
Design Industry Voices

How it feels to work in British digital and design agencies right now

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The Headlines:

1. Clients are putting pressure on agencies to do more for less. The number of free creative pitches for existing clients is perceived to be rising. The longer pitch process continues to be an issue for the industry.
2. Over half (53.7%) of respondents intend to change job and about the same proportion (58.6%) perceive that agencies are employing fewer permanent staff. These proportions are a little lower than those found in 2012.
3. Almost two thirds (63.4%) of respondents have received a pay rise in the last two years. Pay rises in the last year have outstripped inflation. A quarter of respondents (27.7%) have received a bonus in the last year.
4. Working your way up from a junior position is considered the best form of training in the industry. Design and digital are the areas where a relevant degree or course is most highly rated as a form of training. Two fifths of respondents (40.5%) still consider that agencies perform badly in terms of supporting professional development.

The Implications

Clients still playing hardball

The report reveals an industry that continues to feel that it is put under financial pressure by clients demanding more work for less money. The demand for free creative pitches has not abated and remains an issue. Nonetheless, as a freelance designer says:

“It’s been a struggle for five years, but this year (2013) seems different. As if budgets have increased.”

Pay rising but still a freelance world

This year we asked respondents about pay rises and bonuses, as well as how valued they felt. The responses show that two fifths (42.4%) have received a pay rise in the last year and almost three quarters of those pay rises are above inflation. Substantial pay rises of over 10% are not uncommon. Bonuses are also being awarded: 38.4% of respondents received a bonus in the last two years. This is also evidence that the industry may be emerging from the financial crisis that started in 2008.

Employment in the industry has changed since 2007. A third (33.9%) of our respondents are freelance and a third (34.8%) have been in their current jobs for less than a year. As one respondent comments: *“The world is freelance”*. This year, however, the survey hints at a slowing down in the pace of change. Fewer people intend to change jobs in the coming year (a drop from 59% to 53.8%) and there is a drop in the perception that agencies employ freelancers rather than permanent staff.

Work your way up

Respondents were asked about the best training for working in different fields such as design, digital, strategy and account management. Respondents think that ‘working your way up from a junior role’ is the best form of training. In the fields of design and digital, a relevant degree or training course is believed to be the best preparation by about two fifths of respondents (47.3% for design and 38.6% for digital).

The responses about the best form of training have thrown up some interesting questions for agency leaders. Despite the clear value that is placed on gaining experience by working one’s way up, two fifths of respondents (40.5%) do not rate highly their agency’s performance on supporting professional development.

Less than 4% of respondents believe that fellowships and internships are the best preparation for work in the industry. This suggests that the perceived increase in the use of unpaid interns (42.5% of respondents) may be more about using cheap labour than developing the talents and skills of those entering the industry.

The Findings

1. Existing and prospective clients expect more work for less money and more creative pitches for free

- More than two thirds agree that ‘clients expect more work in pitches for free’ (72.6%) and more than half agree that ‘pitch processes are longer’ (57.8%).
- Almost nine out of ten respondents agree that ‘clients expect more work for less money’ (85.6%) and four fifths believe that ‘client budgets have been reduced’ (79.6%).
- More than a third of respondents (36.2%) say they are making more free creative pitches for existing clients.
- Almost half of respondents (49.3%) report that agencies are making more free creative pitches for prospective clients.
- More than half agree that ‘clients want safer work’ (57.8%).

Table one: Change in agreement with statements comparing today to 2007 (i.e. before the current economic crisis)

	Statement	Agree (%)
1.	Clients expect more work for less money	85.6
2.	Client budgets have been reduced	79.6
3.	Clients expect more work in pitches for free	72.6
4.	Agencies are using more freelancers	68.1
5.	Agencies are employing less permanent employees	58.6
6.	Clients prefer working with specialists	59.8
7.	Pitch processes are longer	57.8
8.	Clients want ‘safer’ work	57.8
9.	Digital is the most important channel	48.5
10.	Agencies are using more unpaid interns	42.5
11.	Clients prefer integrated agencies	44.6
12.	Agencies are focusing more on existing client development than new business	35.1
13.	Quality of work we produce has declined	23.3

NB: For some questions, the total number of respondents includes a sizeable minority who registered a don’t know/no opinion.

Table two: *Change in the number of free creative pitches made for existing or prospective clients in 2013 compared to 2007*

	Risen (%)	Remained about the same (%)	Fallen (%)
Since 2007 the number of free pitches made for existing clients by my agency has...	36.2	50.3	13.4
Since 2007 the number of free pitches made for prospective clients by my agency has...	49.3	36.8	13.9

Quotes from respondents:

“There’s definitely an attitude, that has grown over recent years, that has seen clients wanting more for less. Agencies need to be more competitive and the digital and social media arenas provide the most scope for that. As pricing becomes more and more competitive, creativity will be the decider.”

Designer, executive team, permanent, male, aged between 40-49

“Budgets do seem to have decreased dramatically over the years and there seems to be more and more competition for work. Clients are constantly questioning budgets – especially project management costs which can be very demoralising.”

Account Management, director, permanent, female, aged between 30-39

“As we emerge from the recession there appears to be a more positive attitude towards projects and work going ahead. However, obtaining reasonable budgets remains a challenge.”

Account Management, executive team, permanent, male, aged between 40-49

“I also strongly feel that more agencies should say no to free creative pitching and that an industry wide campaign should be launched against free creative pitching.”

New Business, director, freelance, male, aged between 50-59

“Client lead, safe, no risks being taken.”

Production, manager, permanent, male, aged between 40-49

2. **More than half of staff still intending to change job, despite fall since last year**

- More than half (53.7%) of staff intend to change job in the next 12 months. This proportion is lower than that reported in last year's survey (59%).
- Fewer respondents believe that agencies are 'employing less [fewer] permanent employees' (58.6% compared with 61.4%).
- Over a third of respondents (34.8%) have been with their agency for less than a year.
- Around two thirds of respondents agree that 'agencies are using more freelancers' (68.1%).
- About two fifths (42.5%) agree that 'agencies are using more unpaid interns', although less than 4% of respondents judge fellowships and internships to be the best form of training.
- The proportion of respondents writing their thoughts about work online has increased again this year. Nearly two fifths (38.3%) write their personal thoughts about work on online social networking sites. This compares to 34.6% in 2012, 30.4% in 2011, 26.9% in 2010 and 18.8% in 2009.

Quotes from respondents:

"It's a freelance world. Design agencies operate with a skeleton crew behind large fronts – amazed by actual staff numbers in agencies."

Design, freelance, male aged between 30-39

"It's a highly competitive sector and getting a job is difficult at the best of times, so when you find one you need to go the extra 10 miles to keep it. Going the extra mile just isn't enough."

Account Management, manager, freelance, female, aged between 30-39

"Creatives often aren't interested in finances and assume that if they've not had a pay rise or have to work late that the client doesn't have a budget and we're all over-working our projects. This isn't the case. Some people in our industry are simply ineffective."

Other, manager, permanent, male, aged between 40-49

"The market is very competitive. Good experienced candidates are rare, but there are an awful lot of graduates out there."

Strategy, director, permanent, female, aged between 40-49

3. **Pay and bonuses are outstripping inflation**

- Nearly two thirds of respondents (63.4%) have received a pay rise in the last two years. Over two fifths of respondents (42.4%) have received a pay rise in the last year.
- Nearly two fifths of respondents (38.4%) have received a bonus in the last two years and over a quarter (27.7%) have received a bonus in the last year.
- Nearly three quarters (73.3%) of those who have had a pay rise in the last year report that it was over 3% of their salary, while more than 10% report pay rises of more than 10%.
- Over a quarter of respondents (27.7%) have not received a pay rise in more than two years and nearly a third (30.8%) have not received a bonus in more than two years.

Quotes from respondents:

“Salaries are expected to rise in the industry but the margins in real terms have diminished which at some point needs to be addressed for the future of the industry.”

Design, owner, permanent, male, aged between 50-59

4. Working your way up is the best route to success regardless of your field

- In all parts of agencies, working your way up from a junior position is considered the best form of training.
- This is particularly true in account management (50.8% agree that working your way up from a junior position is the best form of training) and strategy (32.5%).
- Formal training, such as a relevant degree or training course, is considered most useful in design (47.3%) and digital (38.6%). Account management scores lowest, with just 15.3% of respondents believing a relevant degree course or training is the best preparation.
- Fellowships and internships are valued as a route to success by less than 4% of respondents.

Quotes from respondents:

“People who have a degree in marketing or advertising seem to think that they know everything there is to know about the business, especially in Account Management. They don’t value the experience that people who have been in the industry for a number of years have accumulated.”

Account Management, manager, freelance, female, aged between 30-39

“There are few traineeships/apprenticeships any more so people are rarely ready-to-go and trained in a professional environment rather having to learn from their mistakes.”

Design, director, freelance, male, aged between 40-49

“I also find that people who come into account management after doing a marketing or advertising degree think that they know it all already and don’t want to learn.”

Account Management, manager, freelance, female, aged between 30-39

Methodology

We asked people who work within design or digital agencies to share their views anonymously about how it feels to work within their agencies right now.

The research was carried out online between 9-21 October 2013 by Rachel Fairley and Donovan Lambert of Fairley & Associates and Professor Stephen Platt of the University of Edinburgh, working in collaboration with Gabriele Skelton and On Pointe Marketing.

576 of a possible 3792 people invited to participate did so (15.2%). All respondents are either clients or candidates of Gabriele Skelton.

We asked respondents to agree or disagree with statements about perception of how their working experience has changed since 2007 (i.e. before the current economic crisis).

This year we asked respondents about the extent of free creative pitching both to prospective and to existing customers. The issue of free pitching has been much debated in the industry.

In addition to asking respondents about how valued they feel by their agencies, we also asked how long it had been since they had received a pay rise and what percentage of their salary that pay rise had been. We asked similar questions about bonuses.

Finally, there are new questions about the best form of training for working in different roles in the industry, such as design, digital, strategy and account management.

About the participants

Management function: 13.4% are owners, 6.4% are on the executive team, 19.1% are director level, 26.5% are managers, 5.4% are in a non-management role, with 29.2% classing functions as being 'other'.

Role: 51.4% are designers, 8.6% strategists, 15.6% work in account management, 7.2% in production, 4.3% new business/marketing, 2.1% human resources, with 10.7% classing their roles as being in other parts of their organisation.

Employment status: 63.6% of respondents are permanent employees, 34.5% are temporary/freelancers and 2.3% are currently not working.

Length of service: 23.3% of participants have been with their employers for more than 5 years, 3.9% for 4-5 years, 9.1% for 3-4 years, 13.4% for 2-3 years, 14.8% for 1-2 years, and 35.6% for under 1 year.

Age: 14.9% were aged under 30 years, 41.2% 30-39 years, 33.3% 40-49 years, and 10.7% 50+ years.

Gender: 56.5% of the sample was male and 43.5% was female.

About us

Fairley & Associates works with companies and agencies to effect change, solve immediate business challenges and build long-term capabilities in brand, marketing and engagement. Our clients report greater traction within their organisations and in the marketplace.

www.fairleyassociates.com

Gabriele Skelton is a specialist design and digital recruitment agency. We're matchmakers; we connect the right candidate with the right client to create something new. We love working with creatives, account handlers, consultants and thinkers, techies and developers. It's about making the right connections to get the right reaction – unusual combinations that make the magic happen. That's what we mean by chemistry.

www.gabrieleskelton.com

On Pointe Marketing works with agencies to build external and internal reputation to drive the business development pipeline and retain and attract talent. We create business and brand-led marketing plans and ongoing implementation consultancy. In a world where agencies sometimes wear the worst shorn shoes, we are the cobbler.

www.onpointemarketing.com