

CallRail

The 2023 outlook for digital marketing agencies

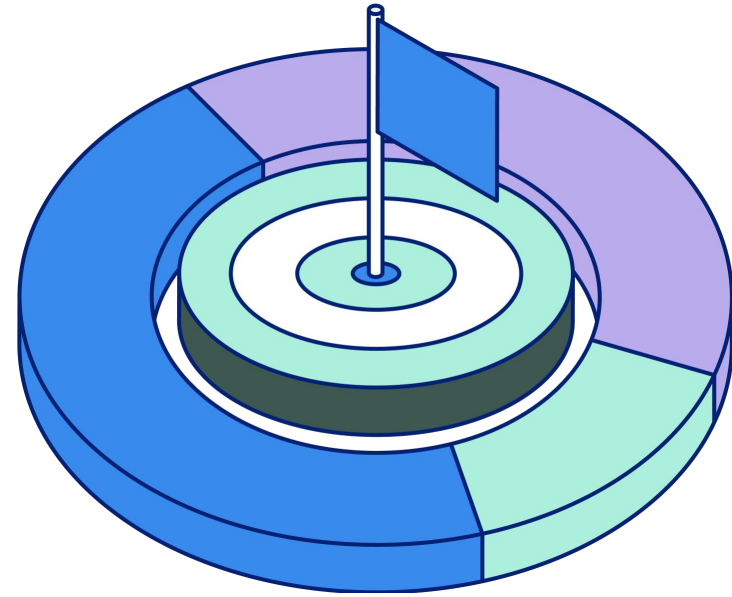


2023

There have been many changes for marketing agencies over the past few years, including adapting to pandemic conditions, economic stressors, and shifting technology trends. Yet, despite those troubles and the current economic uncertainty, agencies have had a strong 2022 and are looking to 2023 with optimism.

They've set ambitious goals for the new year — including 43% revenue growth on average. However, to maintain this optimism and meet the goals they've set for themselves, agencies will need to keep up with new marketing trends and evolving channels while tackling challenges like client acquisition and retention, continued economic uncertainty, and proving ROI to their clients.

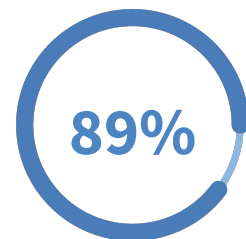
This report, which **surveyed more than 600 agency employees**, dives into the specifics of agency concerns, practices, goals, and more. Agencies can use this guide to gain insights into what peers are doing and identify opportunities to keep a competitive edge.



Key takeaways from the study

1 Agencies experienced growth and met many of their goals in 2022. And they expect 2023 to be even better.

In 2022



of agencies met or exceeded their revenue goals with an average revenue growth of 33%

For 2023



are confident about the outlook for their agency with 82% expecting an average revenue growth of 43%

2 The agencies with unmet goals attributed them mainly to the economic downturn. However, several factors contributed:



88%
Economic downturn

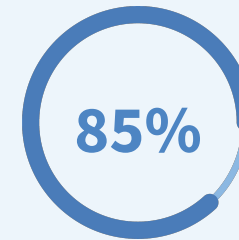
60%
High client turnover

50%
Inability to prove ROI

3 Proving ROI remains a top requirement for success and growth.

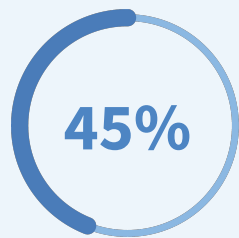


of agencies agree reporting is essential to their client services



of agencies believe proving ROI to clients will be the key to growth in 2023

4 The right tools are essential to agencies' survival.



45% agree their tools/technology is one of the top 3 reasons clients chose to work with their agency



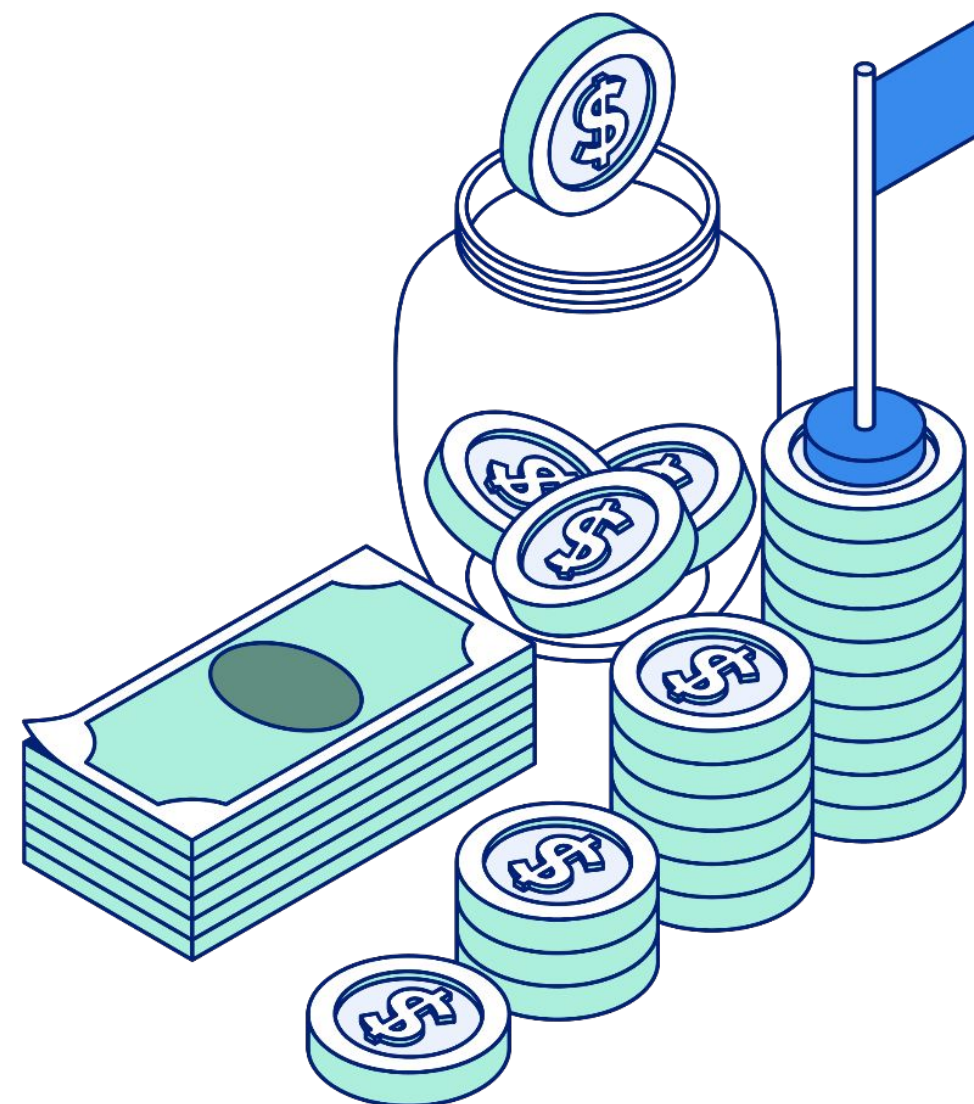
80% of agency employees say keeping up with trends/technologies is essential to survival and to support decision-making

Investing in new tools/technology is one of the top three priorities for agencies in 2023

5 Partner opportunities are one of the top ways agencies are generating business.



Partnerships allow agencies to provide added value to clients while adding to their own revenue. CallRail's Partner Program, for example, lets agencies give their clients access to valuable features like call tracking and reporting while earning extra monthly revenue.



Agencies are confident, despite economic uncertainty

Nearly all the responding agencies are optimistic about the next year, with **98% agreeing they are confident about the outlook for 2023**. And, according to 98% of those respondents, a big part of that confidence comes from the learnings agencies gained over the past few years.

Greater confidence is driving bigger plans for growth

In 2022,

89% of agencies met or exceeded their revenue goals with an average revenue growth of 33%

For 2023,

82% expect their agency to grow in revenue with an average of 43% revenue growth—a 10% increase from the previous year. While predicted growth is lower than the 54% growth they saw in 2021, agency optimism is high. Agencies are planning for more work and predicting more challenges.

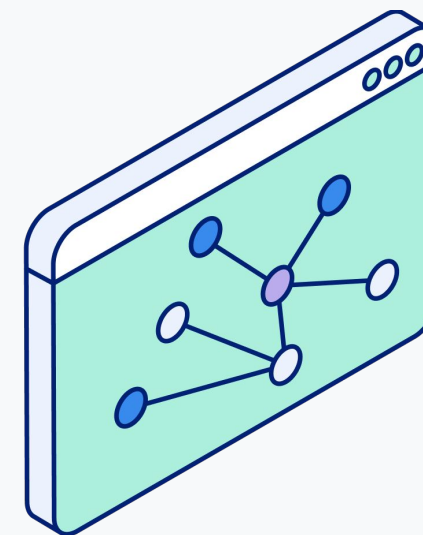
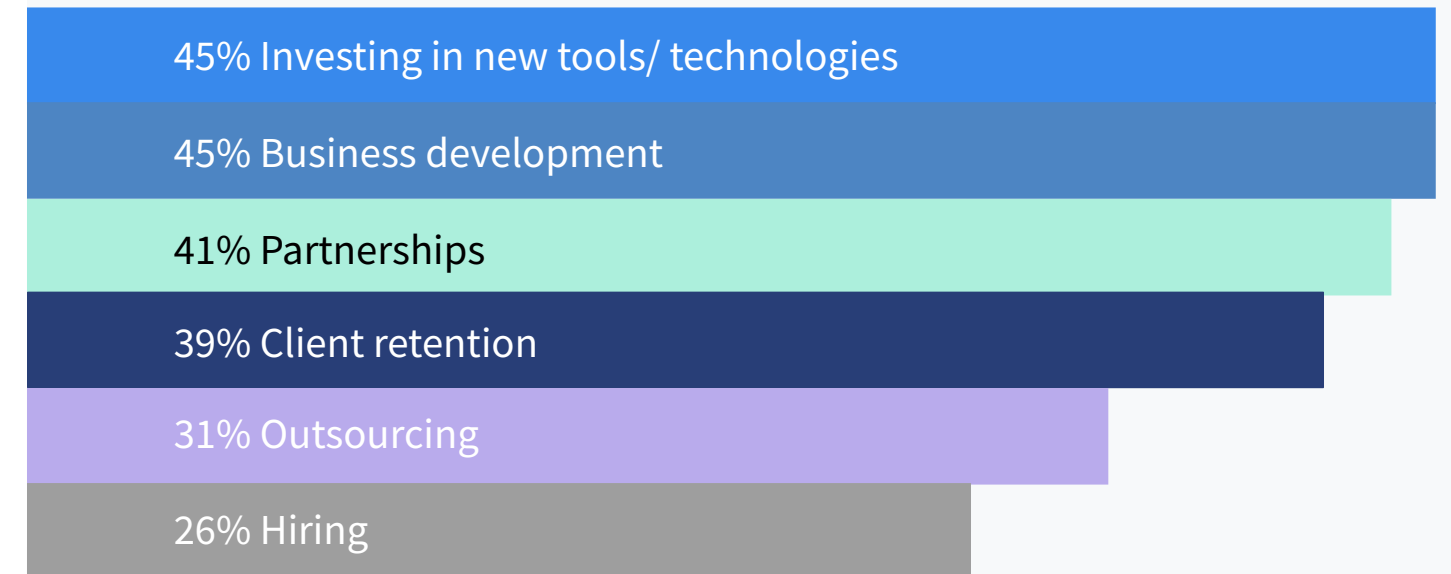
60% of agencies plan to increase sales efforts in 2023

22% of agencies expect to grow in size in 2023, but 74% agree hiring will be more challenging in 2023 than it was in 2022

Multiple priorities guide agencies

There's not one overwhelming priority for agencies for the next year. Instead, they're planning a variety of efforts and investments.

Top priorities in 2023 to help agencies meet their goals:

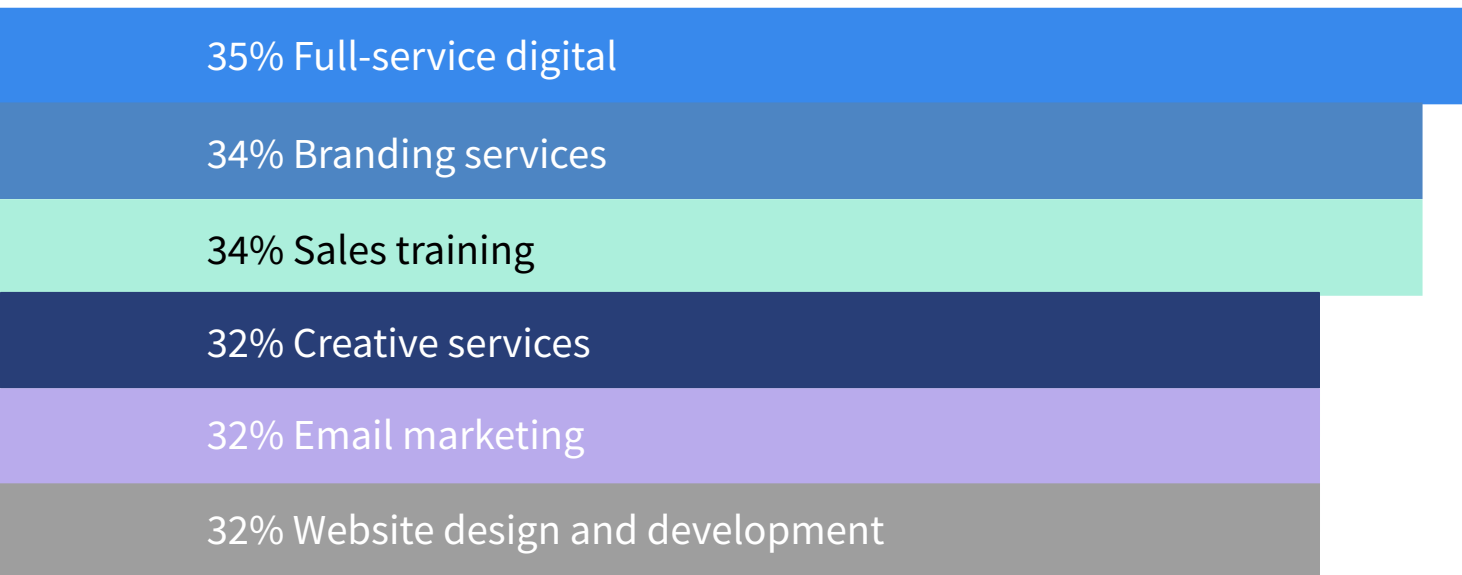


New offerings will be key to continued growth

Almost all agencies – **98% of them** – agree that new offerings will be essential to growth in 2023. Here’s a look at where agencies stand with their offerings and where they plan to go.

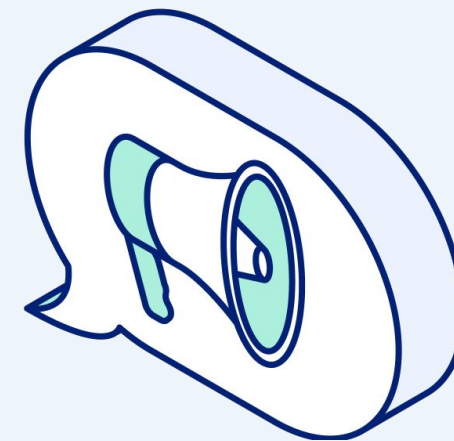
The state of agency offerings

Today’s agencies offer a wide variety of services. Currently, these are the most common services they provide:



Even fewer offer media buying and planning, paid social, direct mail, analytics/reporting, organic social, SEM/paid search advertising, other print marketing, SEO, and content services. Here’s a look at the current popularity of services compared to the previous year:

2021	2022
34% Social media marketing	23% Website design and development
29% Full service digital	16% Full-service digital
25% Website design and development	15% Paid social
22% Brand development and brand services	14% Branding services
18% Marketing automation	14% Sales training



Where agencies are expanding and holding back

While **90% of agencies** said they are happy with their position in the market, that isn't stopping them from adding new offerings. To help spur greater growth, **91% of agencies** have added services in the past 12 months—most of them digital.

23%	16%	16%	15%	15%
Website Design and Development	Paid Social	Full-Service Digital	SEM/Paid Search Advertising	Creative Services

Despite strong sentiment that new offerings are key to growth, **79% of agencies** say they've held back from adding a new offering in the past year. Of those agencies, respondents attribute the decision to:

66% Staffing constraints

63% Economic worries

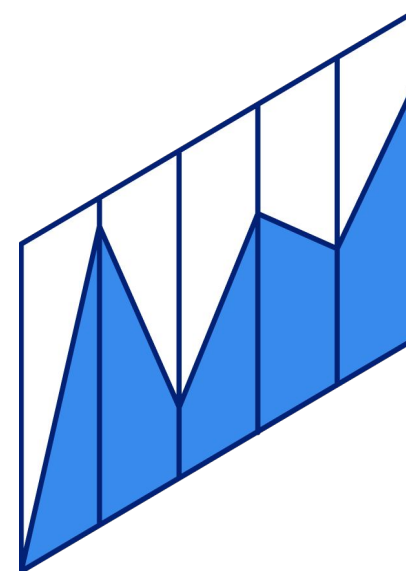
45% Didn't have software to support proving ROI on new channels/tactics

38% We did not have the budget

Prove ROI with tracking technology

Track your sources with CallRail to help clients make better decisions for the upcoming year. With [Call Tracking](#), agencies can track which online and offline channels and campaigns are driving leads for your clients. And you can see which clicks drove your most valuable calls.

For your online channels, [Dynamic Number Insertion](#) (DNI) automatically assigns tracking numbers to digital sources like ads, listings, and your website. For offline channels, CallRail tracking works the same way—with CallRail assigning a unique number to each offline source, like mailers or billboards. You can see where clients' marketing efforts are paying off, make better decisions about where to spend budgets, and learn more about their customers' journeys.

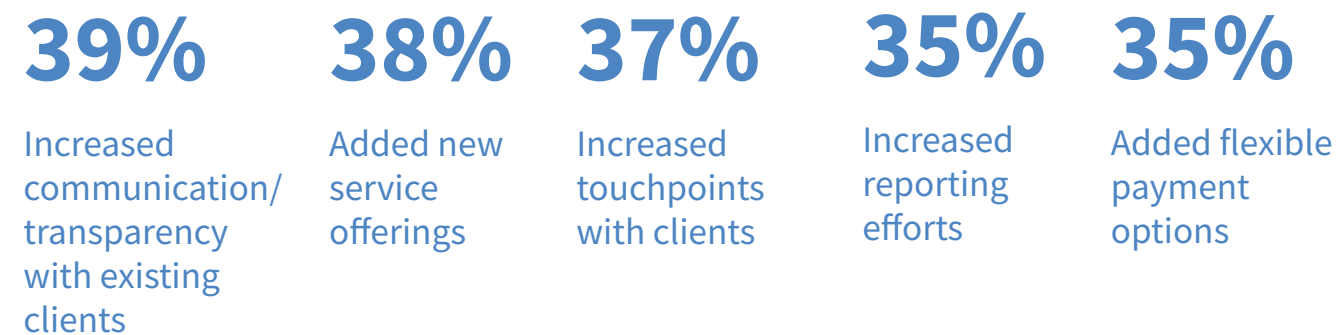


Agencies struggle with client acquisition and retention

While 95% of agencies say they met their growth goals for the year, the data shows that when it comes to client acquisition and retention, agencies are holding steady but not getting ahead. Though agencies gained an average of 69 new clients in 2022, they retained an average of 44% of their clients. With an average of 157 clients, the 44% retention rate equals 69 new clients—meaning, on average, they were breaking even. This retention rate is a decline since 2021, when agencies said they had a 53% retention rate.

How agencies are finding and keeping clients

Agencies used numerous methods to find and retain clients over the past year. The top methods for retaining clients during the economic downturn were:



The top sources where agencies are finding clients are:



Where agencies face challenges in client acquisition and retention

Agency optimism about revenue and growth doesn't extend into client acquisition and retention.

79% of them think client acquisition will be more challenging in 2023 than it was in 2022

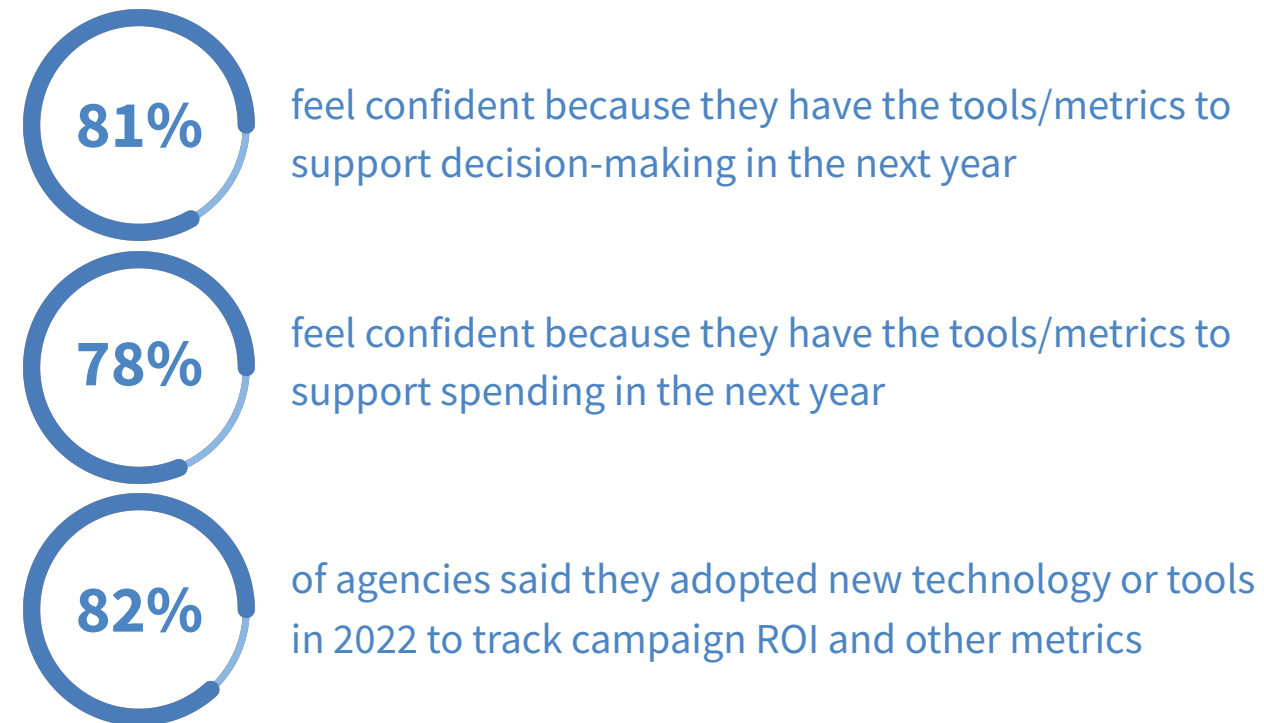
81% of agency marketers think client retention will be more challenging in 2023 than it was in 2022

To overcome retention challenges, client relationships will be key. Fortunately, **79% report better agency-client relationships** than a year ago and **79% say they believe the customer service their agency provides is satisfactory.**

Technology plays a central role in today's agency marketing

The value of marketing tech

Agencies value the right technology and tools, and **80% of their employees say keeping up with trends and technologies is essential** to agency survival and to help support decision-making. More reasons they value technology include:



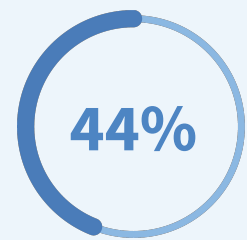
Last year, **87% of agencies said they were prioritizing partnerships and business development** to grow their agencies. The importance of demonstrating ROI likely influenced the shift to focusing on tools and technologies as a top priority.

Why agencies chose to invest – or not

Of those that didn't adopt new tools or technology, the reasons included:

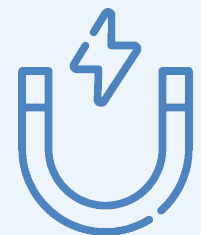
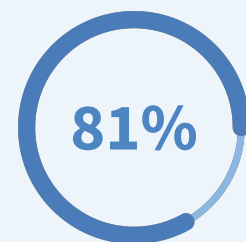


Currently, **78% of marketers are satisfied** with their agency's tech stack. However, agency professionals do see room for improvement and reasons to invest. In fact, investing in new tools/technologies tied with business development for the top priority for agencies in 2023, with **45% saying it's in their top 3 priorities**. Agencies believe tools are also important for:



Analyzing the ROI of new service offerings

Supporting decision-making in the next year



Attracting clients because they want agencies that offer a comprehensive tech stack and/or competitive marketing analytics tools

Reporting and measuring ROI are important to modern agencies

Agencies see the need to show clients their value and effectiveness, particularly the return on investment (ROI) for their marketing efforts.

80% of agencies agree reporting is essential to their client services

90% of marketers are satisfied with their agency's ability to track campaign metrics

90% of marketers are satisfied with their agency's ability to track campaign metrics

51% say their company plans to adopt new tools/technologies to prove campaign ROI in 2023

ROI isn't the only important metric. **Marketing analytics are also key to determining the success of a trend or tactic, according to 79% of agency marketers.** Yet, despite saying how important reporting is, **95% say they will have less time to spend on reporting** as their agency grows.

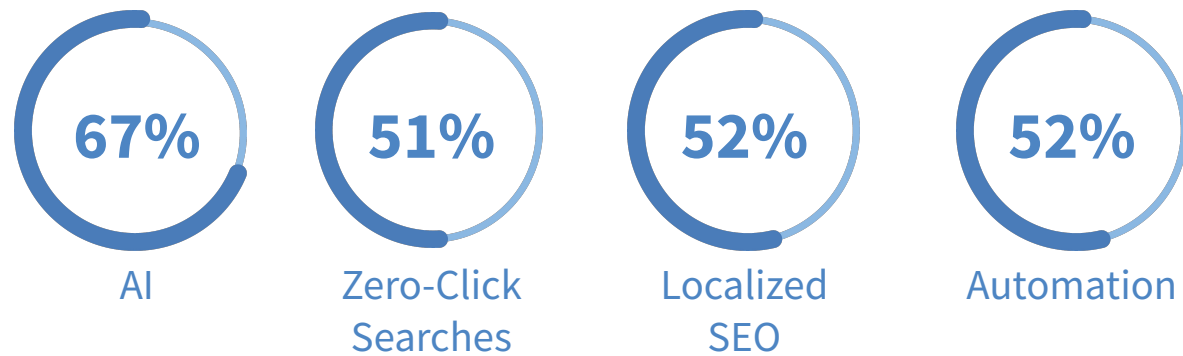
See call and ad metrics in a single dashboard

With CallRail for agencies, your clients will get the benefits of tracking and analytics. You and your clients can easily create or automate call reports to learn about call volume, call duration, first-time callers, call times and locations, and pay-per-click (PPC) landing page performance.

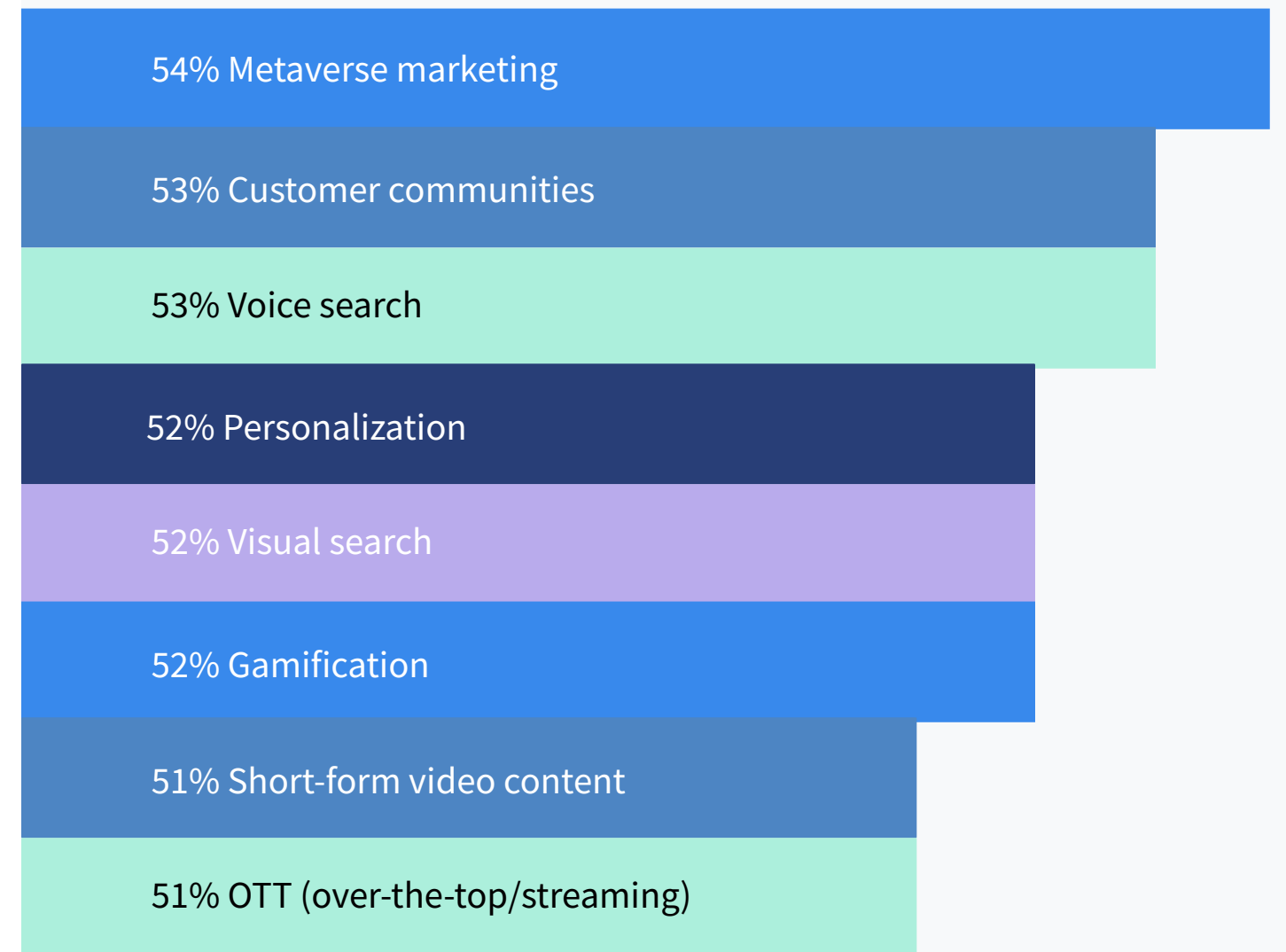
And CallRail tracks more than calls. You can see [ROI and create a multi-touch cost per lead](#) report that shows you how ads performed by cost by tying call, text, and form submission data to ad spend data. You can view these results and more by platform performance in a single CallRail dashboard.

What agencies predict for 2023

Agencies are looking to the future to make their 2023 decisions. The top trends agencies consider fads are:



Conversely, these are the trends agencies think will be long-lasting:



Interestingly, agency marketers are split 50/50 on the future of audio content.

Tracking and learning from trends

Since much of their reputation is tied to keeping up with marketing trends, agencies put a lot of effort into learning about them. Agencies stay on top of trends by:

47% Joining marketing associations

44% Keeping up with competitor offerings

43% Attending industry events

43% Listening to marketing podcasts

41% Reading industry blogs/newsletters/articles

41% Taking online courses

Agencies also plan to implement some new marketing strategies in 2023. These include:

34%

Visual Search

34%

Customer communities

32%

Metaverse Marketing

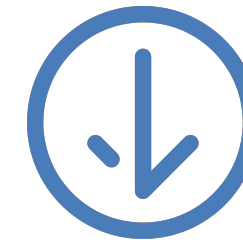
31%

Personalization

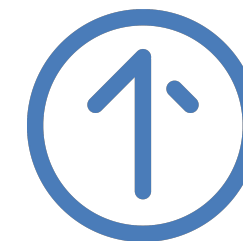
29%

Short-form video content

Additionally, they predict some changes for their own agencies, including a slight change in revenue type:



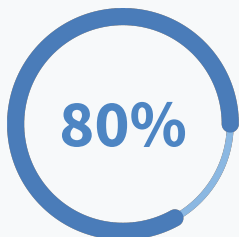
Project income will shrink from **55%** to **52%**



Retainer income will grow from **45%** to **55%**

How agencies may look down the road

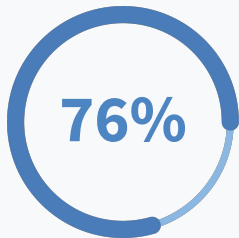
Agencies made some longer-term predictions, as well, including these for the next 5 years:



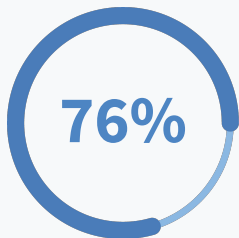
think clients will want to see more specialization than they do now when choosing an agency



agree clients will want to see more diverse clientele than they do now when choosing an agency



believe clients will want to see more comprehensive services than they do now when choosing an agency



say clients will want to see more comprehensive metrics than they do now when choosing an agency

As agencies predict big changes for marketing in the future, they're also taking steps to adapt by investing in tools, technology, and marketing analytics. If your agency is looking ahead, consider a platform like CallRail that will unify marketing efforts to make it easier to help your clients and show your agency's value.

Now is the time to decide how you'll make your agency's goals a reality.

See how CallRail can improve marketing for your clients.

Try Call Tracking for free today



Who we surveyed

We surveyed 603 U.S.-based full-time marketing agency professionals to see how agencies performed in 2022 and what they foresee for 2023.

Number of employees

14%	1-249
32%	250-999
22%	1,000-9,999
19%	10,000-49,999
12%	50,000-99,000
1%	100,000+



Revenue

\$0 - \$99.9K	5.64%
\$100K - \$499.9K	9.12%
\$500K - \$999.9K	7.30%
\$1M - \$9M	12.27%
\$10M - \$49M	24.05%
\$50M - \$99M	10.62%
\$100M - \$199M	17.25%
\$200M-\$350M	10.62%
\$350M+	1.33%
Don't know/not sure	1.82%