IAPI Leaders Pulse Survey

PERFORMANCE IN 2020

PREDICTIONS FOR 2021

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Introduction

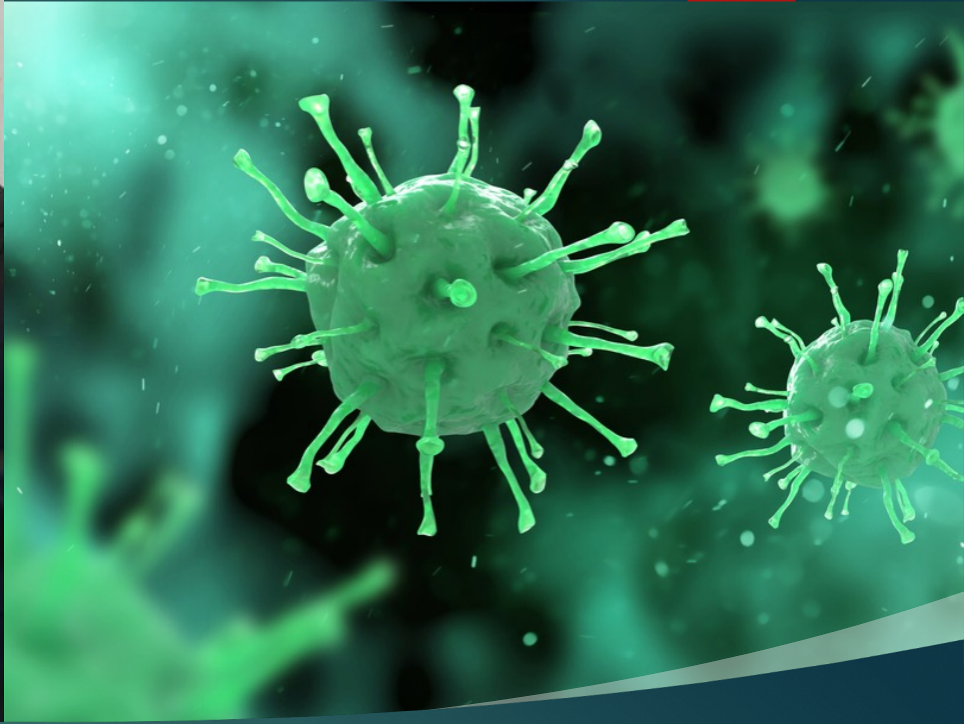
IAPI conducted a **Leaders Pulse Survey** at the end of **Q1 2021**. This is the third such survey in the last 9 months – the first two taking place in June and October 2020.

All bar one agency is somewhat to very optimistic about fully recovering from the impact of the pandemic.

Three quarters of IAPI leaders took part in the survey – 26% from media agencies, 47% from creative agencies and 18% from PR, Event, Experiential agencies.

Actual YOY declines in revenue and billings for 2020 are better than expected. This is due to a bumper Q4 in 2020.

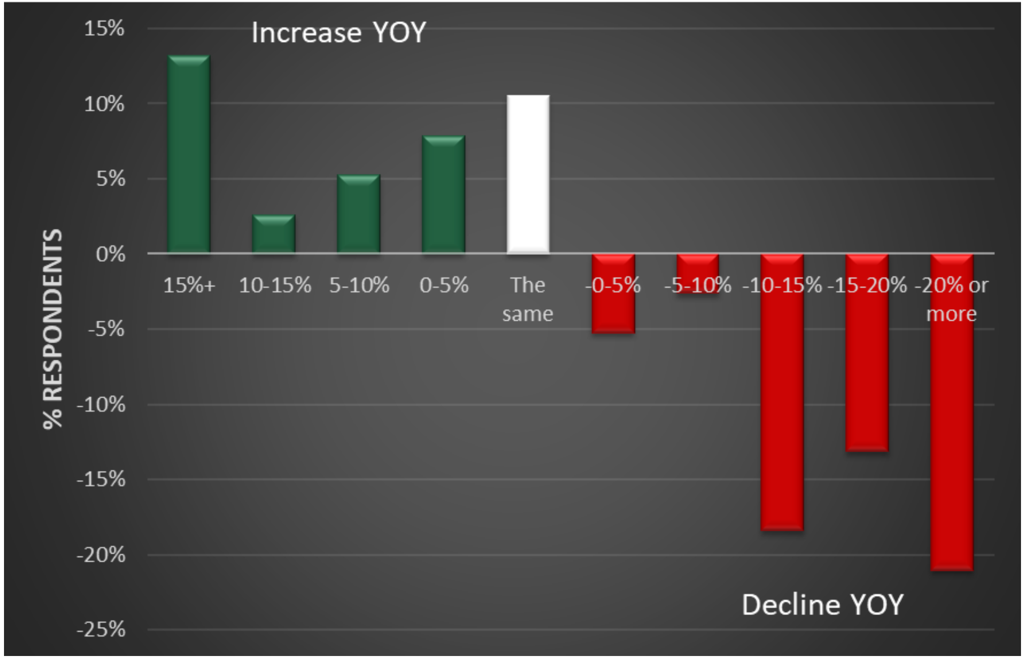
The industry is also showing growth in Q1 2021 vs. Q1 2020.



2020

A RESILIENT INDUSTRY DURING VERY DIFFICULT TIMES

How did your own agency's revenue/fee income (excl. Media Billings) compare in 2020 vs. 2019?



Respondents agency revenue appears not to have declined as much as forecast in Oct 2021 (-15-18%), with the average decline estimated to be -6% YOY.

2019 vs. 2020
Revenue comparison by agency type

- Experiential and Events agencies experienced the greatest YOY revenue decrease with over two-thirds coming in at -20% compared to 2019.
- PR and Communications agencies appear to have had a comparatively good year with only 1 in 4 experiencing a decrease in revenue YOY.
- Over half the Media agencies showed a decrease in fee income YOY of up to 15%, with 40% experiencing an increase.
- 57% of Creative agencies experienced a decline in revenues YOY with 42% showing a decline of 15% or more. One quarter showed an increase of 15% or more.
- With 66% of Indpt Creative agencies showing a decrease YOY, they appear to have done somewhat better than the 75% of networked Creative agencies who showed a decrease YOY.

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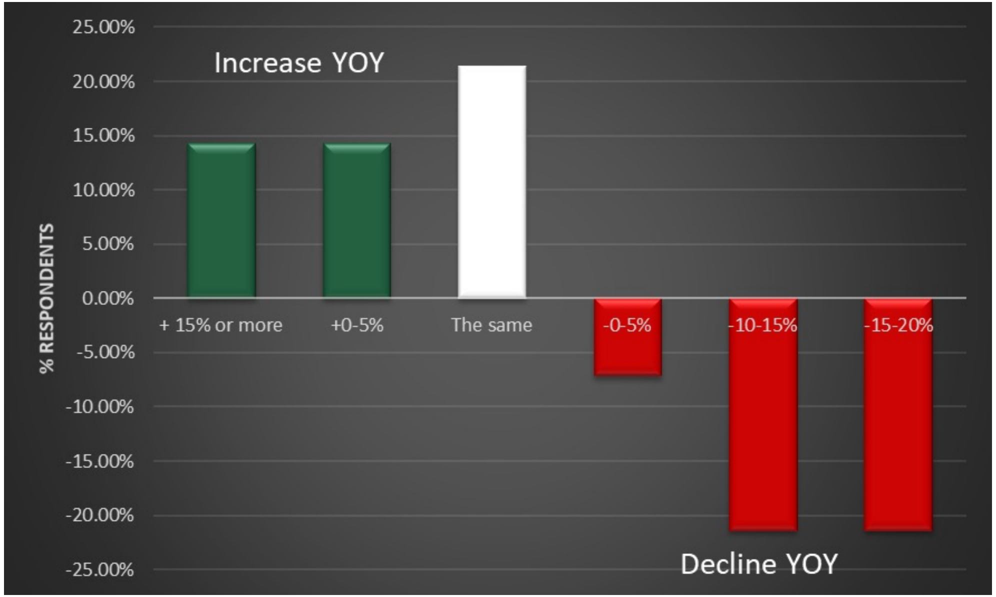
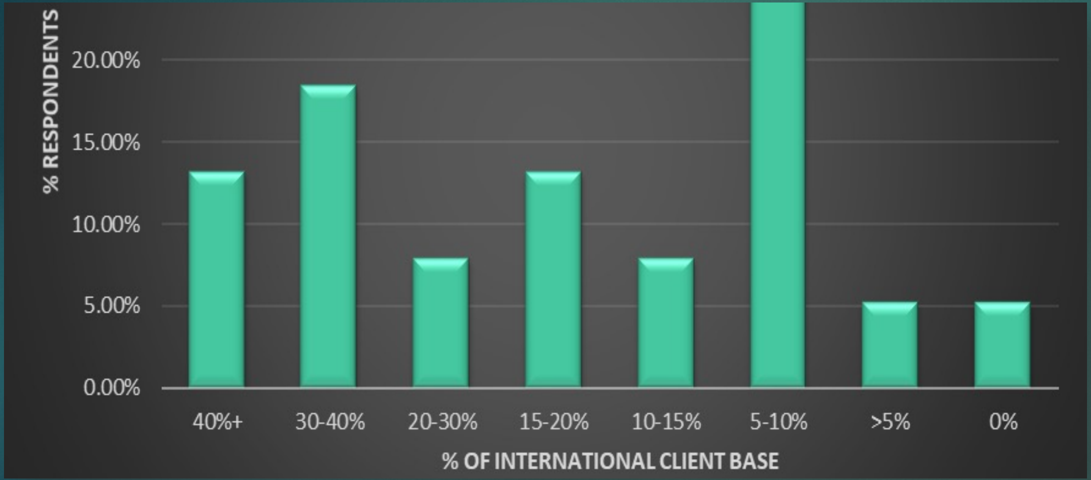
MEDIA AGENCIES ONLY - How did your total Media Billings compare in 2020 vs. 2019?



Media agency respondents report media billings decreased YOY as expected but, not as much as forecast in Oct 2021, when over half predicted a decline of over 10% YOY. The average media billings decline is now estimated at -8% YOY.

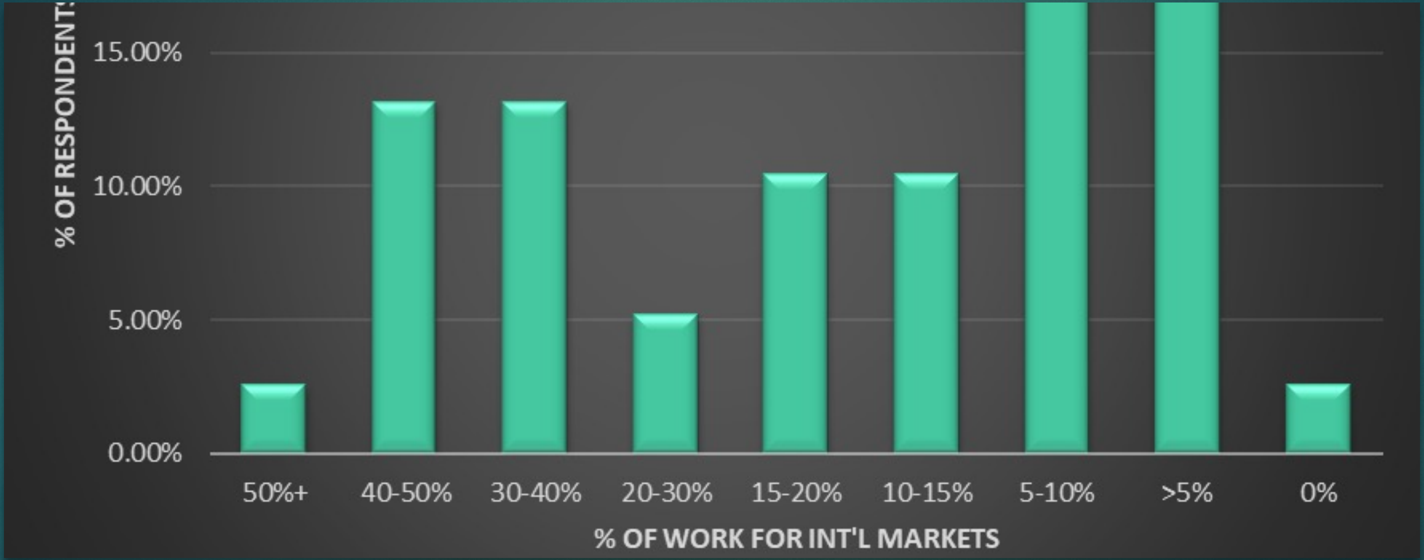
In 2020, approx what % of your client base was International?

(Clients based outside of The Republic of Ireland)

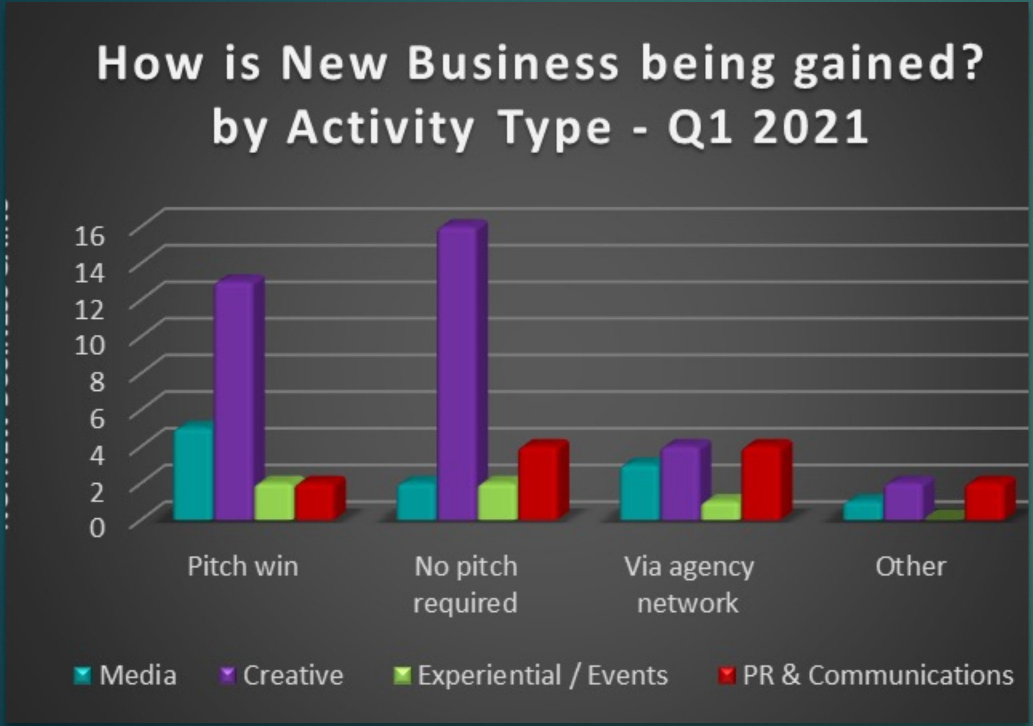


The % of International clients increased marginally in 2020 from the 2019 Census figure of 15% on average for the industry to 19% which is encouraging to see, particularly during the pandemic.

In 2020, approx what % of the work you do for your clients was for International markets?



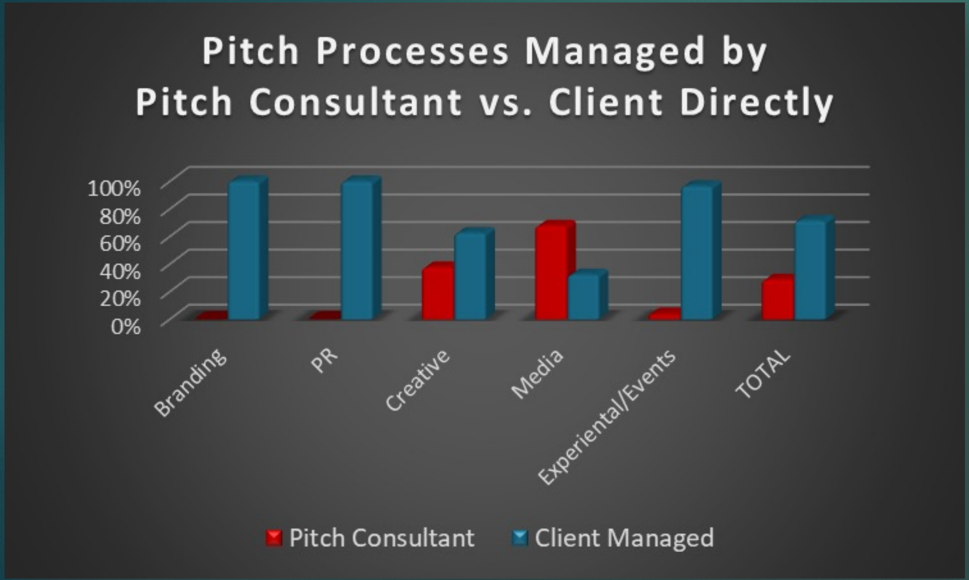
The average % of work for international markets for the industry is estimated at 18%.



New Business Gains were considerable in Q1 2021

- 63 new pieces of business have been gained by respondents this year so far.
- 9 out of 10 agencies have gained new business in Q1.
- Nearly half of the Creative business gains did not require a Pitch, reflecting the current thinking that a full-blown pitch process is not always appropriate for demonstrating creativity.
- For PR & Communications only 17% of business gains came through pitching.

A very active first quarter for Pitching across the Industry



- The vast majority of agencies (9 out of 10) have taken part in pitch processes in Q1 2021 with the average number of pitches per agency at 4.
- 70% of all pitches were managed directly by Clients.
- Clients appear most inclined to manage Events/Experiential and PR pitches themselves.
- 6 out of 10 creative pitches, even those involving networked agencies, are being managed directly by clients.
- However, for Media, 70% of pitches are managed by consultants.

2021

Q1 PERFORMANCE, PREDICTIONS, TEAM CHALLENGES AND RETURNING TO THE OFFICE

Revenue / Fee Income

Q1 2021 vs. Q1 2020

Overall, the industry estimates a marginal growth of 2.4% in revenue income for Q1 2021 vs. Q1 2020

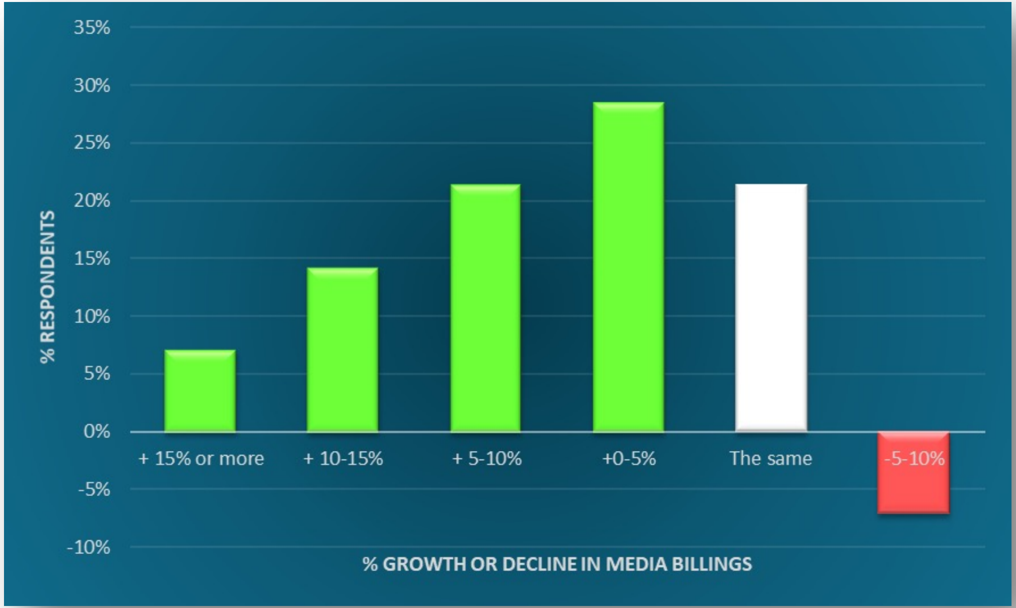
Revenue / Fee Income

Q1 2021 vs. Q1 2020 by Agency Type

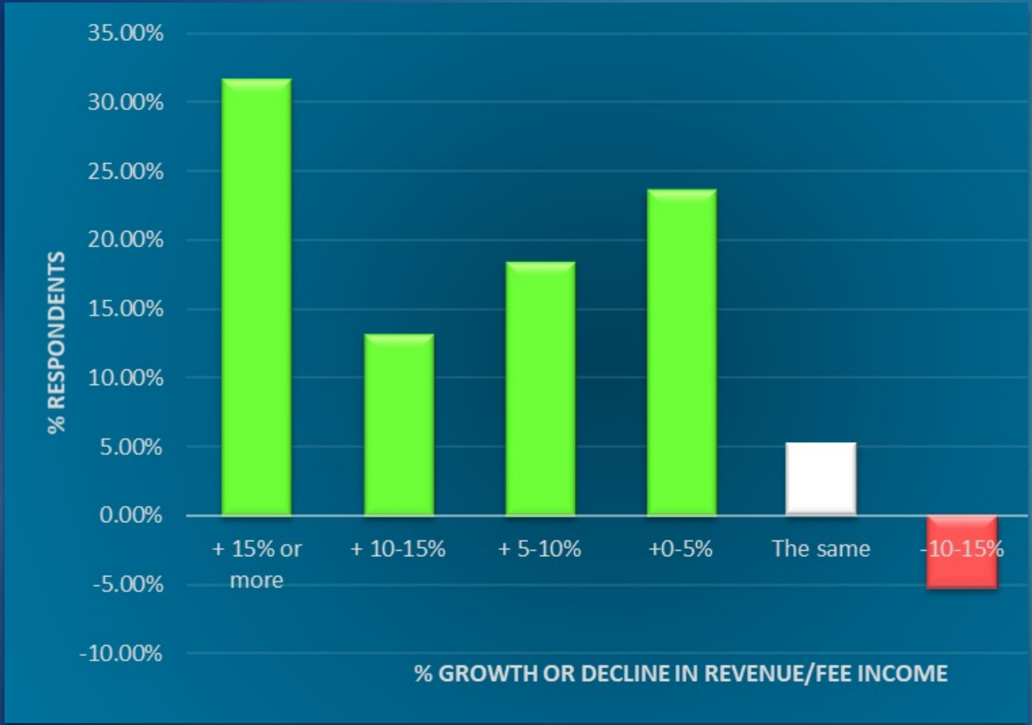
- **Media agencies**
  - ALL showing an increase YOY (2021 vs. 2020) for Q1 – the average estimated at 5% increase.
- **Creative agencies**
  - This group of agencies show a much more varied performance with 1 in 4 showing a growth of 20% or more for Q1 YOY with half showing a decline in revenue YOY and the remainder show the same revenue performance YOY.
  - The average across this group showing a marginal growth Q1 YOY of 3%.
- **Events & Experiential agencies**
  - This agency sector has yet to make up ground lost during the pandemic showing an average decline of -4% YOY for Q1.
- **PR & Communications agencies**
  - Mixed fortunes for this agency sector with 2 in 4 showing an increase YOY for Q1 and 2 in 4 showing a decline.

Media Billings
Q1 2021 vs. Q1 2020

Overall media agencies estimated **6%** growth in media spend for Q1 2021 vs. Q1 2020



2021 Revenue/Fee Income Predictions



- The industry as a whole is optimistic about 2021 with an average predicted growth of 7% in Revenue/Fee Income.

2021 Revenue Predictions by Agency Type

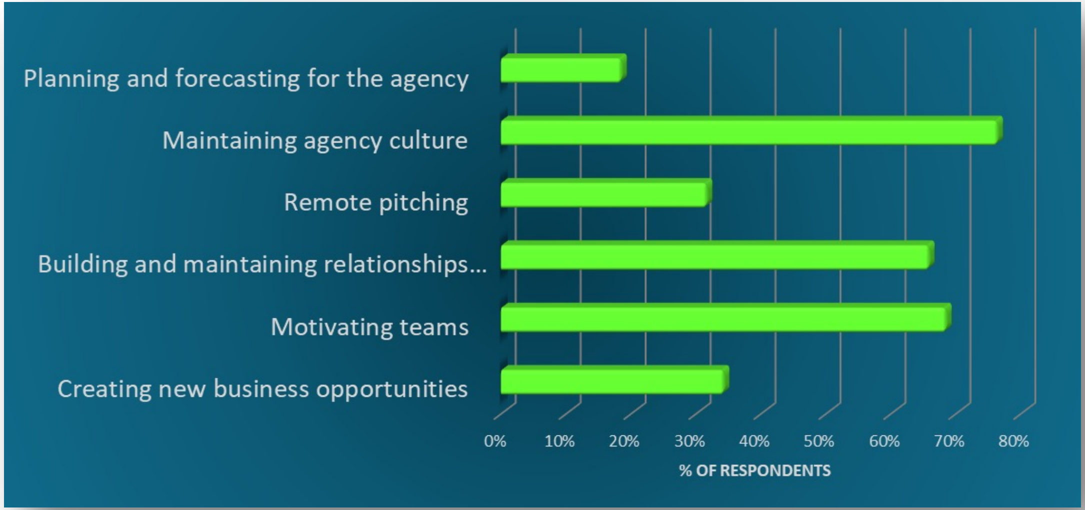
Again, predictions are significantly different when you look at each type of Agency:

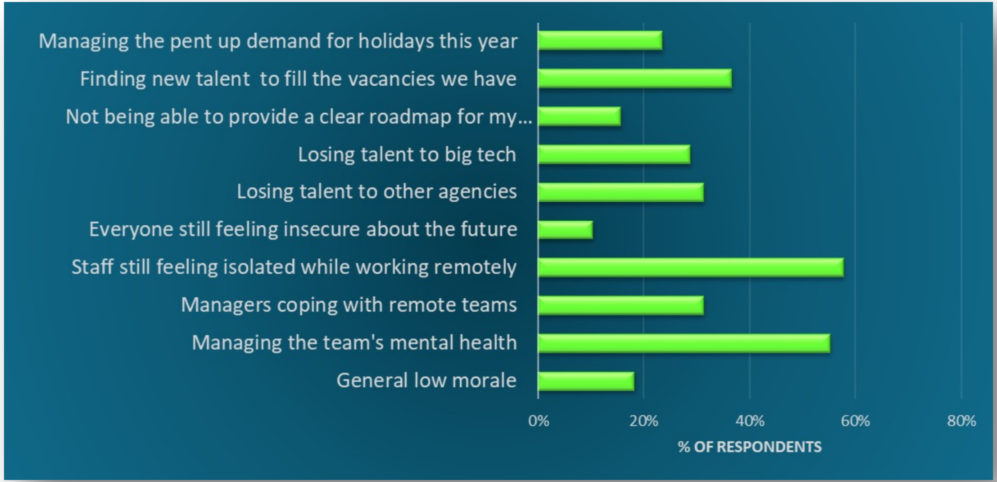
- All bar one **Media** agency respondent predicted a growth in Revenue Income for 2021.
- **PR and Communications** agencies are also optimistic with 3 out of 4 predicting a growth in revenue.
- Nearly one third of **Creative** agencies predict income growth of 15% or more, with all bar one predicting some level of growth.
- ALL **Events & Experiential** agencies predict growth in 2021, with one third anticipating growth of 15% or more.

The specific challenges of working remotely

Maintaining agency culture is the biggest challenge facing agency leaders (and all agency folk) at the moment.

The sector is already planning "Return Events" for their teams to give everyone something to look forward to.





With regards to your team, what are you most concerned about?

The industry as a whole is still very much concerned about their teams' mental health.

8 out of 10 agencies are actively encouraging their staff to engage with the **TABS & IAPI Employee Assistance Programme** – ***smash***.

However, when we compare agency types, the **Media** agencies are once again concerned with losing talent to big tech following their recent recruitment drives.

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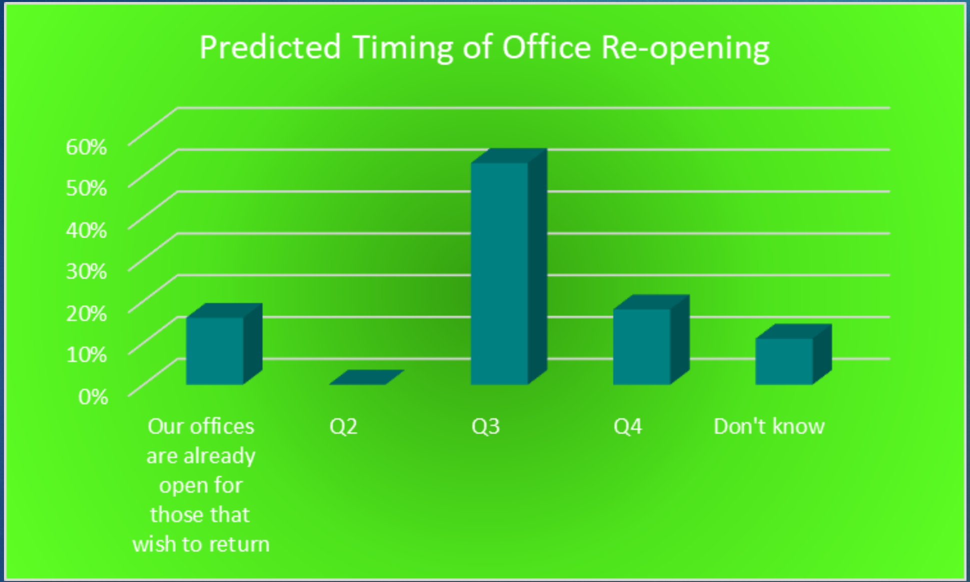
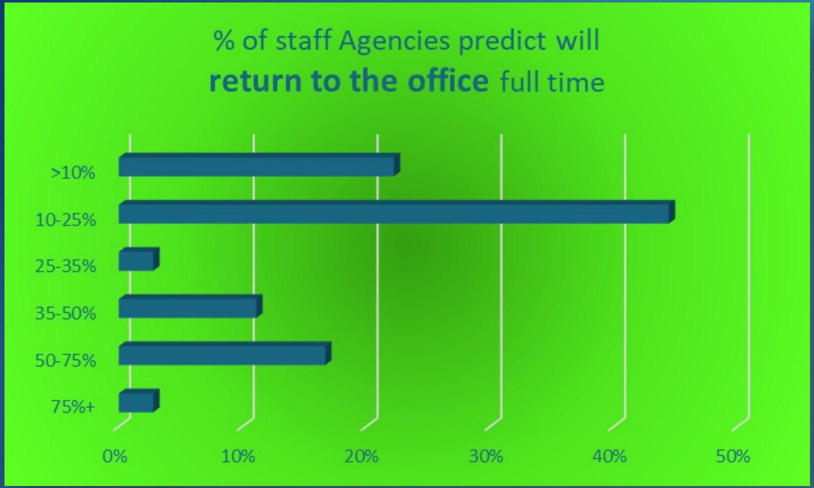
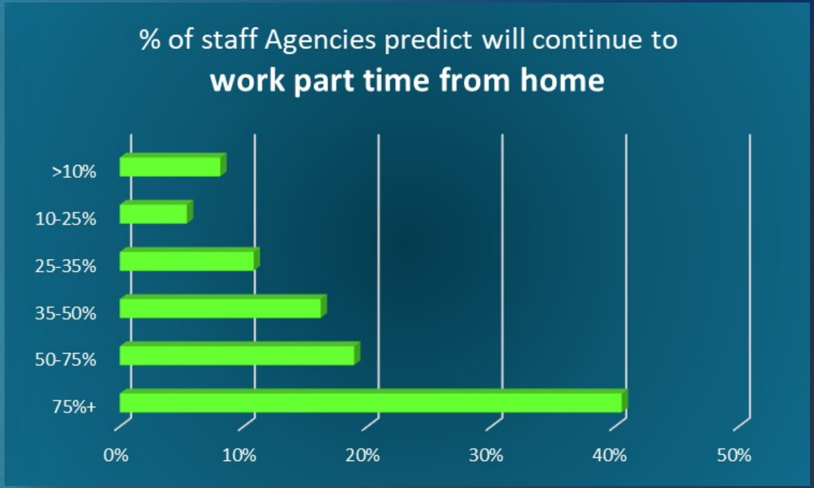
Return to Office plans



- There is still uncertainty over the exact timing and nature of the industry's Return to Office.
- 60% are still working on it with only 2 in 10 agencies having firm plans in place.
- However, 16% of agencies are already open for staff who wish to work from their offices safely.

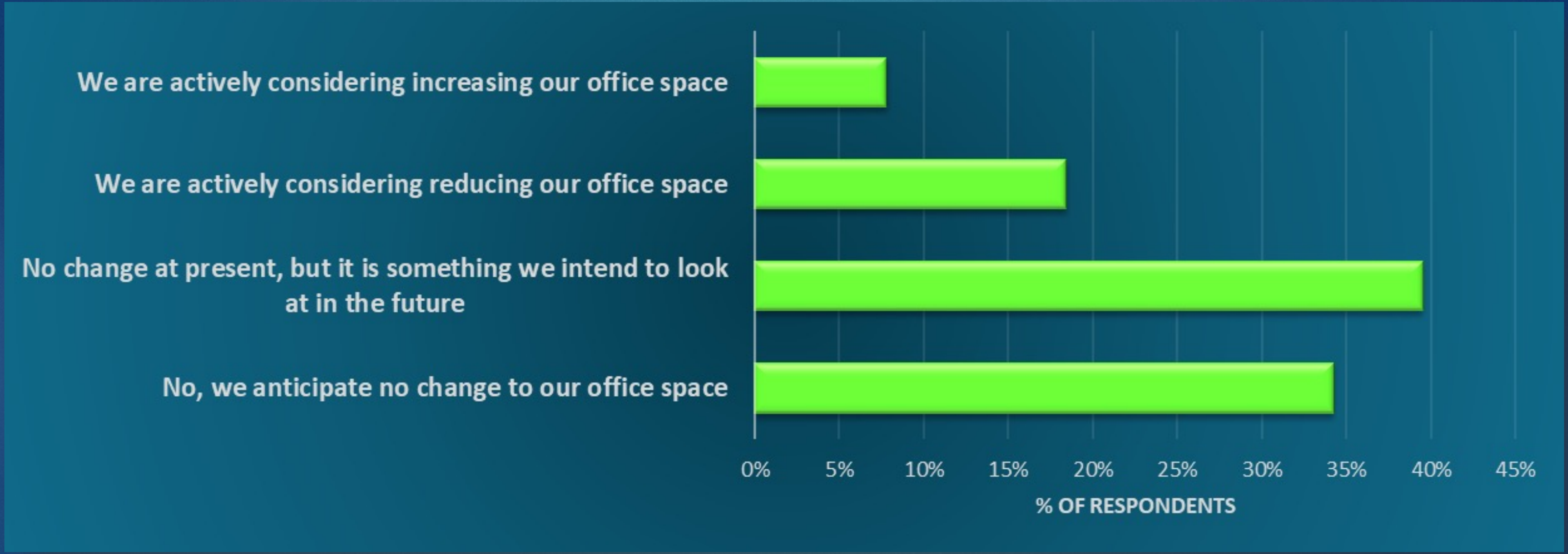
Leaders anticipate the flexible working model is here to stay





- The vast majority of Industry Leaders anticipate that their staff will return to the office either part-time or full-time.
- 6 out of 10 believe that over half their workforce will work part-time from home in future.
- 60% believe that less than a quarter of their staff will work full time from the office.

Do you anticipate your physical office size will change in the near future?



- While it is anticipated that the majority of staff will be using the office part-time, it seems that only 18% is actively considering a reduction in space right now.
- However, with another 40% intending to consider it, smaller, less expensive office space could become a future trend for the sector.

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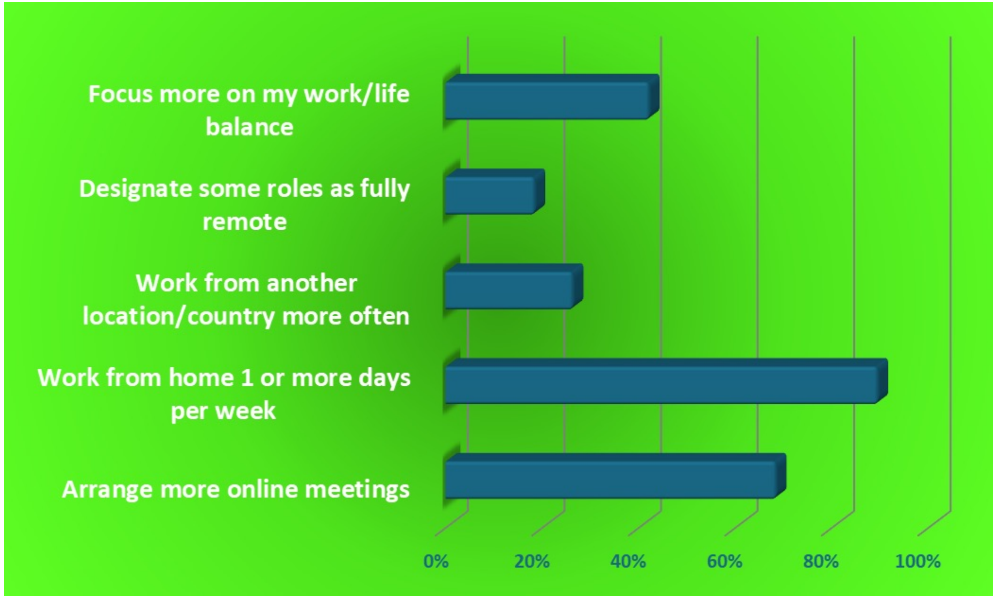

How will agency leaders work differently in future?

- Similarly to their teams, agency leaders also see themselves working from home for 1 or more days a week in future.
- This bodes well for systematic behavioural change in the sector.

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