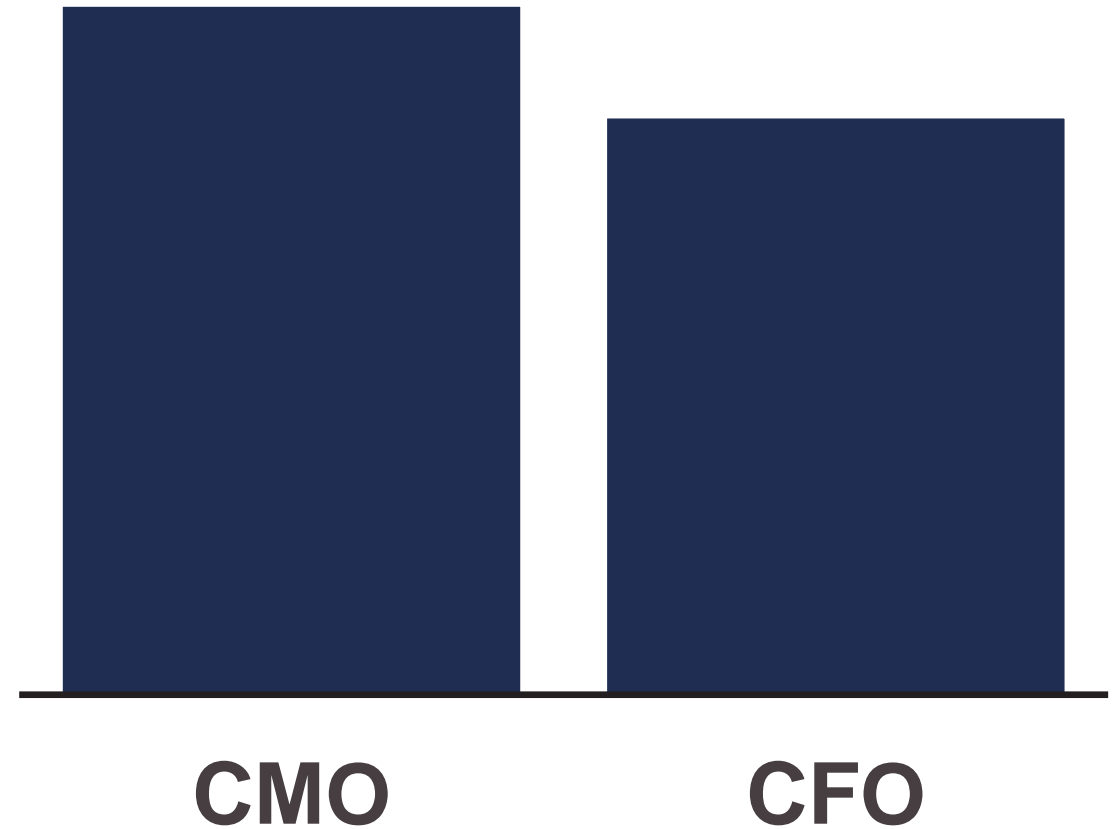
CMO's and CFOs
prioritize
accelerating digital
business

Accelerate Digital Business



CMO's and CFOs
prioritize reducing
costs

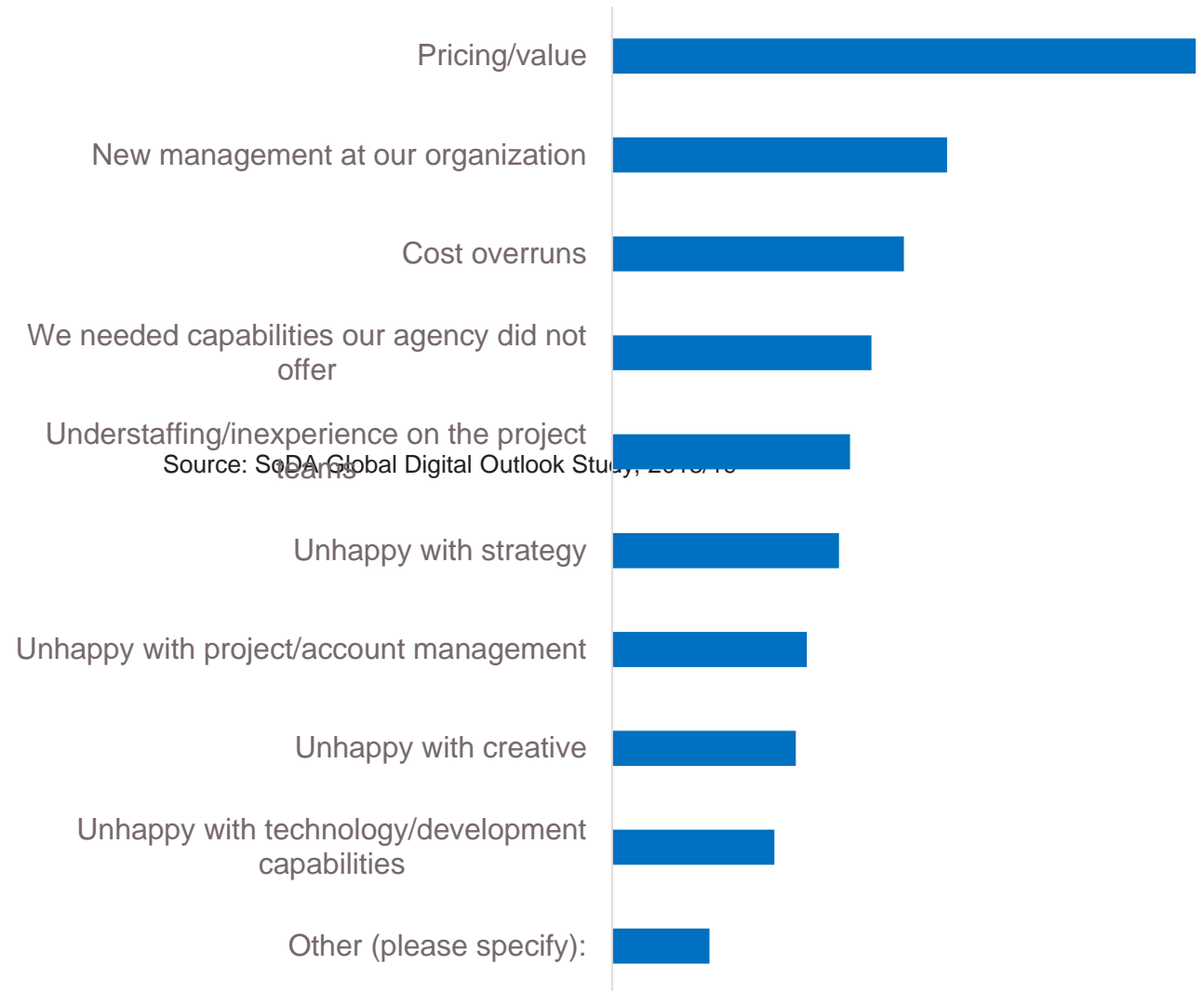
Reduce Costs



Source: Business Technographics Data And Analytics Survey, 2020

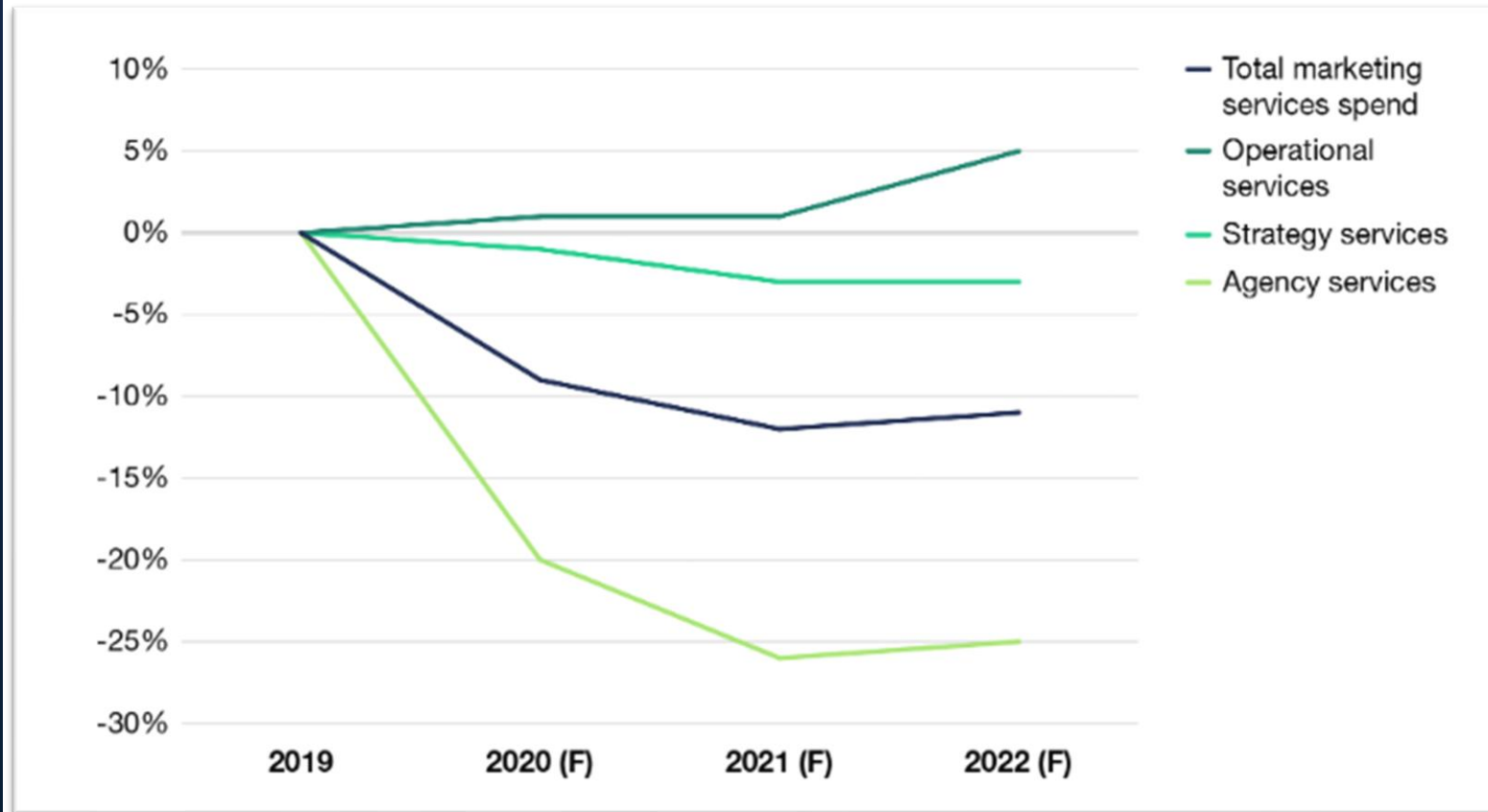
Price is #1 reason
CMOs and marketers
end agency
relationships.

Reason for terminating agency relationship.



Source: SoDA Global Digital Outlook Study, 2016-17

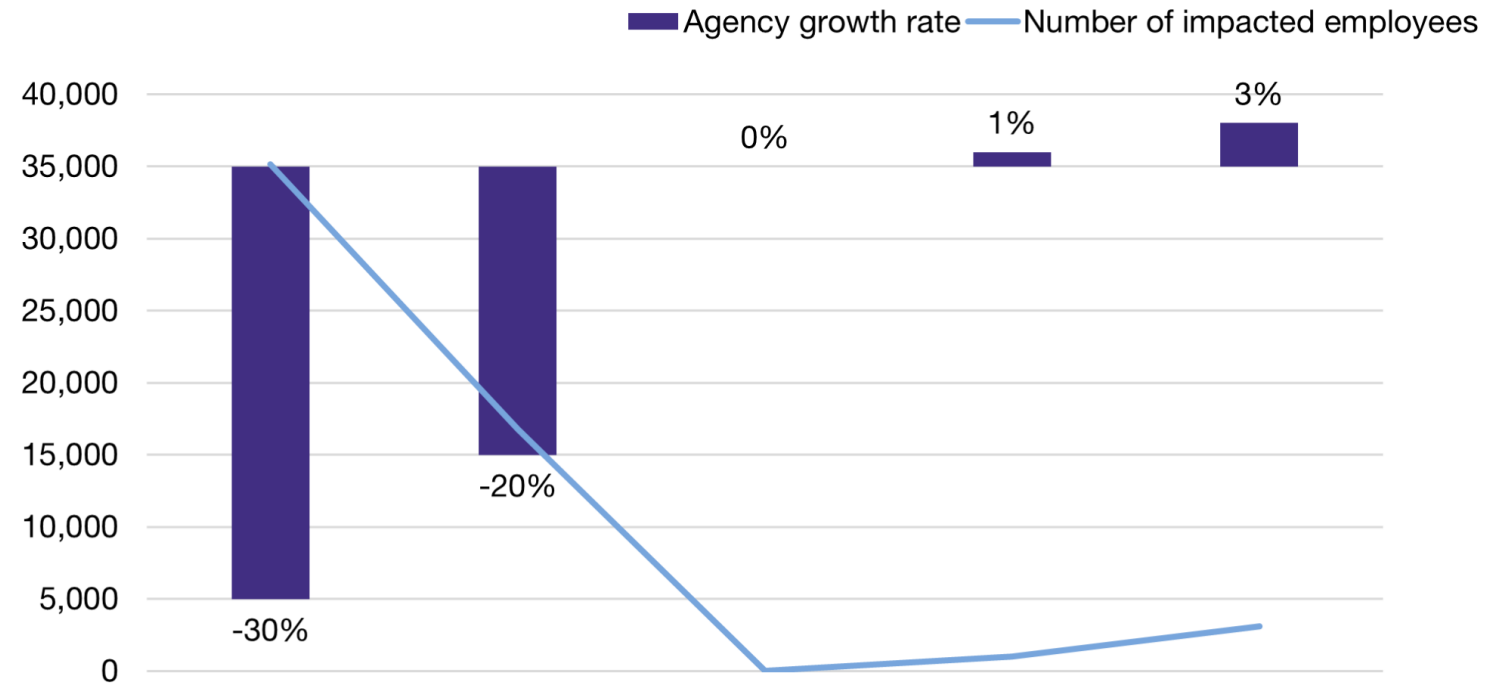
Agency and strategy services contracts will be cut



US Agencies Will Lose 52,000 Jobs Through 2021

US agencies are poised to lose 35,000 jobs in 2020 and another 17,000 in 2021.

US agency growth versus employee layoffs, 2019 to 2023



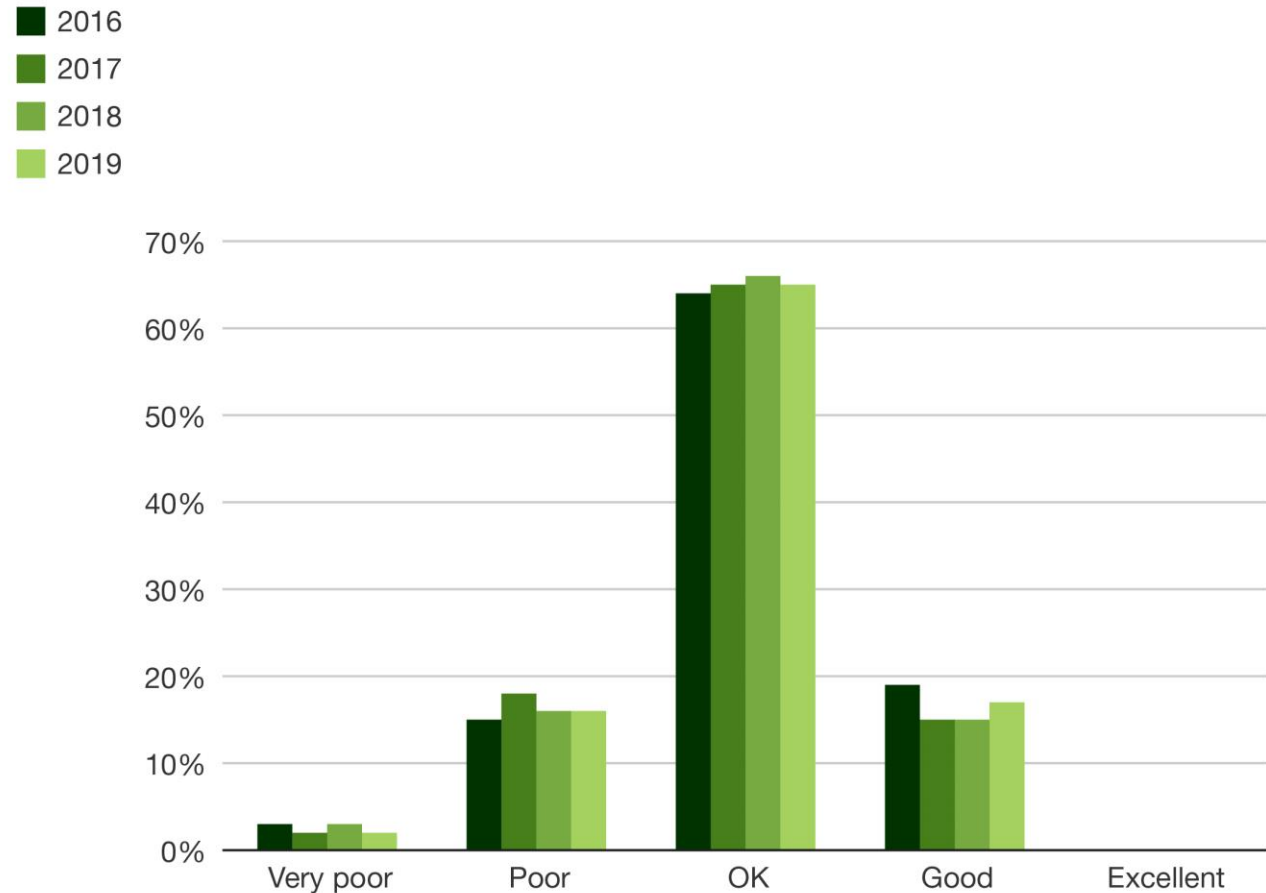
Source: Forrester's forecast of US marketing spend, 2019 to 2023, revised per the 2020 COVID-19 crisis, 2017 US Economic Census, and 2017 County Business Patterns

Source: Forrester Research, Inc. Unauthorized reproduction, citation, or distribution prohibited.

Will the agency value
disappear?

The customer experience agenda has stalled.

The distribution of US CX Index scores, 2016 to 2019



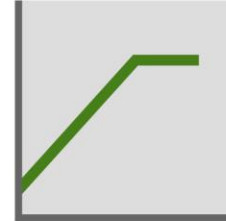
Base: 122,500 (2016), 118,992 (2017), 110,828 (2018), and 101,341 (2019) US online consumers (18+) who interacted with a specific brand within the past 12 months

Source: Forrester Analytics Customer Experience Index Online Surveys, US Consumers 2016 to 2019

When customer experiences stagnate, even companies at the top languish.

Percent of brands:

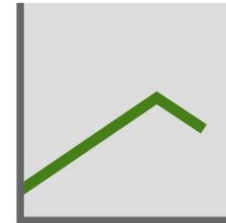
10%



Languishers

These relatively high-scoring brands have remained stuck, without a statistically significant score change, for at least two years.

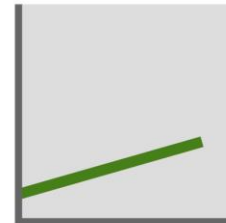
20%



Lapsers

These brands' Customer Experience Index (CX Index™) performance has declined for one year or two years.

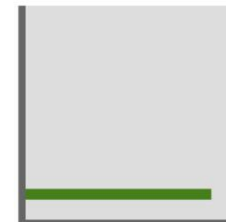
48%



Locksteppers

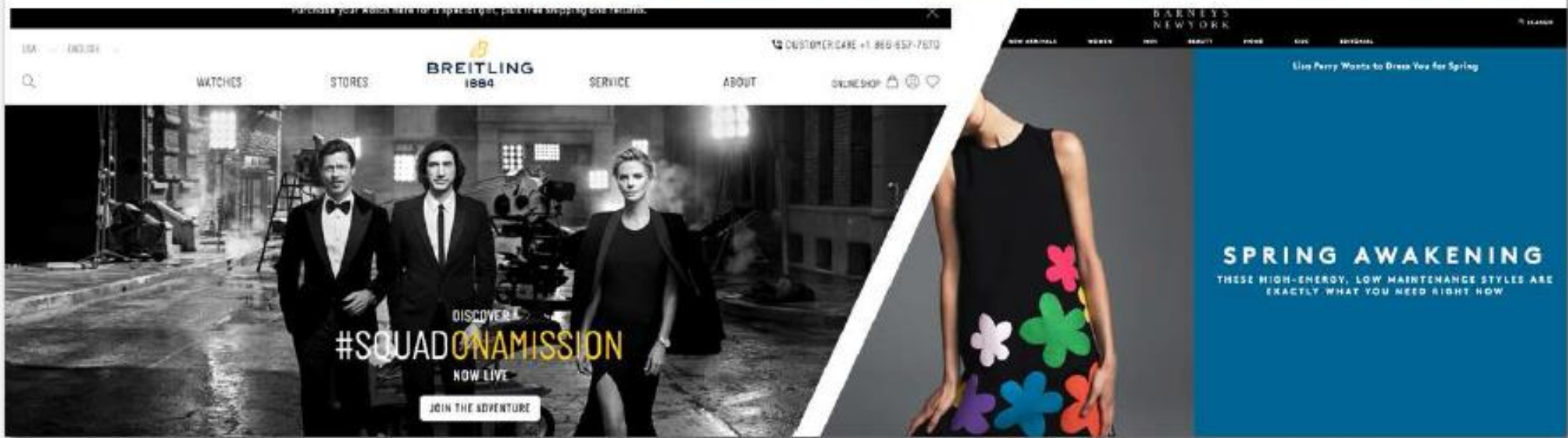
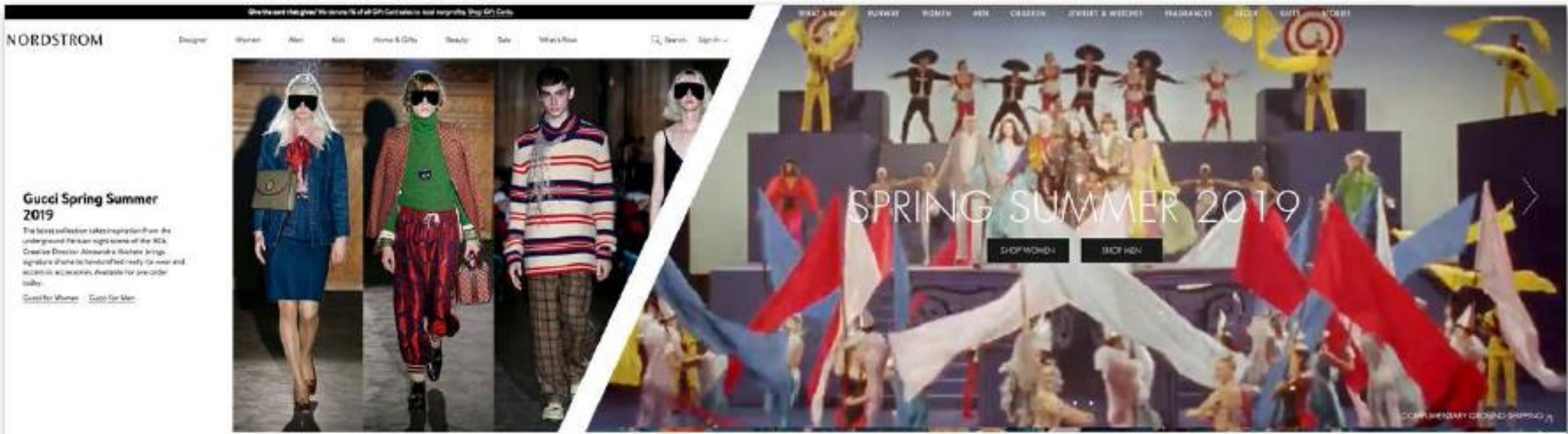
The quality of these brands' CX remains roughly on par with that of their competitors.

23%

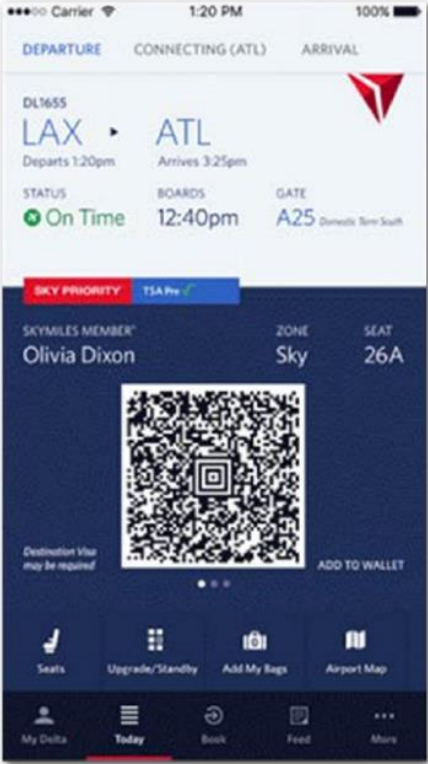


Laggards

These brands' CX Index scores remain consistently at the low end of the rankings.



Customers can't tell one experience from another.



NOW ALL WE NEED IS SOME SOMBER PIANO MUSIC AND B-ROLL OF EMPTY STREETS AND WE'LL BE READY TO ADVERTISE... UM... WHATEVER BRAND THIS IS FOR.

in these uncertain and
unprecedented times
nothing is more important
than people
we are here for you
now more than ever

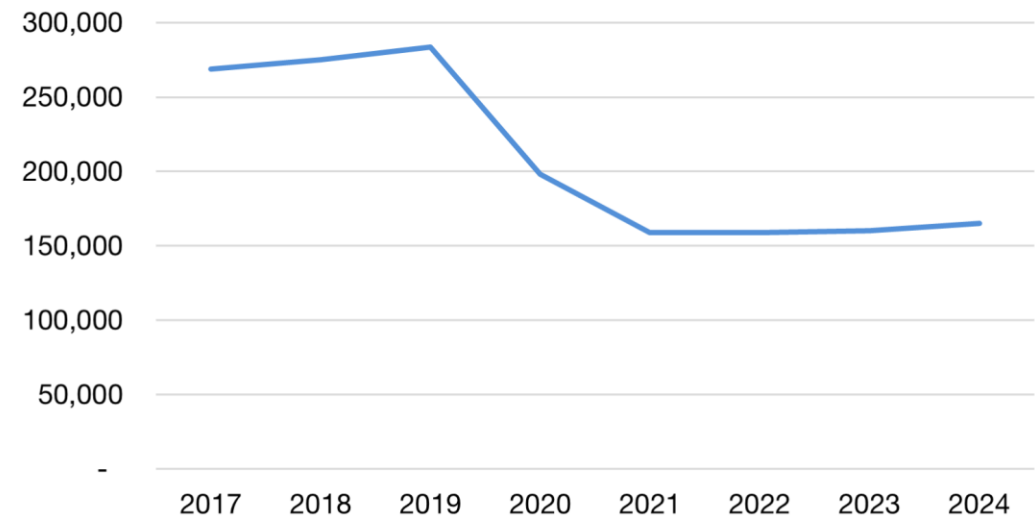
concerns
new normal
challenging
together
family





CMOs Will Need To Rely On Fewer, Smaller Agencies During The Recovery

US agency headcount forecast through 2024



Source: Forrester's forecast of US marketing spend 2019 to 2023, revised per the 2020 COVID-19 crisis, 2017 US Economic Census, and 2017 US County Business Patterns

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Reinvent Creativity.

Agencies will automate 11% of jobs by 2023.

Projected Change in Number of Employees, 2020-2023

Agency Segment	Large Creative Agencies	Small Creative Agencies
Data and Analytics		
Finance		
Executives		
IT + Technology		
HR		
Production		
Creative		
Account Management		
Strategy		
Comms/Biz Dev		

Total Change

160075

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Agencies understand the importance of technology

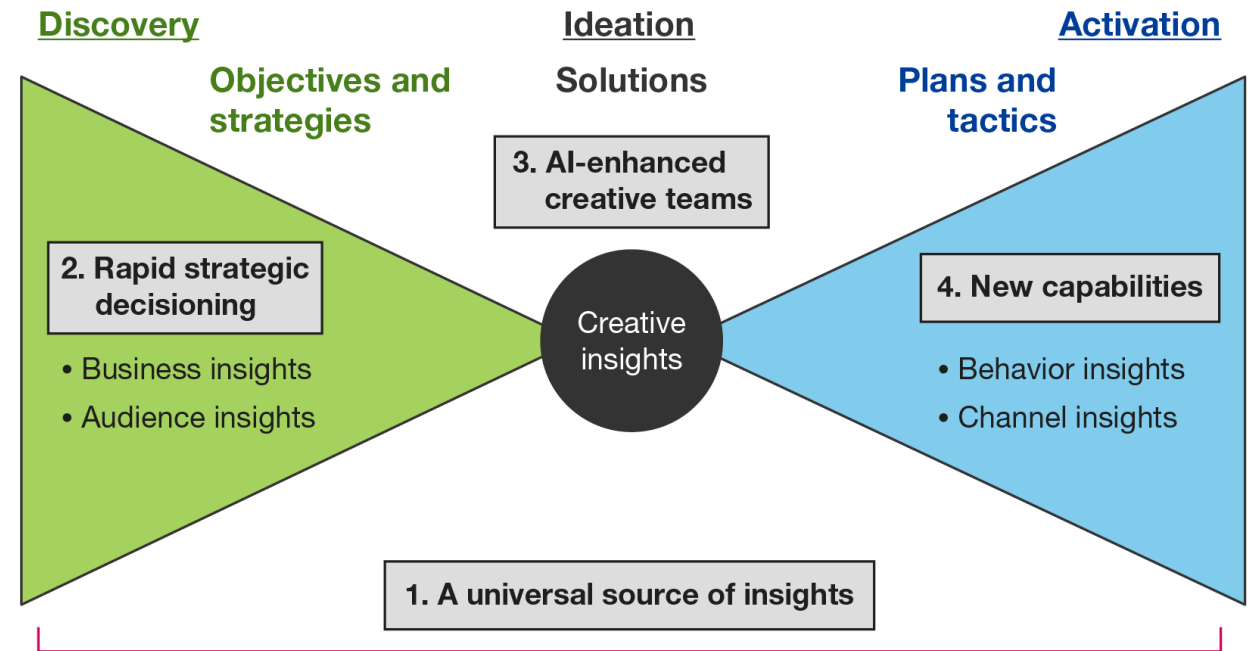


Change how creative work is created

FORRESTER RESEARCH

Agencies Take Insights From Ideation To Activation

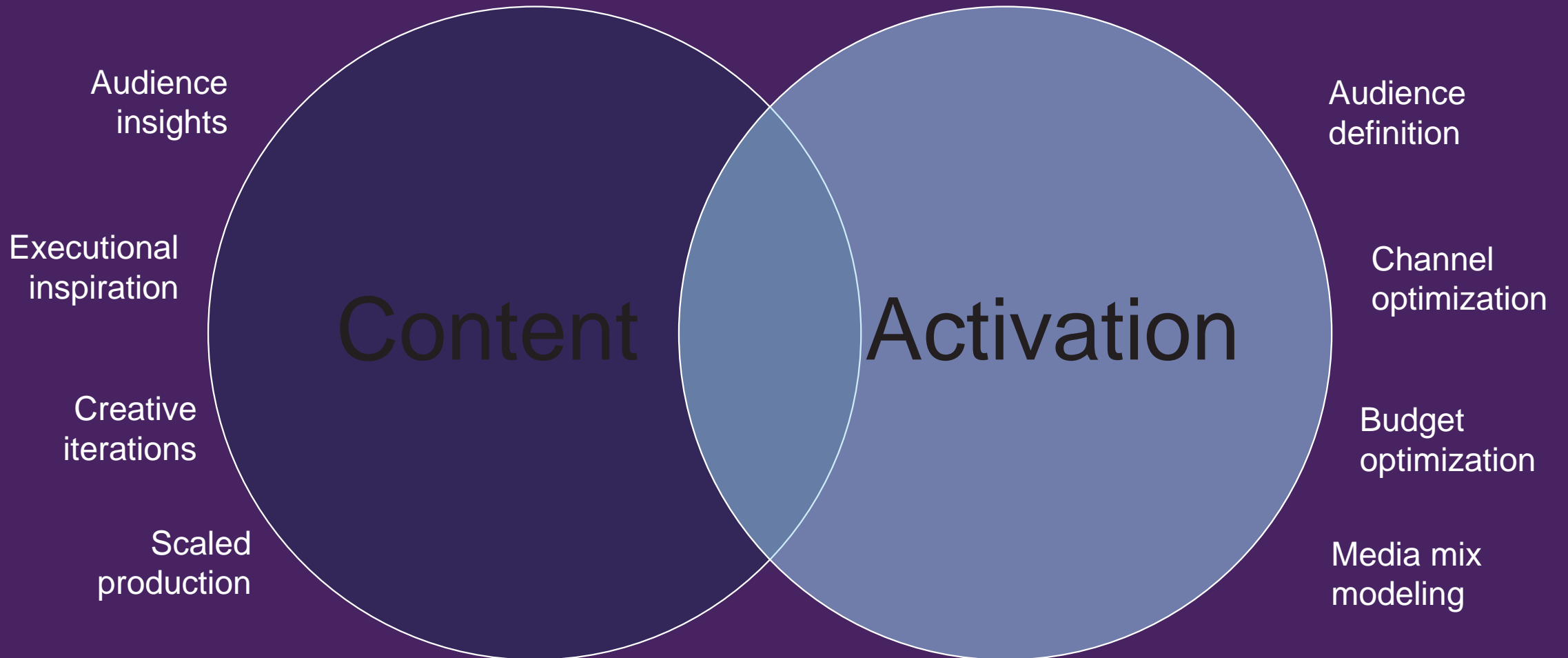
The Agency Data Platforms That Will Power Creativity At Scale



146195

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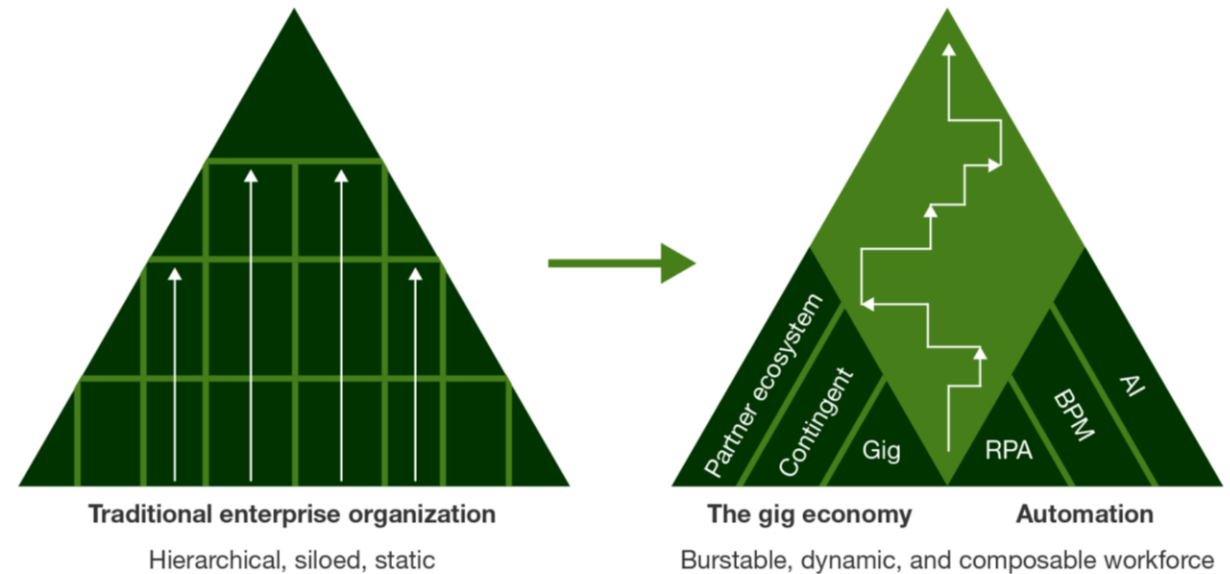
Reconnect media and message



Reimagine how
the workforce
works and
engages.

The Adaptive Workforce Is Burstable, Dynamic, And Composable

The Adaptive Workforce Will Drive The Future Of Work



Place Emotion In The Code



Digitally express the values of the brand.



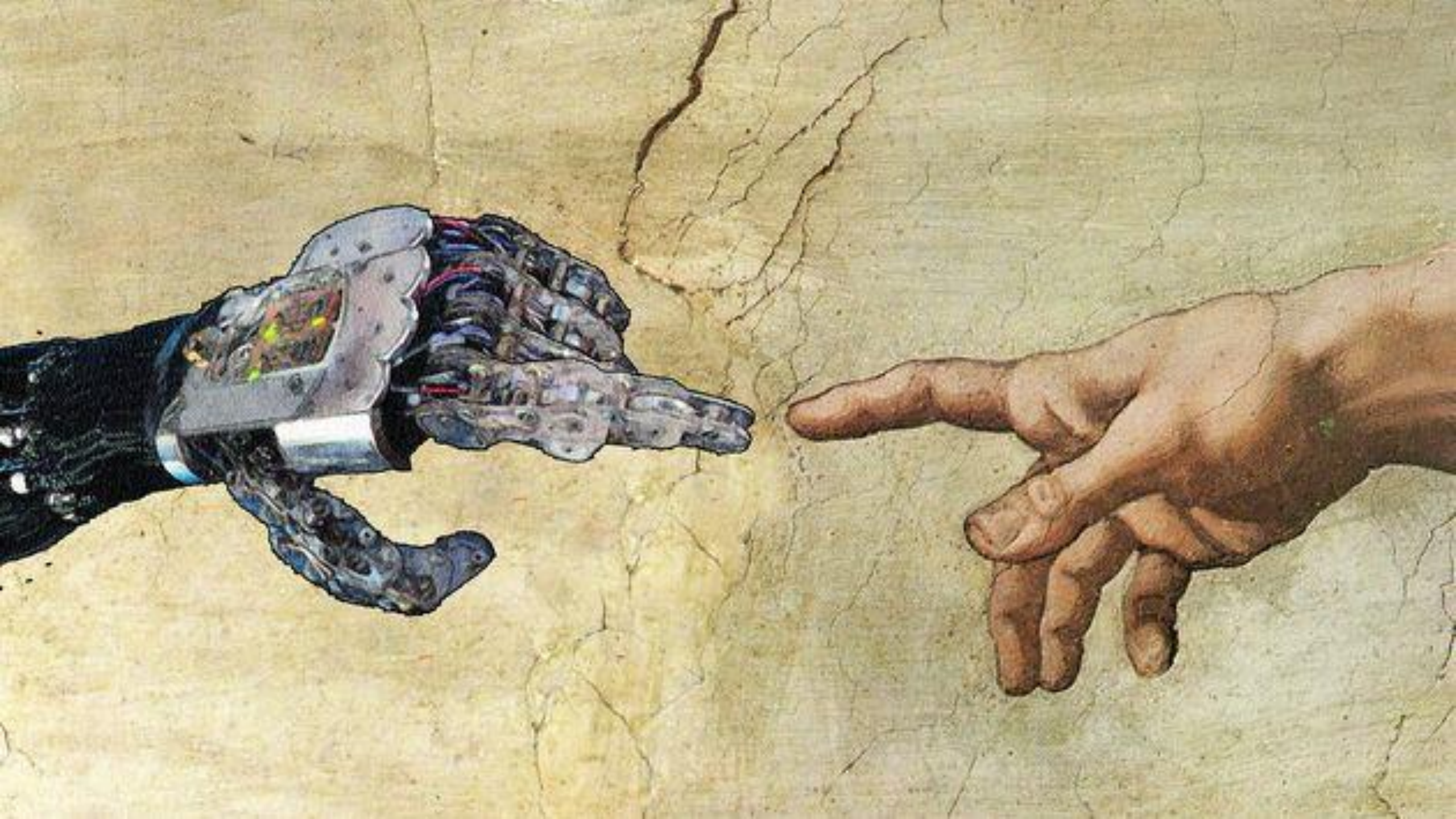
Meet the emotional needs of customers.



Apply design to every relevant touchpoint.



Scale a creative mindset across your organization.



A brave, new deal
between procurement
and agency.

Reformulate the economic model

Create a new compensation structure to account for technology, services and outcomes.

Performance

The outcomes created through human and machines working together.

People

The creative “differentiation” layer based upon services.

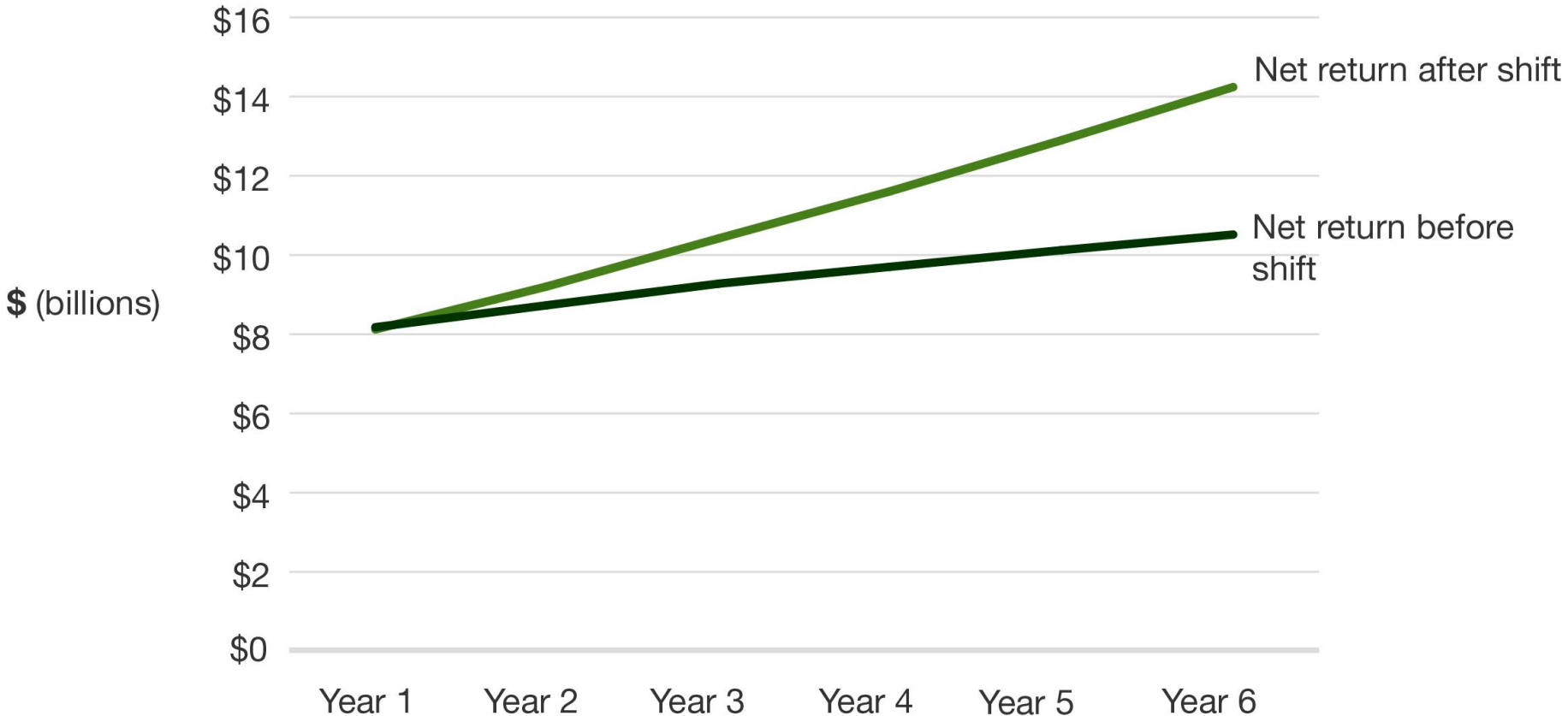
Platform

The technology “scale” layer and data intelligence layer.

Shift \$19 billion from
technology to creativity.

From:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Advertising technology	4%	7%	10%	13%	15%	17%
Marketing technology	1%	1%	1%	2%	2%	3%
To:						
Agency	5%	8%	11%	15%	17%	20%
Return:						
% growth from shift	-0.7%	5.4%	12.3%	19.7%	27.4%	35.4%

The expected six-year US net return before/after shifting marketing budget from technology to creativity



The value
of agency
creativity is...



**\$10
Billion**

In summary:
Procurement can't
afford to lose creativity.

Thank You.

Jay Pattisall

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