

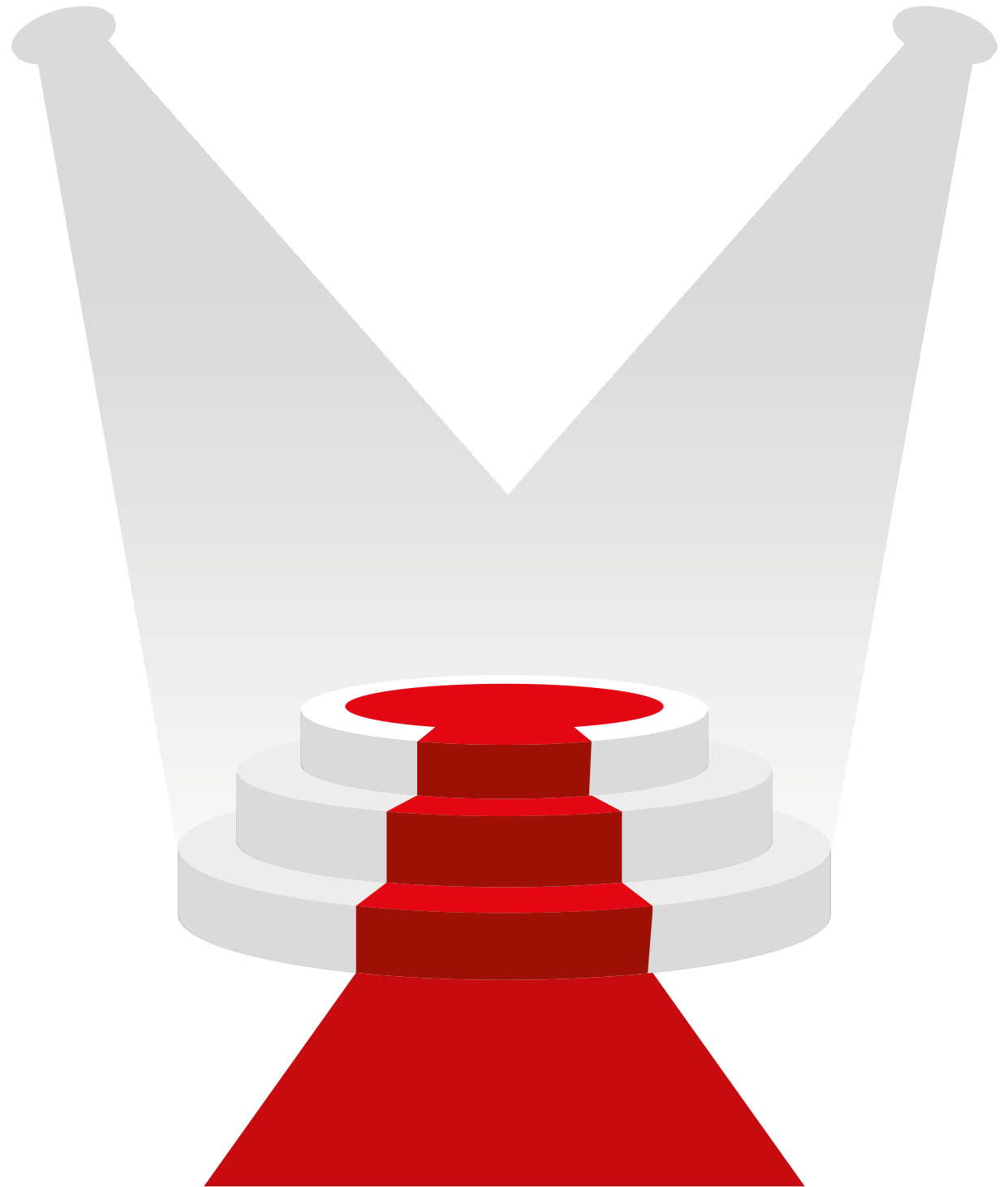
Client-agency performance evaluations

2022 Wave

In partnership with:

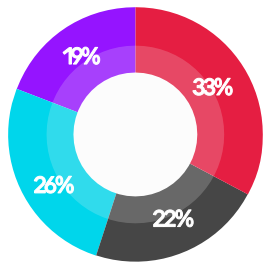


November 2022

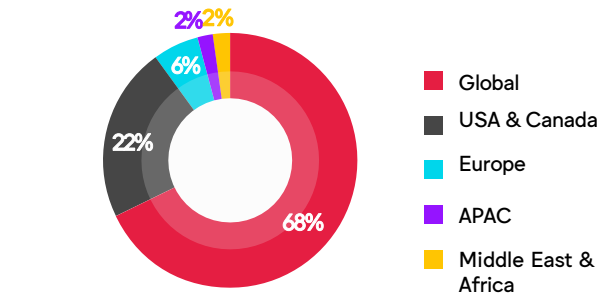


Demographics: 49 clients

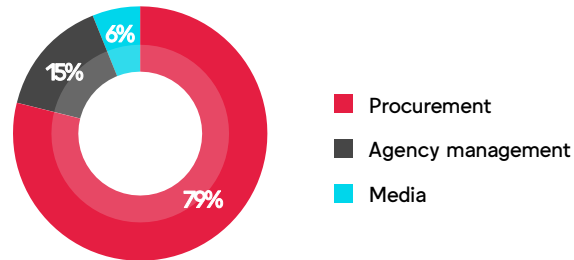
Organisation's marketing and media spend last year



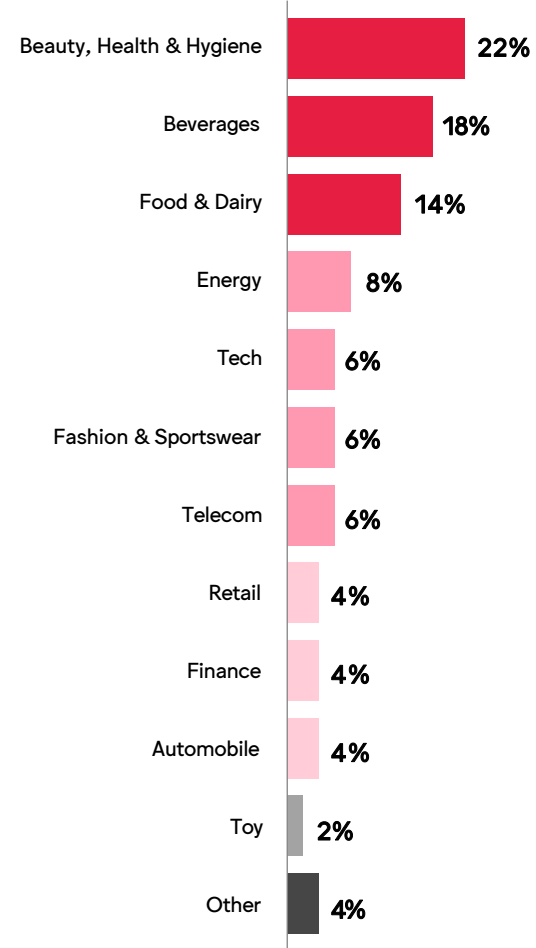
Region of responsibility



Role/function

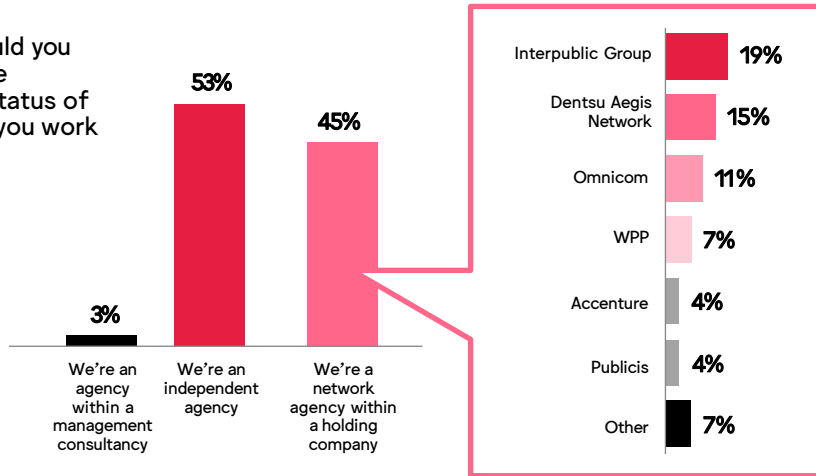


Industry

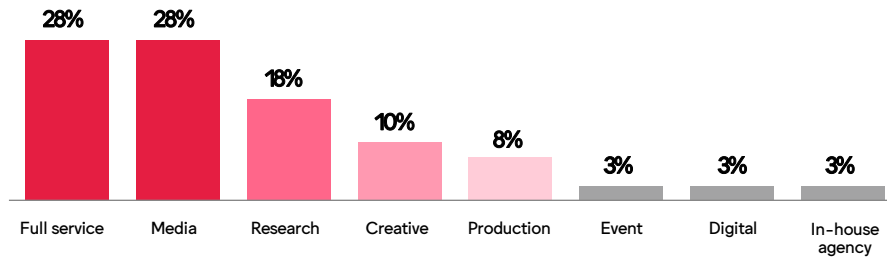


Demographics: 33 agencies

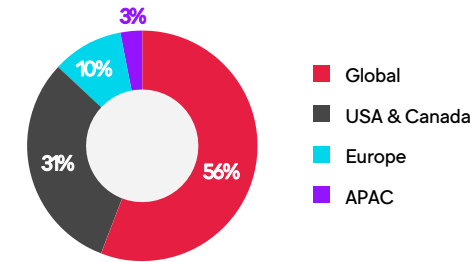
Q. How would you describe the ownership status of the agency you work for?



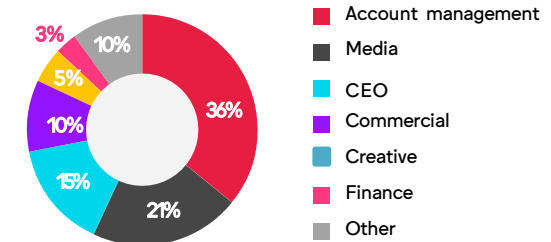
Q. Which marketing discipline does your agency focus on?



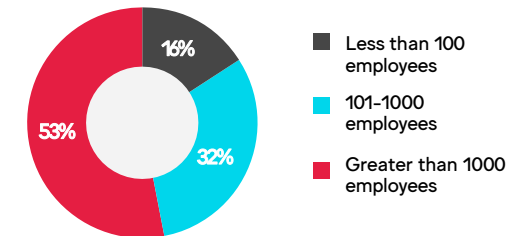
Region of responsibility



Role/function

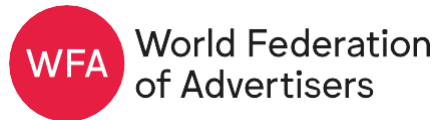


Agency size



Client-agency performance evaluations

2022 Wave



Positive outlooks

1

Growing challenges

2

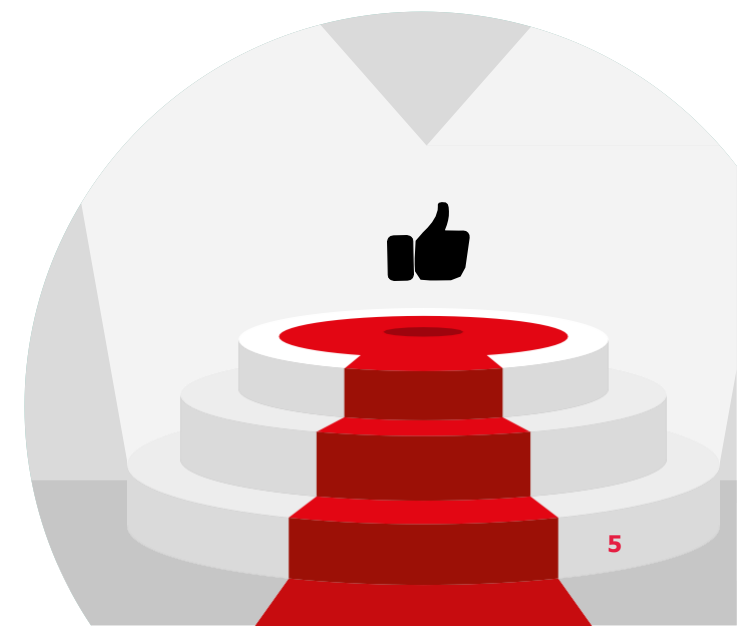
Compensation

3

Recommendations

4

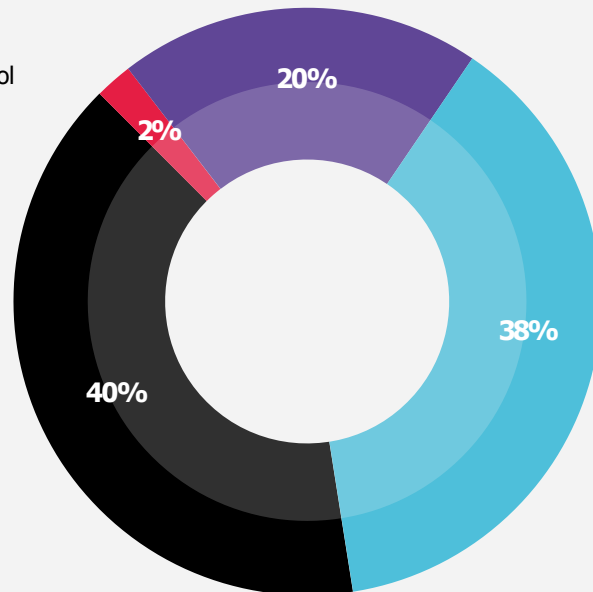
Positive outlooks



3 in 5 of our client respondents use a tool for performance evaluations

Q. (Clients) Does your organisation use a tool to track the performance of your relationship with agencies?

- We use our agency's tool
- We have an internally developed tool
- We use a third party tool
- We do not use one



Third party tools mentioned by clients in this research:



Agency Spotter



Google survey



Aprais



Ivalua



Ariba



Qualtrics



ClearPoint Strategy



Smart by GEP



Decideware



SurveyMonkey



flock.

Agencies are feeling more positive about some of the challenges previously faced

Q. (Agencies) Are you generally happy with the way your qualitative performance is currently being evaluated by multinational clients?

2022



2020

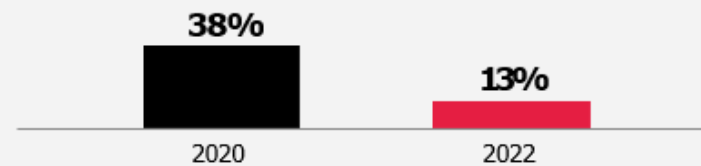


- Almost always (95% of the time)
- A majority (75% of the time)
- Some/half (50% of the time)
- Few (25% of the time)
- Almost never (5% of the time)

Agencies are feeling more positive about some of the challenges previously faced

Q. (Agencies) What are the biggest challenges you see in relation to agency performance evaluations? Please select a maximum of 3.

No matter what the evaluation feedback is, client is king and won't change



No debrief or lack of transparency

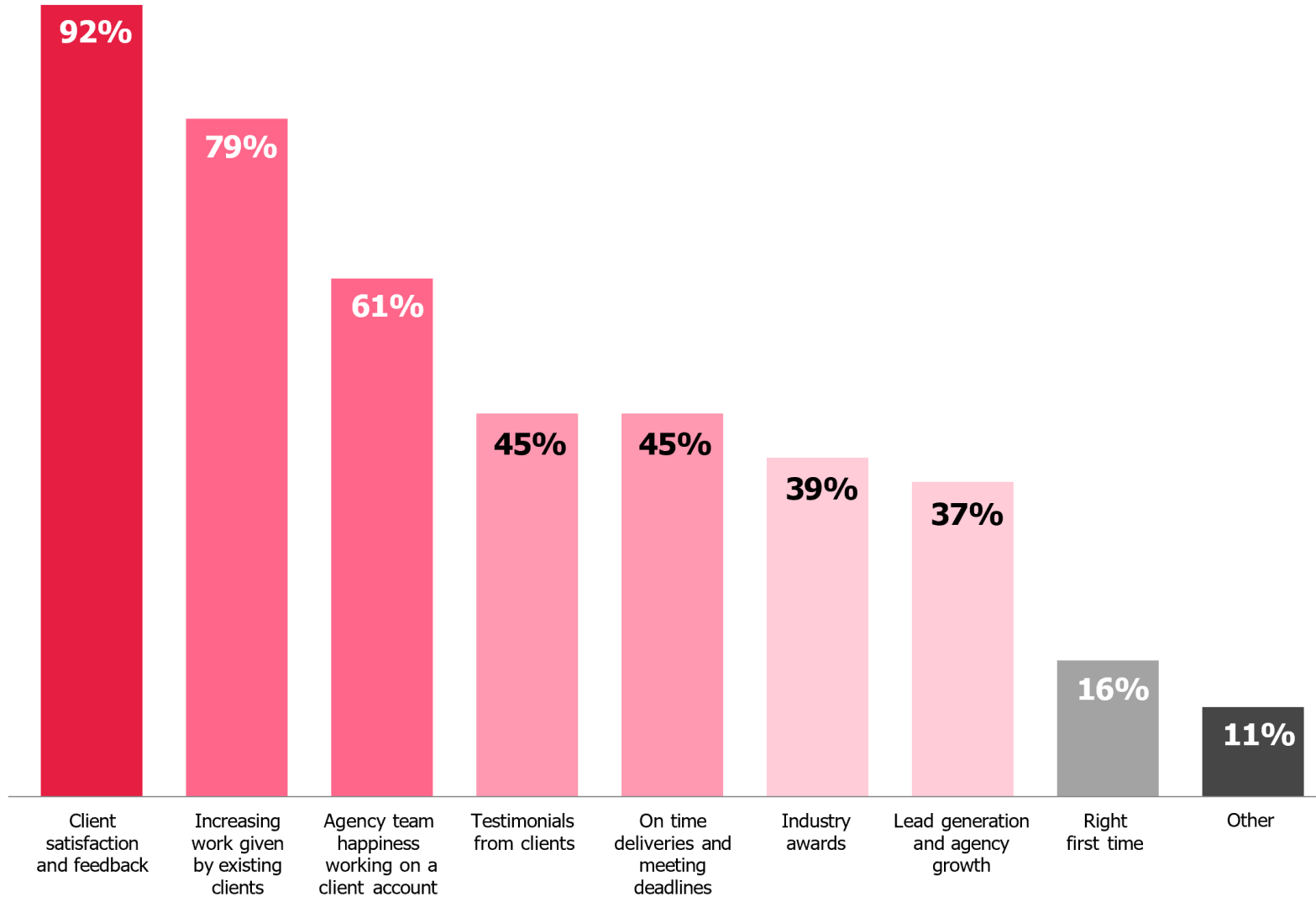


No action plan coming out of evaluation survey



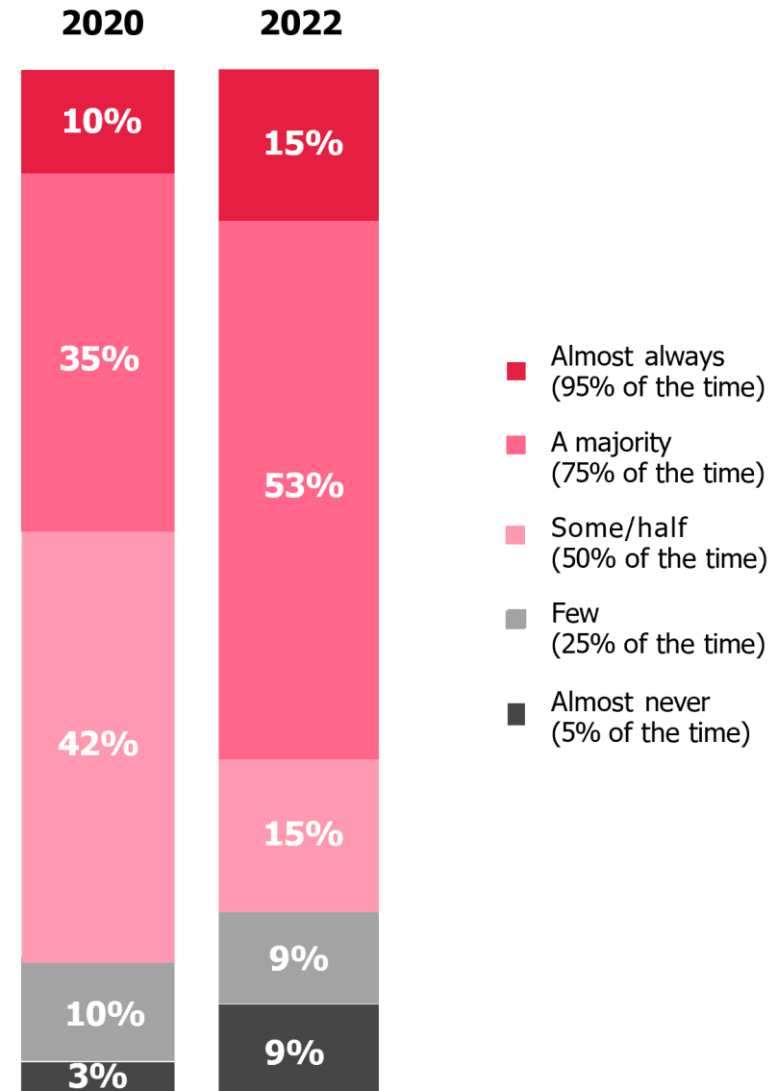
Client satisfaction and feedback are crucial to agencies; their #1 KPI to measure their own effectiveness

Q. (Agencies) What KPIs do you use to measure your own effectiveness?

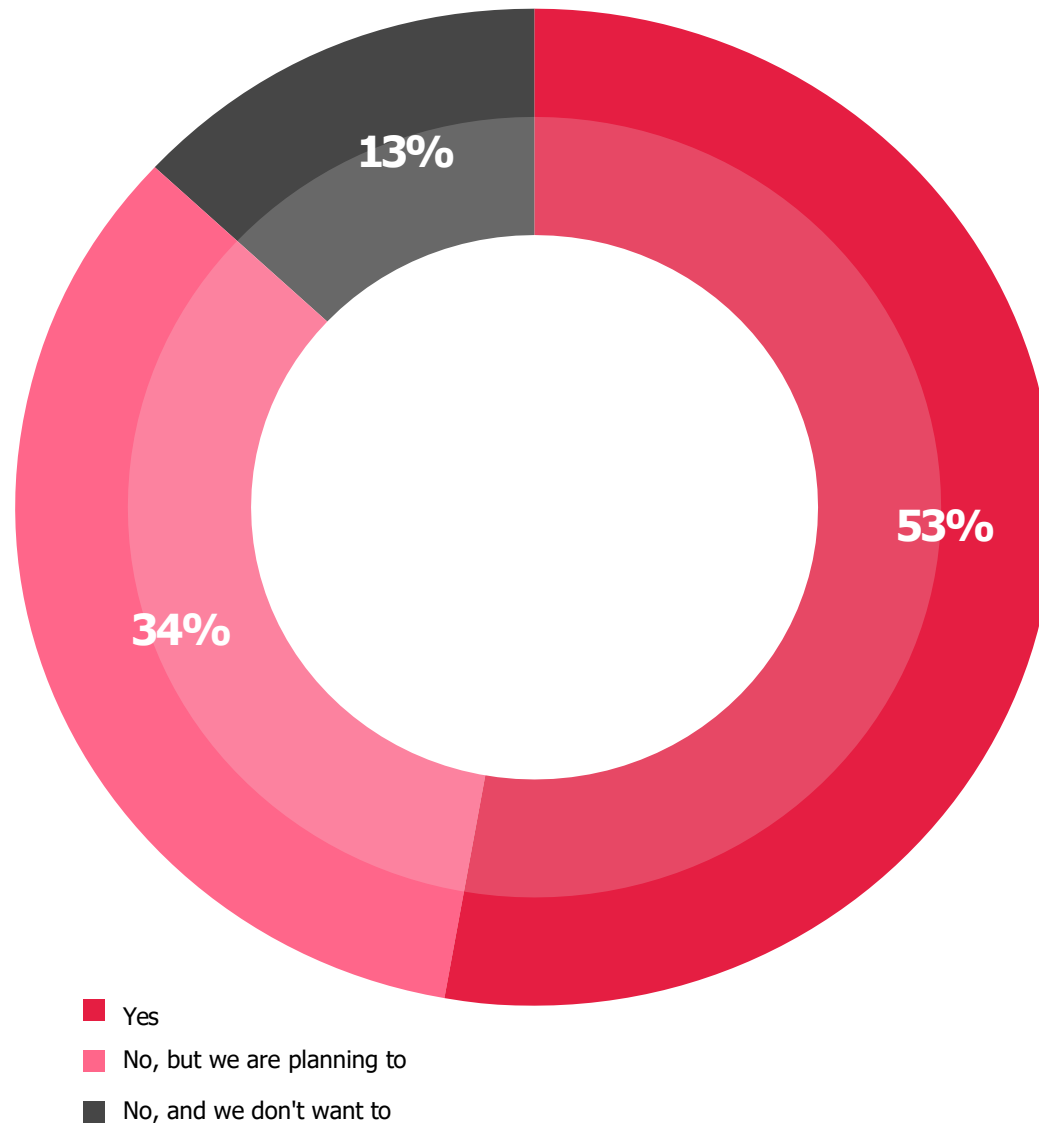


Agencies are more positive about their opportunity to PROVIDE feedback to their clients

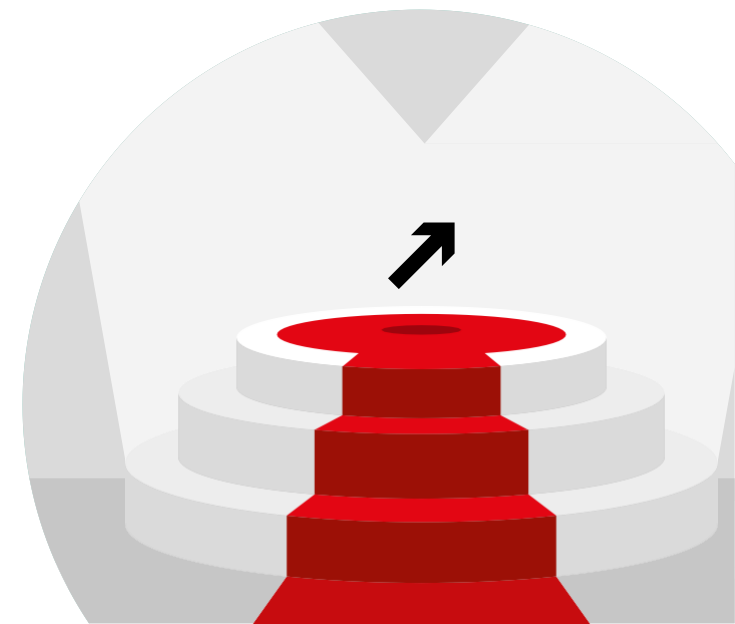
Q. (Agencies) Are you generally happy with the way you can provide qualitative feedback to multinational clients?



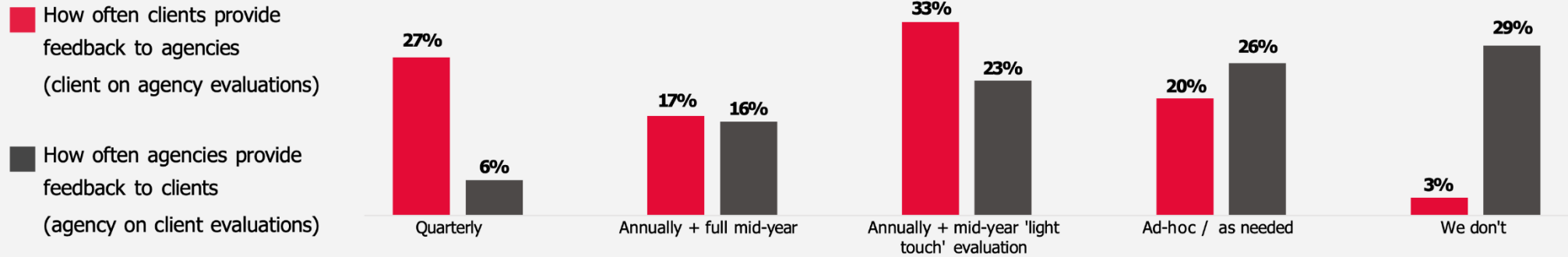
More than half of clients evaluate the level of collaboration among their agencies



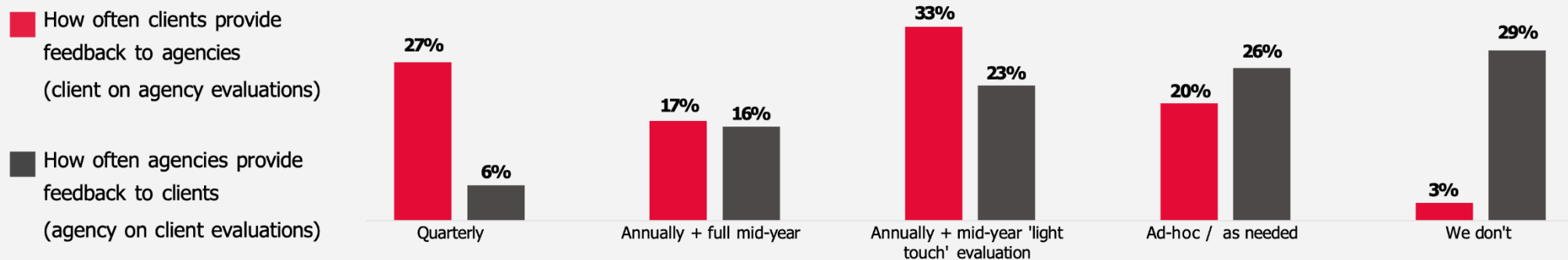
Growing challenges



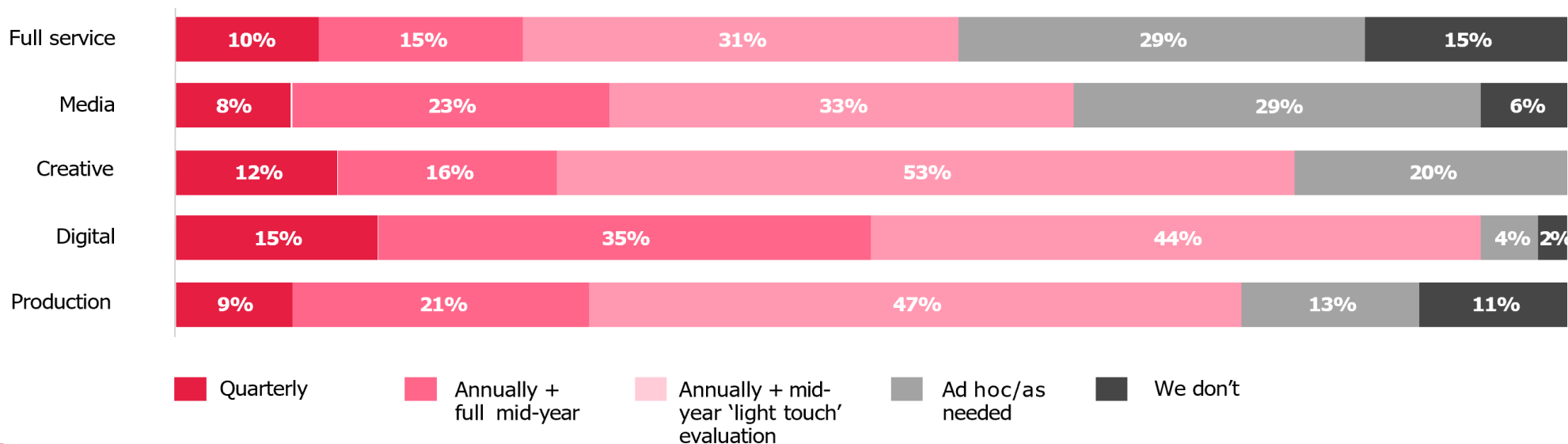
Overall, agencies are being evaluated more often than clients



Overall, agencies are being evaluated more often than clients

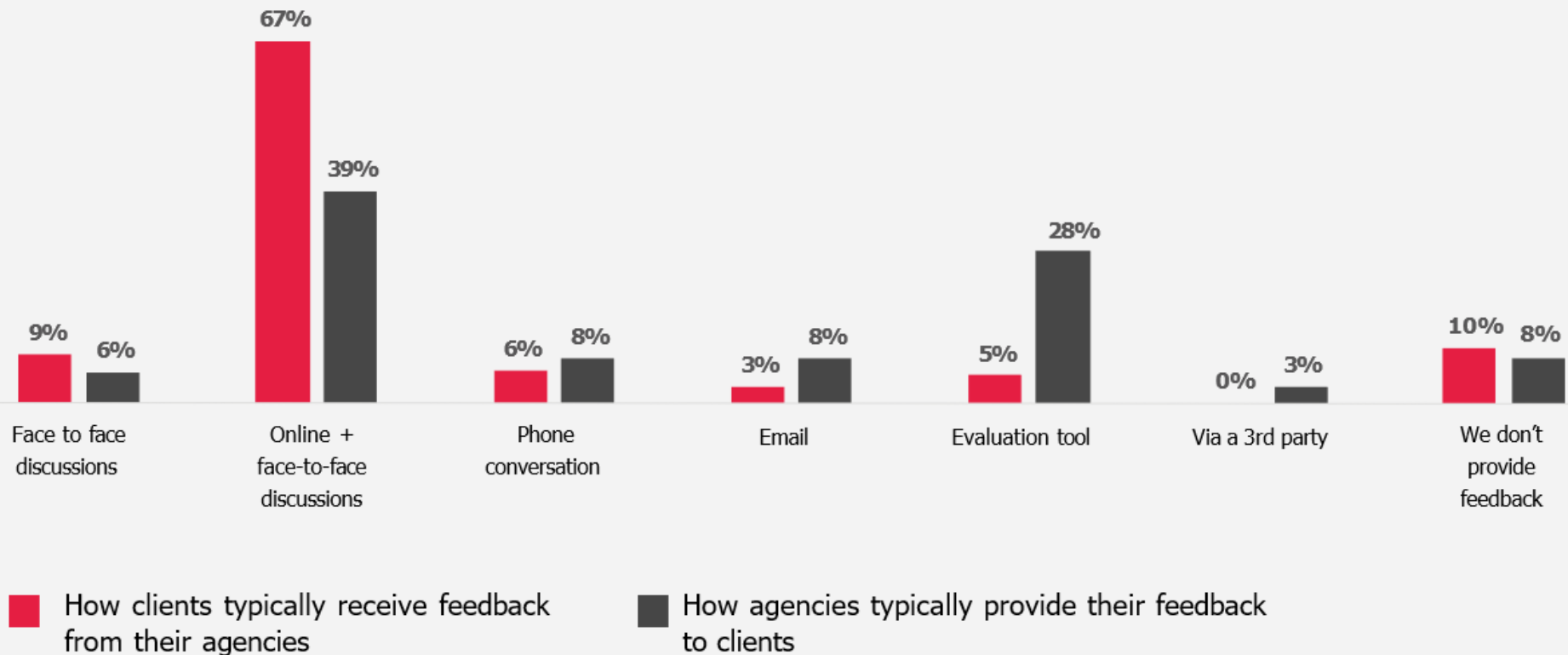


Q. (Clients) How frequently do you provide feedback to your agencies on their performance?

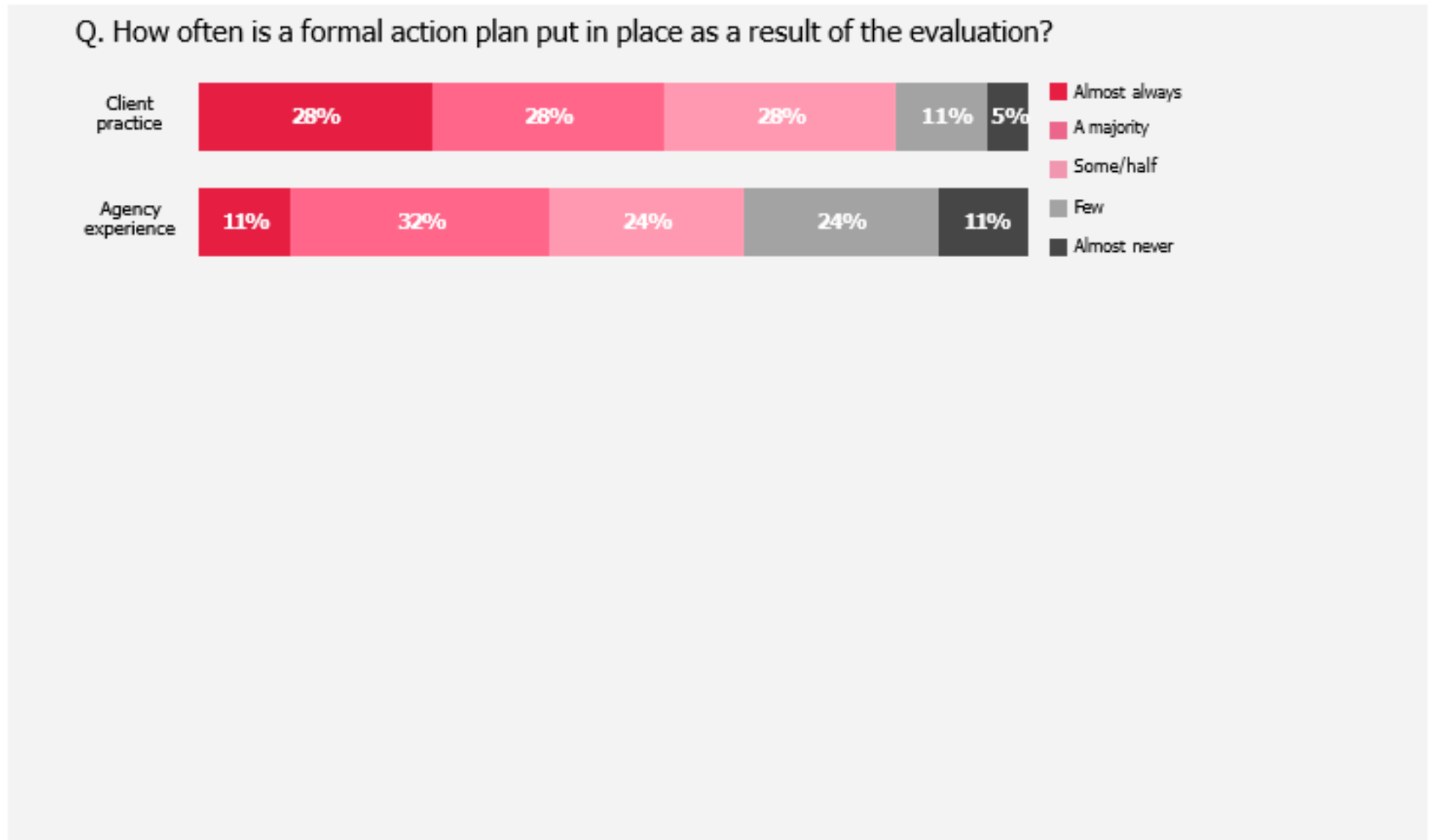


Clients perceive that they provide face-to-face feedback more often than agencies report

Q. How do agencies typically provide feedback to clients?

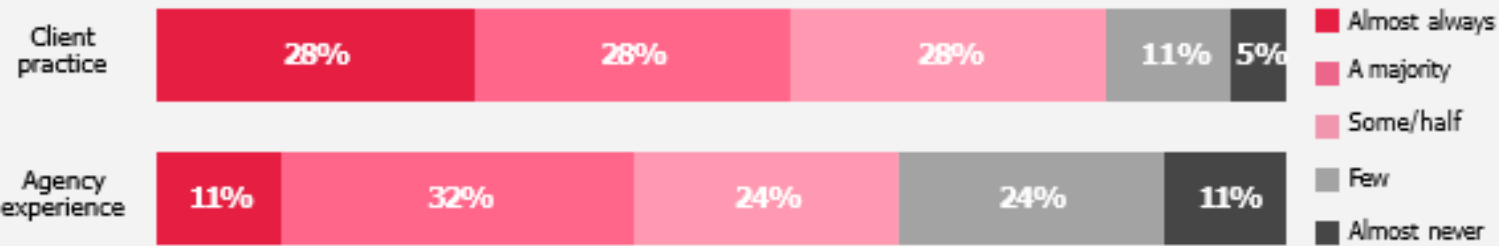


Action plans are happening...

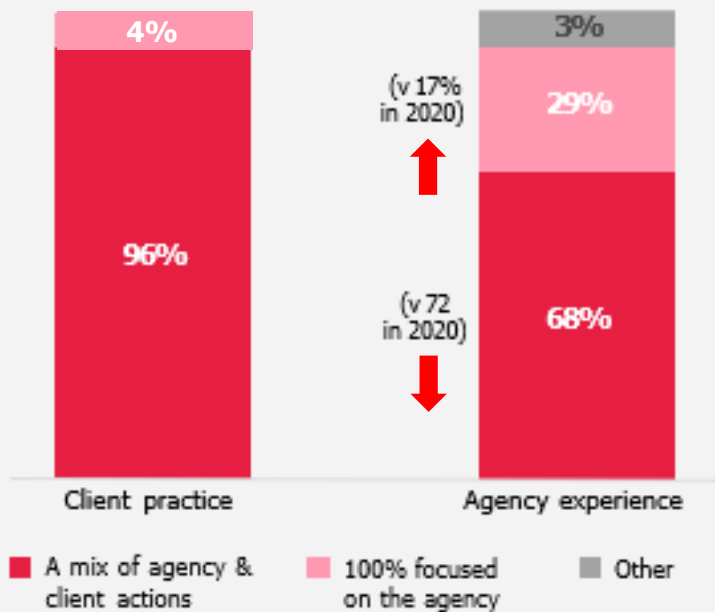


...but can be too heavily weighted toward agencies

Q. How often is a formal action plan put in place as a result of the evaluation?

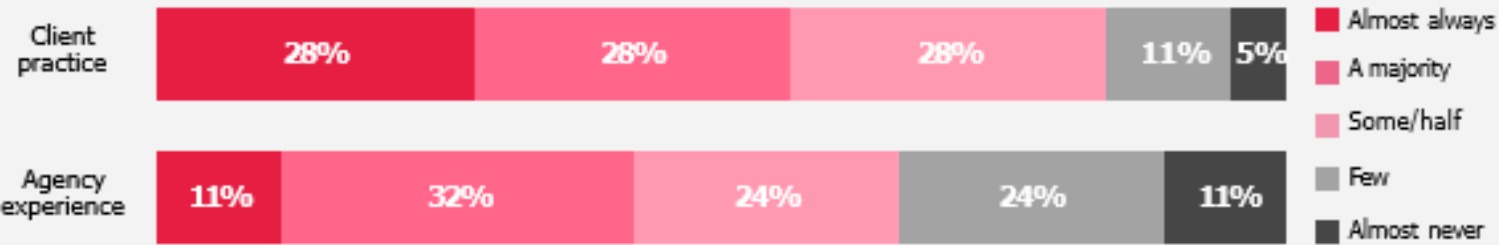


Q. If a plan is put in place – are the actions:

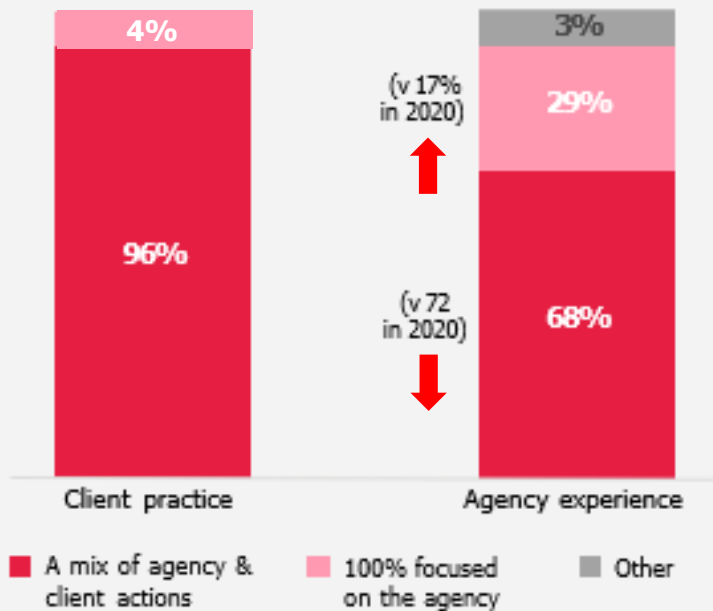


Agencies and clients reporting commitment to those action plans

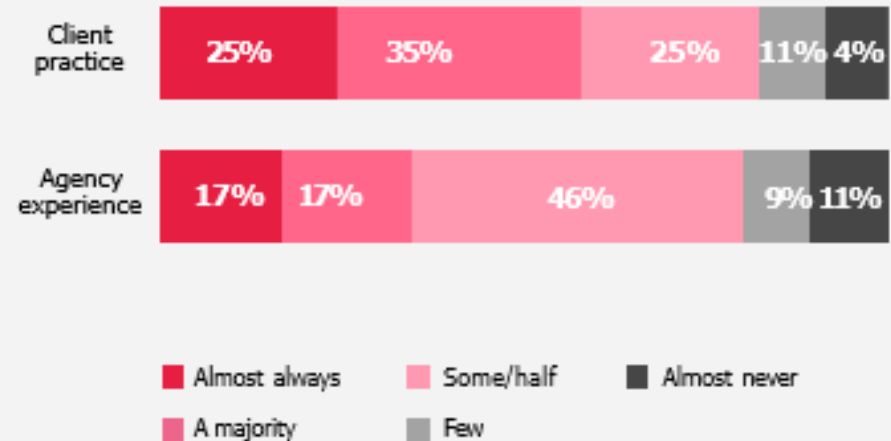
Q. How often is a formal action plan put in place as a result of the evaluation?



Q. If a plan is put in place – are the actions:



Q. If a formal action plan is in place – is it tracked?



Poor alignment on the client side is the number-one challenge reported by agencies...

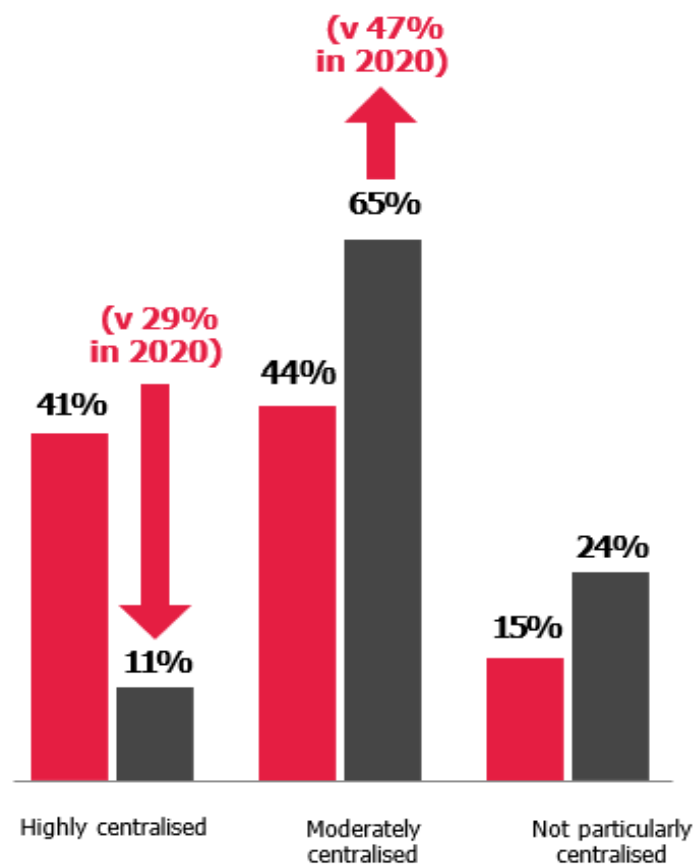
Q. What are the biggest challenges you see in relation to agency performance evaluations?



Conflicting needs/expectations
across siloed client organization

...and client decentralization is on the rise

Q. To what extent do clients have a centralised approach to performance evaluation?

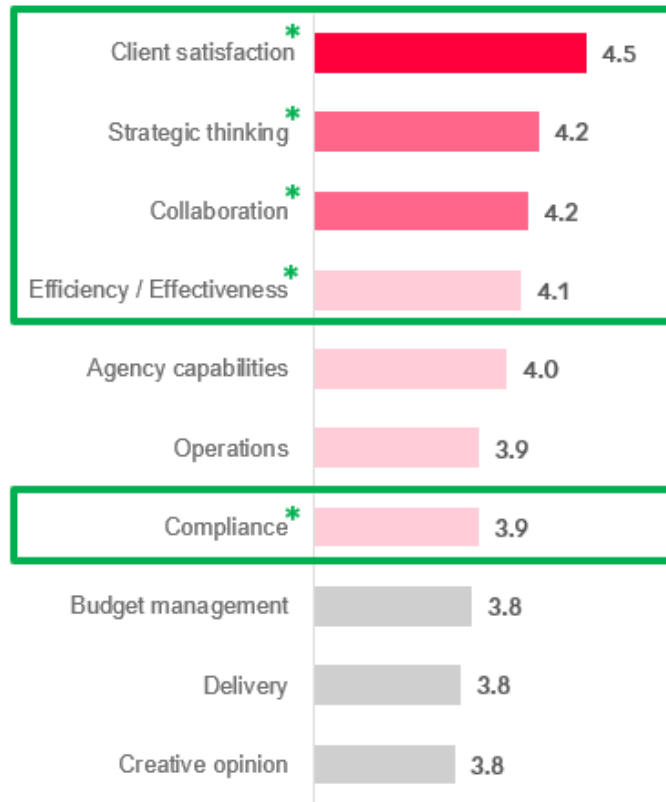


■ Client practice
■ Agency perception

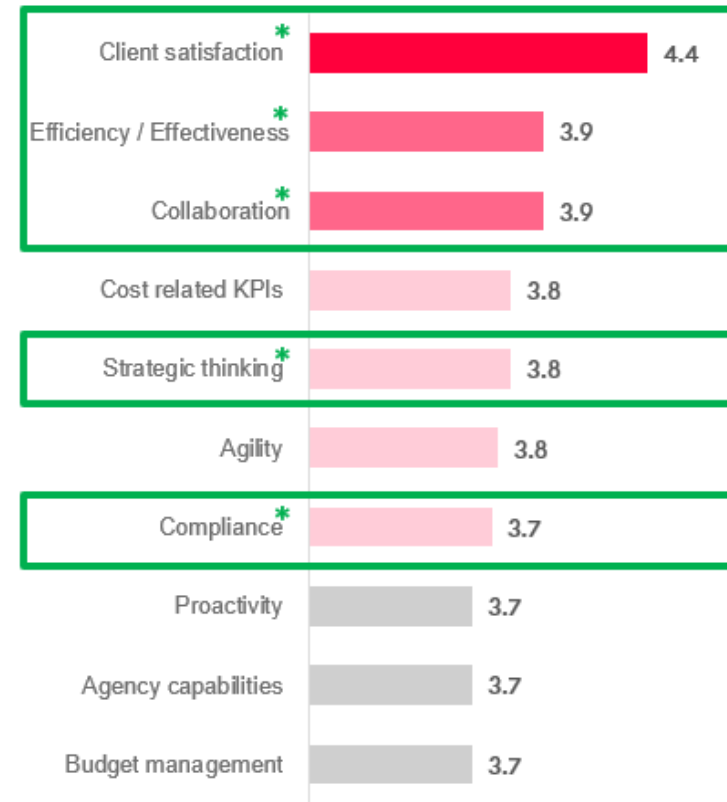
Although clients and agencies generally align on the KPIs being used...

Q. How often do clients use the following KPIs to assess their agency's performance?

Client practice



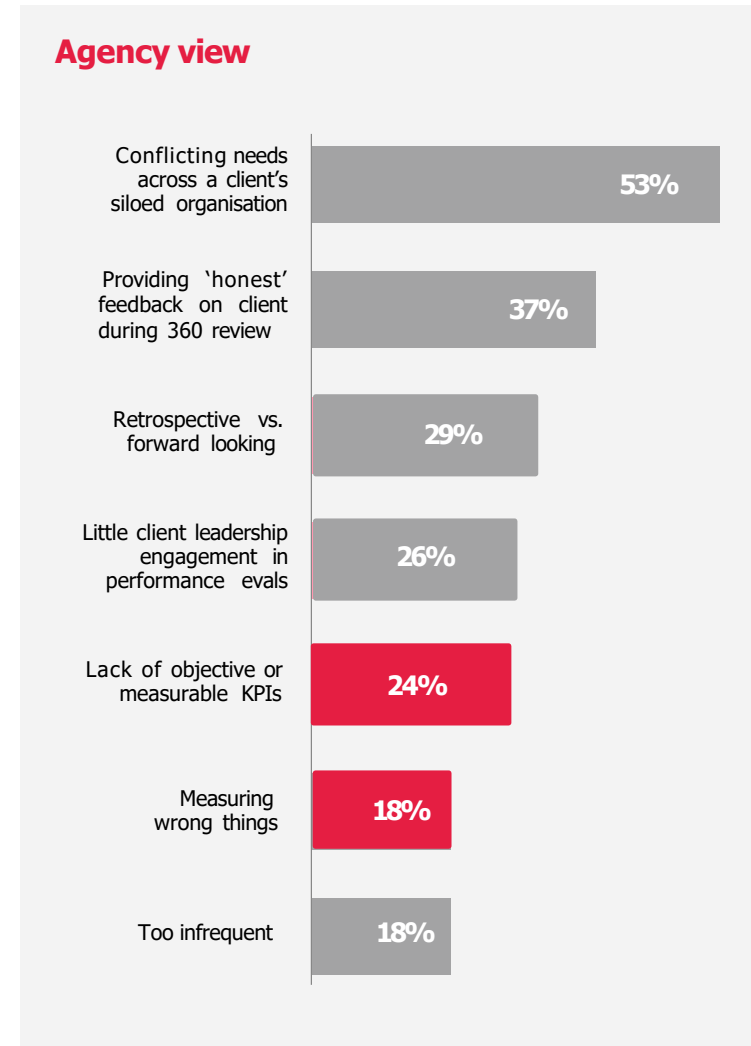
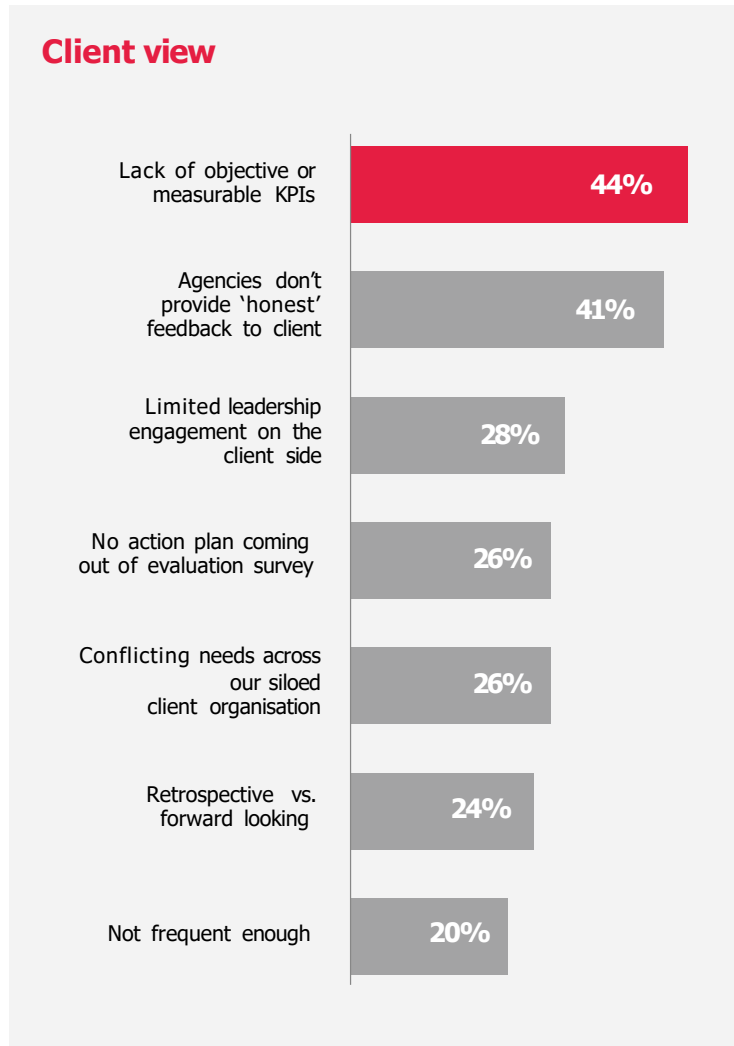
Agency experience



*Top 5 of KPIs valued the most by agencies in 2020

...neither side is satisfied with the state of those KPIs

Q. What are the biggest challenges you see in relation to agency performance evaluations?



Agency KPIs wish list

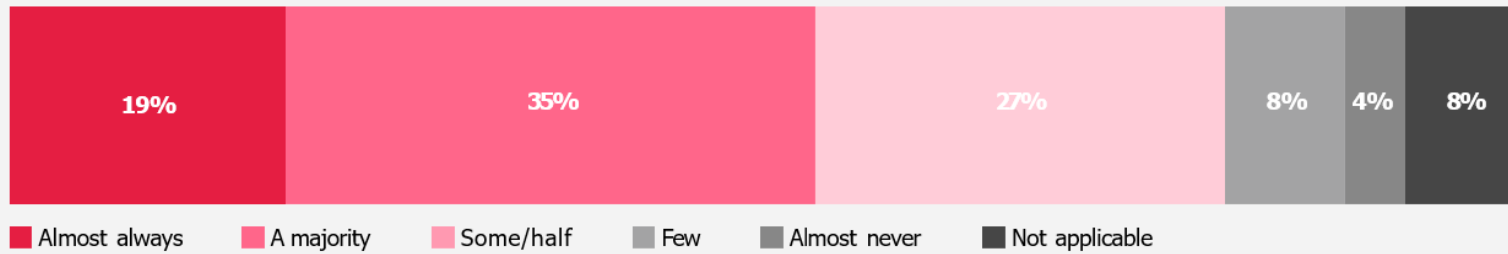
Q. (Agencies) What area of your performance do you feel is the least evaluated by clients and hope to see some change?

Mentioned **5 times or more**

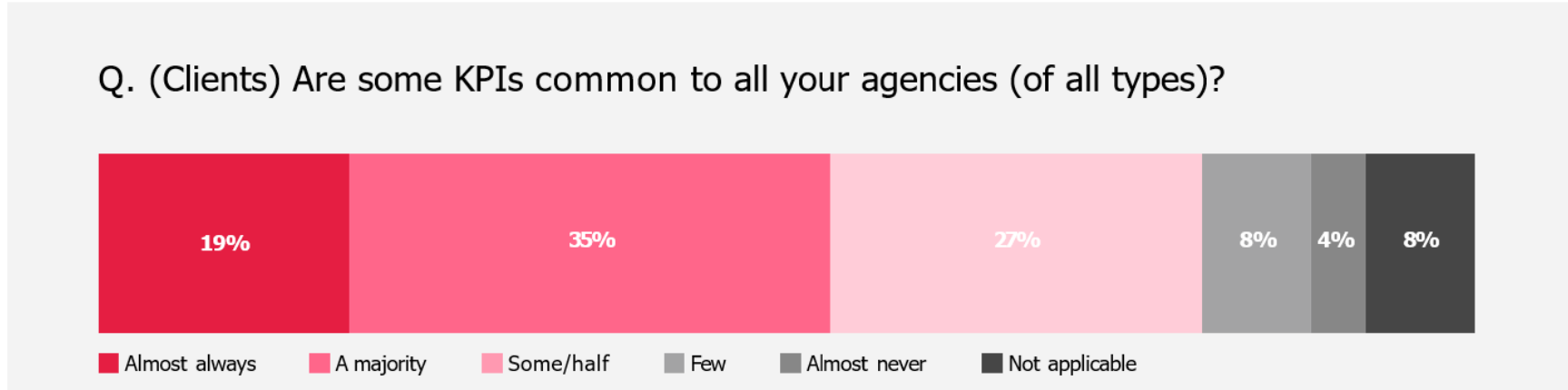
Sales growth & contribution to business strategy	Sales growth e.g. "the agency ability to positively improve clients' profit/return on their advertising investment"; "impact of agency teams on client business, as effort (time) and quality of (output) is often less valued than the process of getting there (project management, timing)"; "real impact on the client business."
Enjoyment of the relationships	Agency satisfaction e.g. "satisfaction of the agency team working on the client business"; "whether agency talent want to work on a client business."
Capabilities & knowledge	Agency capabilities e.g. "AOR understanding of category / brand relative to smaller, specialized agency competitors."
Effectiveness & proactivity	Effectiveness e.g. "amount of time spent managing client internal processes"; "resource utilization vs demand/delivery"; "overall delivery by the agency entity to the client stakeholders."

Some clients use common KPIs across agency types...

Q. (Clients) Are some KPIs common to all your agencies (of all types)?

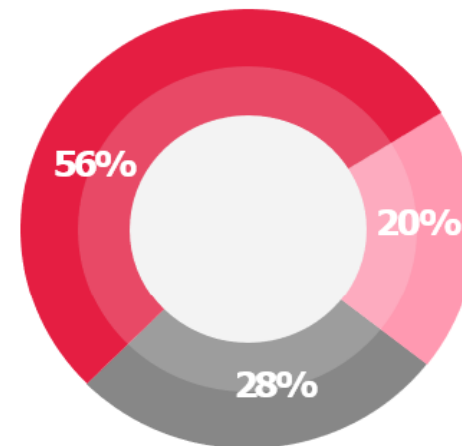


Some clients use some common KPIs across agency types...



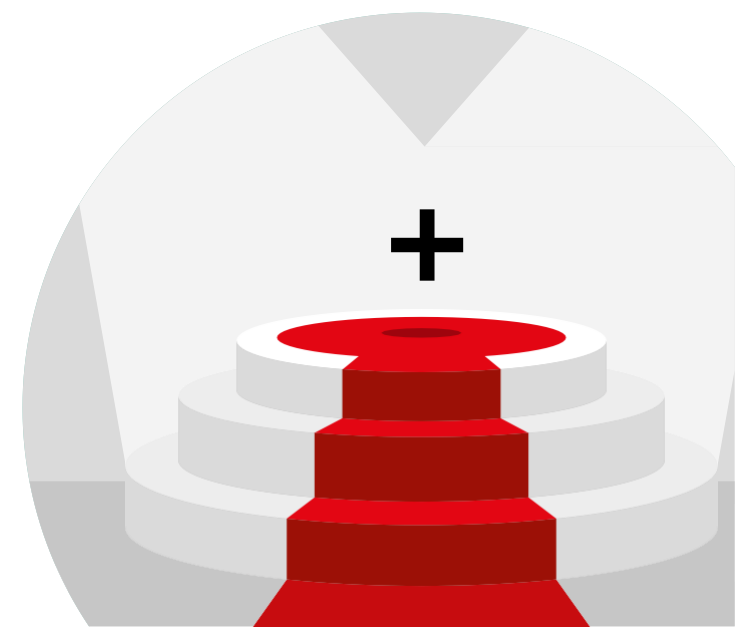
...but performance evaluations are being tailored by most clients

Q. (Clients) Does your performance evaluation process vary according to your agency classification or segmentation e.g. strategic vs less critical/multiple options?



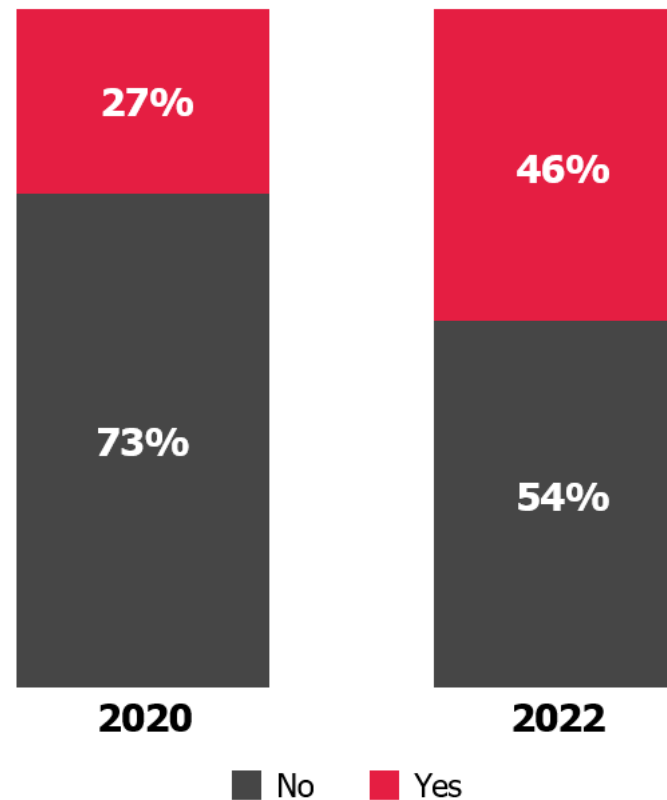
■ Yes
■ No, but we are planning to integrate some nuances
■ No, and we don't want to differentiate depending on their classification

Compensation



More agencies share the performance bonus with their staff working on the client account

Q. (Agencies) Does your agency share the bonus with your agency staff working on the business?



Agency evaluations can be a key factor in incentives...

Clients

Q. (Clients) How often do you link your agencies' compensation or remuneration to the results of the evaluation?

Full service



Media



Creative



Digital



Production



■ Almost always
 ■ A majority
 ■ Some/half
 ■ Few
 ■ Almost never

...and agencies generally support that

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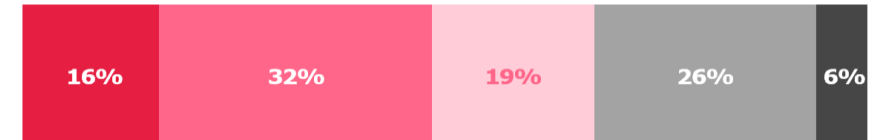
Production



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Agencies

Q. (Agencies) How often should your compensation/remuneration be linked to the results of the evaluation?



■ Almost always (95% of the time)
■ A majority (75% of the time)
■ Some/half (50% of the time)
■ Few (25% of the time)
■ Almost never (5% of the time)

Little alignment regarding the level of incentive compensation

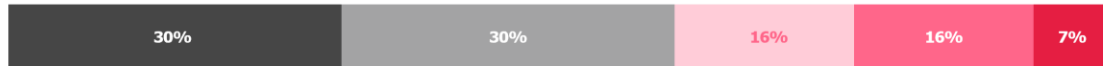
Clients

Q. (Clients) What % of your agencies overall remuneration is linked to their performance?

Full service



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Production



<5%
 5-10%
 11-15%
 16-20%
 >20%

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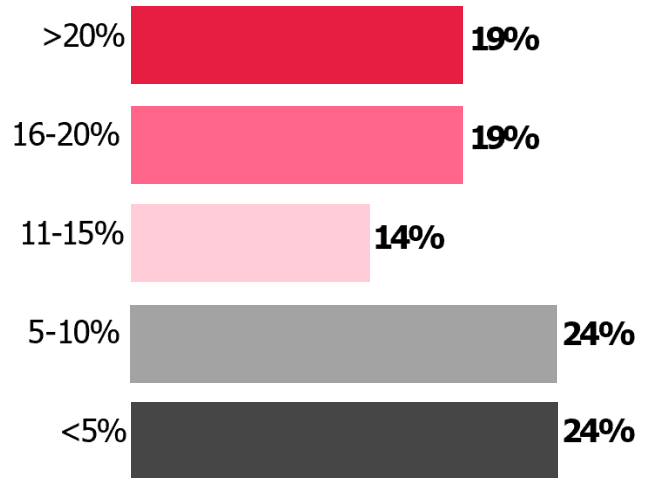
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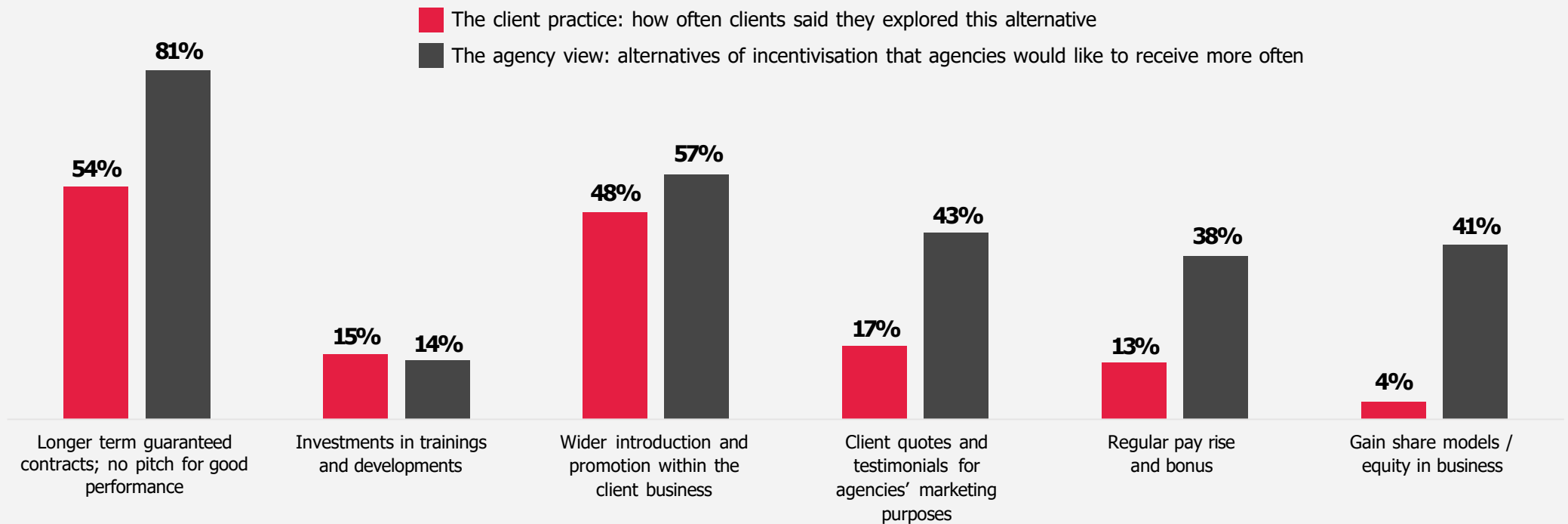
Agencies

What % of your overall remuneration should be linked to your performance?

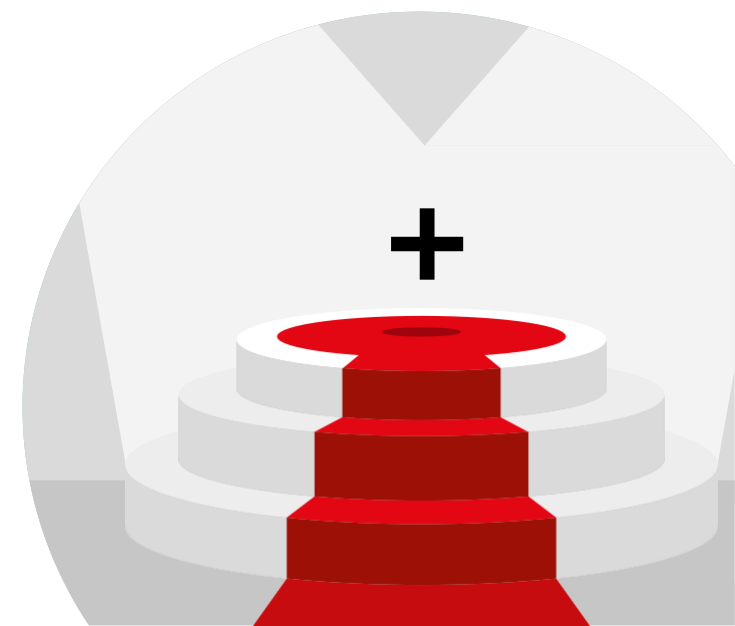


Wide range of opportunities available to reward agencies beyond financial incentives

Q. What type of incentivization or reward is offered to agencies - beyond the traditional KPI-based performance \$ bonus?



Recommendations



Recommendations

01

Client Internal Review

Understand how your internal practices impact agencies.

If your decentralized model works for you, communicate how you expect agencies to manage that and adapt your evaluation process to accommodate different expectations

Recommendations

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02

KPIs

Continued discussion between clients and agencies about opportunities to elevate their KPI effectiveness & accuracy

What are the quantitative measures most appropriate to the relationships?

1. Brand health scores
2. Lead generation
3. Trials
4. Foot traffic
5. Online sales
6. Measurable efficiency within the process, e.g. reduced rounds of revisions, speed to market

How are they balanced with qualitative business drivers?

1. Strategic impact on the marketing/business plan
2. Working relationship
3. Breakthrough work
4. Ability to deliver against a brief
5. Play well with other agencies

Recommendations

01

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03

Action planning

Commit to a process for deriving value from the surveys

Ensure feedback meetings happen

Don't just share data but co-develop a plan to address pain points

Ensure that plan equally addresses shortfalls on the client and agency sides

Identify individuals responsible for following through and hold them accountable

Recommendations

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04

Agency involvement

Embrace the evaluation process

Where possible inform your partners what measures are meaningful to you and work towards the measures meaningful to your clients

Give honest, constructive feedback. Identify what gets in the way of doing your work and problem solve around it



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Find out more at: www.decideware.com

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The World Federation of Advertisers (WFA) is the voice of marketers worldwide, representing 90% of global marketing communications spend – roughly US\$900 billion per annum through a unique, global network of the world's biggest markets and biggest marketers. WFA champions responsible and effective marketing communications worldwide.

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Contact: l.forcetti@wfanet.org

KING & SPALDING

**Note: All WFA benchmarks, survey results, agendas and minutes are reviewed by King & Spalding, our competition lawyers.
WFA Competition law compliance policy:**

The purpose of the WFA is to represent the interests of advertisers and to act as a forum for legitimate contacts between members of the advertising industry. It is obviously the policy of the WFA that it will not be used by any company to further any anti-competitive or collusive conduct, or to engage in other activities that could violate any antitrust or competition law, regulation, rule or directives of any country or otherwise impair full and fair competition. The WFA carries out regular checks to make sure that this policy is being strictly adhered to. As a condition of membership, members of the WFA acknowledge that their membership of the WFA is subject to the competition law rules and they agree to comply fully with those laws. Members agree that they will not use the WFA, directly or indirectly, (a) to reach or attempt to reach agreements or understandings with one or more of their competitors, (b) to obtain or attempt to obtain, or exchange or attempt to exchange, confidential or proprietary information regarding any other company other than in the context of a bona fide business or (c) to further any anti-competitive or collusive conduct, or to engage in other activities that could violate any antitrust or competition law, regulation, rule or directives of any country or otherwise impair full and fair competition.

WFA

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