



ENHANCING TRUST BETWEEN MARKETERS AND AGENCIES

MARCH 2019

BACKGROUND AND METHODOLOGY

There has been much recent discussion and debate about the level of trust in the advertising industry today. To determine exactly where things stand, the ANA fielded a survey asking five simple questions:

1. How would you characterize the current level of trust between client-side marketers and advertising agencies? (a 7-point scale was provided)
2. Why did you answer that way? (open-ended)
3. In your opinion, what can be done to enhance trust between client-side marketers and advertising agencies? (open-ended)
4. Versus two to three years ago, has trust between client-side marketers and advertising agencies improved, stayed about the same, or declined?
5. Why did you answer that way? (open-ended)

The survey was fielded in January 2019 to ANA client-side marketer members in two waves. In the first wave, questions 1 to 3 above were asked, and there were 306 respondents. Based on that learning, a second wave was fielded (to the original 306 respondents), which garnered 119 respondents.

EXECUTIVE SUMMARY

Less than 30 percent of respondents feel that the current level of trust between client-side marketers and advertising agencies is high, and that is a concern.

- 28.7 percent identified trust as being “high”
- 54.6 percent identified trust as being “moderate”
- 16.7 percent identified trust as being “low”

Across all respondents — those characterizing the current level of trust between client-side marketers as being high, moderate, or low — transparency was a common denominator. In other words, enhanced transparency contributes to high trust. Transparency concerns contribute to moderate and low trust.

Clients taking in-house work that was traditionally handled by an external agency was noted as a secondary reason for the current level of trust between client-side marketers being either moderate or low.

Versus two to three years ago, the majority of respondents (59 percent) feel that trust between client-side marketing and advertising agencies has stayed about the same. More alarmingly, more than twice as many respondents (28 percent) feel trust has declined versus those (13 percent) who feel trust has improved.

Across all respondents — those who feel that trust has improved, stayed about the same, or declined — transparency was once again is a common denominator.

To help chart a more positive and productive course moving forward, respondents provided perspective on ways to enhance trust between client-side marketers and advertising agencies. Key themes were:

- Better communication
- Alignment
- Enhanced transparency
- Agencies understanding the business
- Fair compensation
- Marketers need to invest time/resources

CONCLUSIONS AND NEXT STEPS

Trust between client-side marketers and advertising agencies is a major issue. The fact that more than twice as many respondents feel trust has declined compared to those who feel trust has improved over the past two to three years indicates that the industry simply has not done enough to properly address transparency concerns. (In June 2016, an ANA-commissioned report from K2 Intelligence was released, [“An Independent Study of Media Transparency in the U.S. Advertising Industry.”](#))

To address trust issues, the ANA is launching **the ANA Trust Consortium**. The goal of the Trust Consortium is to restore trust between marketers and the digital supply chain.

The ANA Trust Consortium is an alliance that will be a voice for brands on transparency, measurement, auditing, digital fraud, and brand safety. ANA general counsel Reed Smith will assume a leadership role in the Trust Consortium’s overall operations.

Trust and transparency issues have surfaced increasingly over the past several years and currently affect almost every aspect of the marketing ecosystem. The Trust Consortium’s purview will include monitoring trust and transparency in areas including traditional and non-traditional media, digital, programmatic media, out-of-home, experiential events, and measurement.

As part of its brief, the Trust Consortium will create white papers on best practices and key issues, FAQs, templates, and industry standards for marketers, agencies, and suppliers.

The more transparency brands have, the better they can manage their marketing investments and reach consumers. A transparent marketplace best assures that brands control decisions on how they spend billions of dollars.

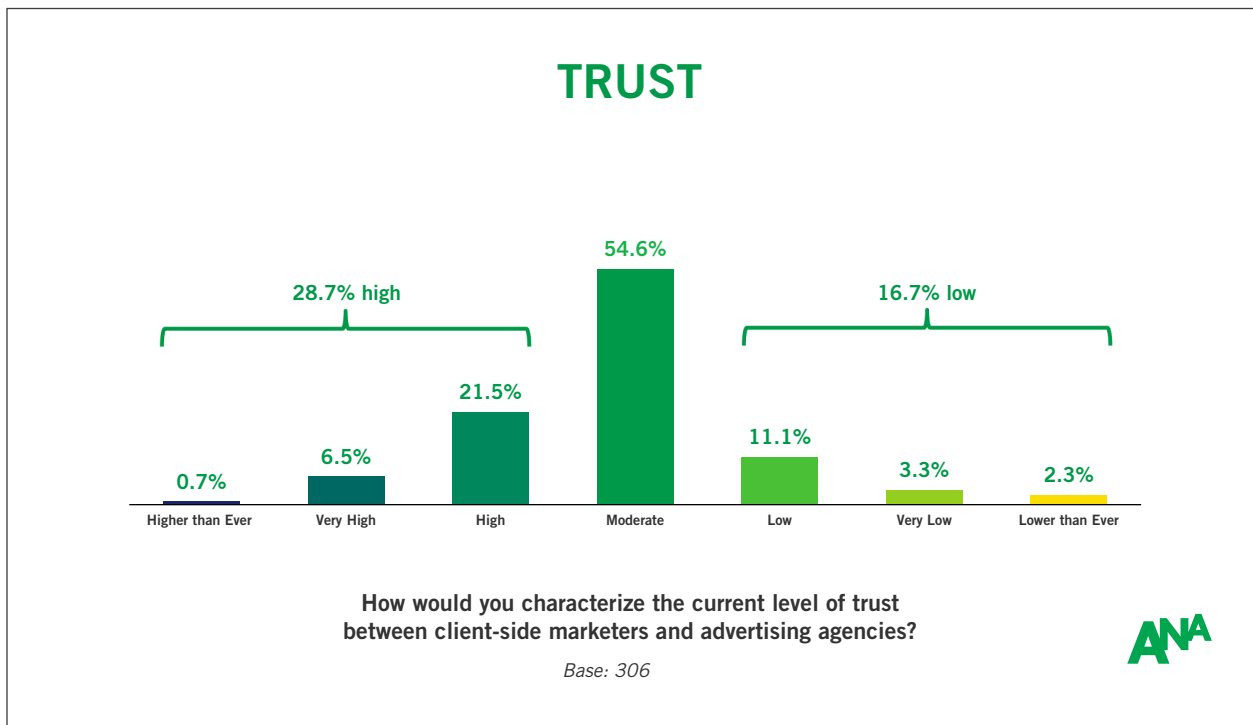
“TRUST IS EARNED.”

— *Respondent from a global beverage company*

DETAILED FINDINGS

CURRENT LEVEL OF TRUST

The majority of ANA client-side marketer members (54.6 percent) identified trust as being “moderate.” Meanwhile, 28.7 percent identified trust as being high and 16.7 percent low. The fact that less than 30 percent of respondents feel that the current level of trust between client-side marketers and advertising agencies is high is a concern.



Across all respondents — those characterizing the current level of trust between client-side marketers as being high, moderate, or low — transparency was a common denominator.

For those answering that the current level of trust between client-side marketers and advertising agencies is **high or very high**, representative responses about transparency were:

- “We have worked hard at driving a collaborative and transparent relationship with our agency partners.”
- “We have a completely transparent relationship, governed by the MSA.”
- “Have selected agency partners that are very transparent.”
- “There has been a lot more transparency granted to the clients by the agencies.”

DETAILED FINDINGS

CURRENT LEVEL OF TRUST

For those answering that the current level of trust between client-side marketers and advertising agencies is **moderate**, representative responses about transparency were:

- “There’s an opportunity to build trust, but it’s in direct relation to the level of transparency the agency is willing to provide.”
- “A lot of the recent news regarding transparency has forced us to adopt a ‘trust but validate’ mentality.”
- “I feel like it has improved or there seems to be less scrutiny in the past year, likely because advertisers have made it known that they won’t accept less transparency.”
- “Transparency concerns continue to drive a wedge in further building trust between the parties.”

For those answering that the current level of trust between client-side marketers and advertising agencies is **low or very low**, representative responses about transparency were:

- “Lack of transparency in (media/programmatic) pricing, undisclosed buying models.”
- “Hidden costs are increasing and agencies continue to look for ways to increase their profit margin at the expense of the client/agency relationship.”
- “Transparency from agencies is being given lip service, but is not being executed on well.”
- “The dynamics of what the holding companies own and how they make money (transparent or not) has changed significantly and to an extent that marketers don’t/can’t trust what’s being sold to them is in the marketer’s best interest.”

DETAILED FINDINGS

CURRENT LEVEL OF TRUST

Clients taking in-house work that was traditionally handled by an external agency was also noted numerous times in the open-ended responses as a reason the current level of trust between client-side marketers is either moderate or low. Representative responses:

- “As in-house grows, it cuts into agency business. Naturally, there may be some issues.”
- “The trend of clients moving work in-house is representative of a lack of trust, in part on the media buying side.”
- “Also think the trend of clients moving work in-house is representative of a lack of trust, in part.”

Other factors per the verbatims affecting the current level of trust between client-side marketers and advertising agencies:

- Longevity of Relationship
 - “Long-term relationship has fostered that trust.”
 - “My team and my internal stakeholders have long-lasting and open/honest relationships with our agency partners.”
- Agencies that Know the Business
 - “Agencies are considered partners in our business, and the few who have invested time to know our business are trusted partners in our success.”
 - “When you work with agencies that know your business and are incentivized to help your business succeed, there is trust that both sides are working toward the same goals.”

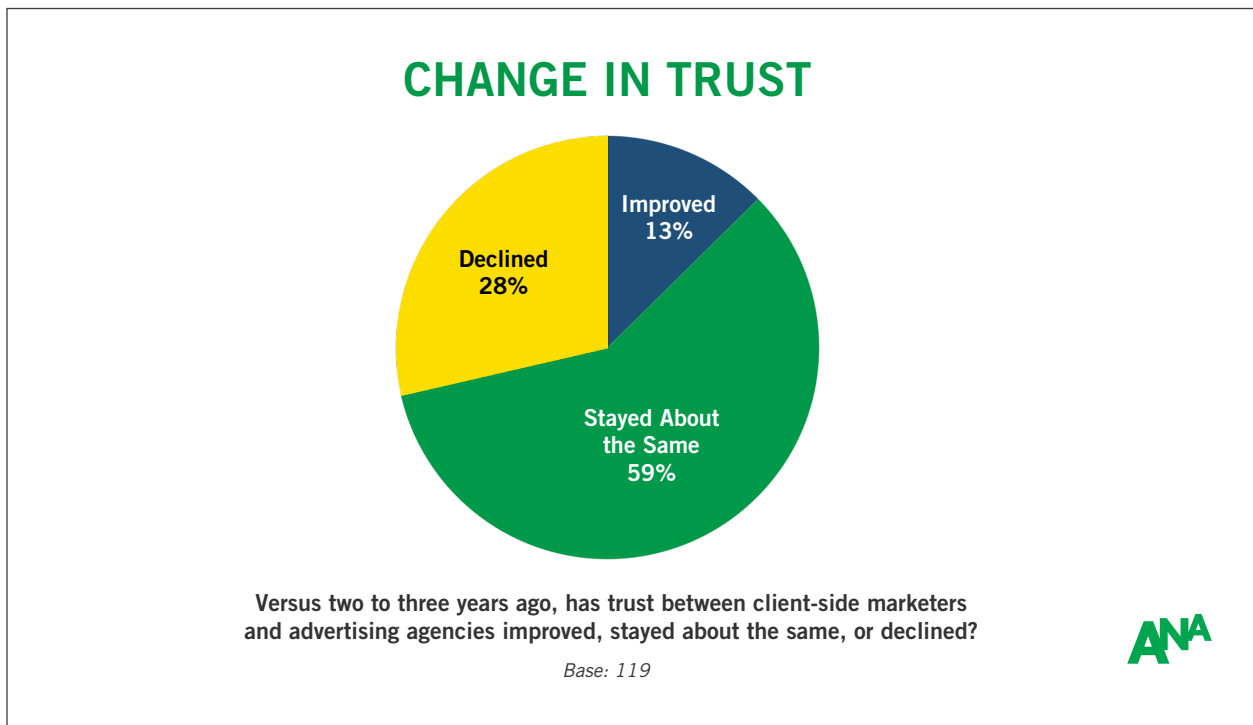
It should be noted that trust issues with agencies are generally focused on media rather than creative agencies. Specific verbatim comments on that included:

- “Generally, I think the trust is greater with creative agencies and less so with media and data agencies.”
- “While certain agency services such as creative may foster a better relationship, other services such as media may not.”
- “I think the trust for creative ideation and execution is high, but trust on the media strategy/buying is low.”

DETAILED FINDINGS

CHANGE IN TRUST VERSUS “TWO TO THREE YEARS AGO”

Versus two to three years ago, the majority of respondents (59 percent) feel that trust between client-side marketing and advertising agencies has stayed about the same. More alarmingly, more than twice as many respondents (28 percent) feel trust has declined versus those (13 percent) who feel that trust has improved.



Across all respondents — those who feel that trust has either improved, stayed about the same, or declined — transparency was once again a common denominator.

Why Trust Has Improved

- “Increased transparency.”
- “Some of the transparency questions have been answered.”
- “Issues of transparency have been itemized and clarified.”
- “The industry focus on transparency has helped shape expectations and spur conversations that have rebuilt trust.”

DETAILED FINDINGS

CHANGE IN TRUST VERSUS “TWO TO THREE YEARS AGO”

Why Trust Has Stayed About the Same

- “Agencies are improving their transparency, but this will take time. Trust is earned.”
- “Have not seen a fundamental effort to restructure the advertising agency landscape in a way that will be more transparent and avoid conflict of interest.”
- There is still a level of ‘trust but verify’ that in my view will always be necessary. Even in the best client/agency relationship, each has their own business objectives to answer to, and this creates an environment that requires the client to validate regardless of how good things may be.”
- “There are agencies that engender a lot of trust. And there are agencies that continue to resist greater transparency. Transparency is no longer an optional aspect to the relationship — it is imperative.”

Why Trust Has Declined

- “Agencies pushing back on requests for increased transparency.”
- “Still a lack of transparency on the part of agencies.”
- “Transparency in media.”

DETAILED FINDINGS

ENHANCING TRUST

Finally — and to help chart a more positive and productive course moving forward — respondents provided perspective on ways to enhance trust between client-side marketers and advertising agencies. Key themes:

- Better Communication
- Alignment
- Enhanced Transparency
- Agencies Understanding the Business
- Fair Compensation
- Marketers Need to Invest Time/Resources

Details follow via representative verbatim comments.

- Better Communication
 - “Continued open communication as it relates to the business of the partnership and the agency landscape.”
 - “Open, frank, regular communication.”
 - “More in-person meetings and open communication.”
- Alignment
 - “Outlining expectations and putting the proper controls in place to ensure alignment.”
 - “Uniform and consistent metrics/KPIs and shared goals. If everyone is working off the same scorecard to assess value, trust cannot but increase.”
 - “Better alignment from the start of the relationship on how agencies (and clients) will be evaluated, and what success looks like. Easy to say, sometimes hard to execute!”
- Enhanced Transparency
 - “Agencies should be more forthcoming with how they are evaluating the profit for the client’s account and what they need to achieve success.”
 - “Work toward total transparency. As long as advertisers believe/prove agencies are finding contractual ‘workarounds’ to increase revenue at the client’s expense, trust is compromised.”
 - “It’s all about transparency — of goals, processes, and finances. When it’s an open book, there’s an opportunity to ensure everyone is using the right resources in pursuit of the right goals.”

DETAILED FINDINGS

ENHANCING TRUST

- Agencies Understanding the Business
 - “Agencies must invest the time to understand our business model, strategic vision, and internal environment. When they do this, they are rewarded with return business and considered partners, not just vendors.”
 - “Agencies need to take more time to really understand the brand and its identity. They should act as an extension of a brand.”
 - “Agency partners should spend more time becoming experts in our business.”
- Fair Compensation
 - “Fairness. No advertiser expects their agencies to work for free. But neither can advertisers expect agencies to take on additional responsibilities without compensation.”
 - “Aligned incentives and ensuring that there is upside for agencies that drive performance.”
 - “It requires real trust and a fee structure that says, ‘if I do well, you will do well too.’ Have to share the upside and the downside.”
- Marketers Need to Invest Time/Resources
 - “Client side needs to be as involved as possible — hands-on! The relationship and time spent together is essential.”
 - “Accountability on client side for proper briefing and realistic timing to enable agency to be a success.”
 - “Clients can do a better job of providing as much information on the business as possible so agency teams understand the business as much as possible. Clients, share your best, most timely data — synthesized!”
- Other Comments of Note
 - “There needs to be a long-term relationship view. Treating the client/agency relationship as just a vendor that will undergo review every three years spurs a transactional mindset, and clients trying to squeeze all profits from agencies creates an environment in which agencies exploit other means of revenue generation.”
 - “Clients need to be willing to be uncomfortable and take more risks and invest in the true growth opportunities and not the status quo.”
 - “Greater appreciation from the client for the agency’s creative development process and their need to push boundaries — break from the sea of sameness.”
 - “Trust originates with the highest-level people on both sides. If they act in a way that shows trust (not judging one another), others will follow their lead.”



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