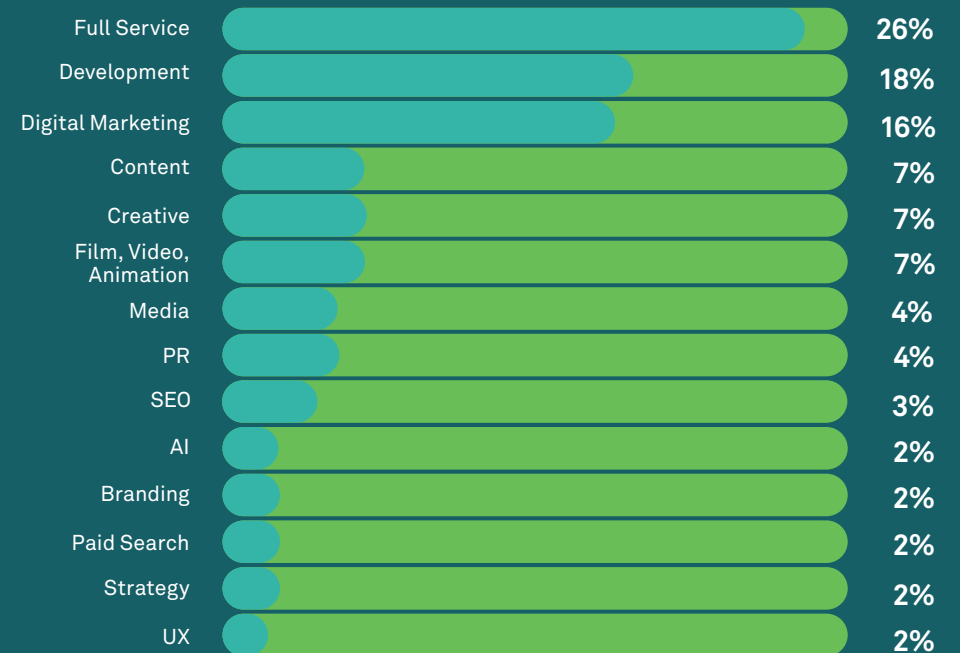# Manchester Digital Agency Insights 2019
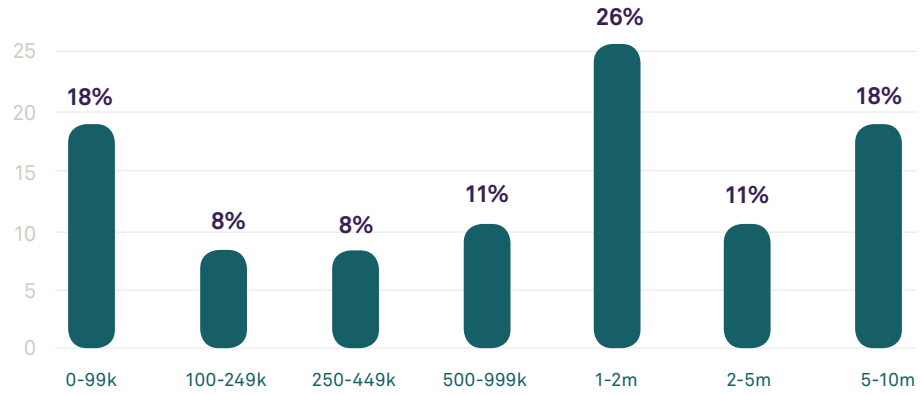
Which agencies took part?

Agency Specialisms

We had a good spread of attendees, reflecting Manchester's vibrant digital agency scene.

We found the bulk of our respondents were either development or full service agencies, with most businesses operating with a £1-2 million turnover over 5 years.

Specialism	Percentage
Full Service	26%
Development	18%
Digital Marketing	16%
Content	7%
Creative	7%
Film, Video, Animation	7%
Media	4%
PR	4%
SEO	3%
AI	2%
Branding	2%
Paid Search	2%
Strategy	2%
UX	2%

Average turnover

Range	Percentage
0-99k	18%
100-249k	8%
250-449k	8%
500-999k	11%
1-2m	26%
2-5m	11%
5-10m	18%

Age of business

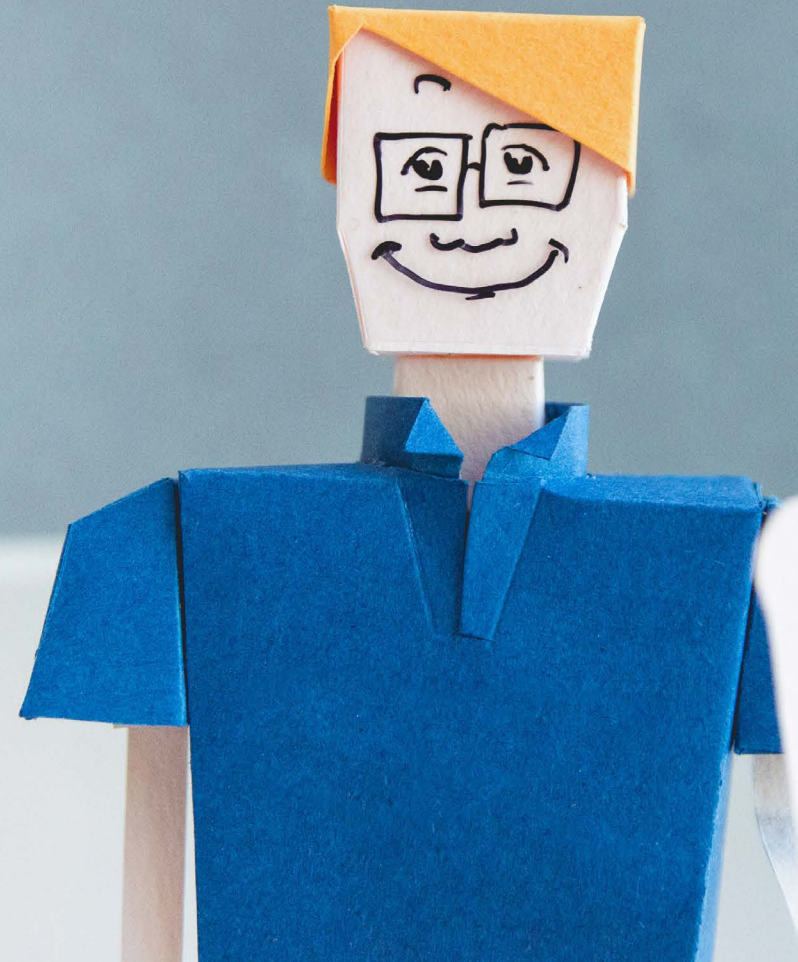| Range	Percentage
Less than a year	4%
1-5 year	22%
6-10 year	33%
11-25 year	31%
25 years	10%
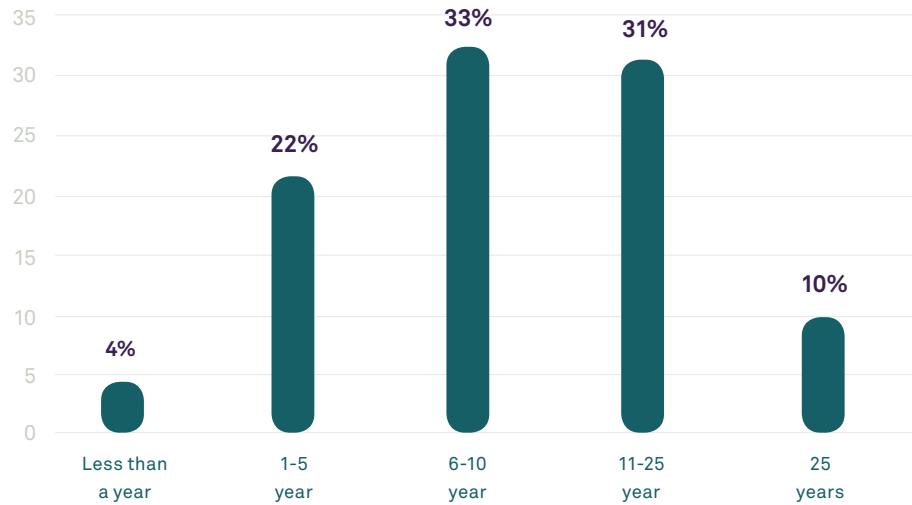
Staffing & Recruitment

What methods are agencies using to recruit?

We asked agencies to tell us all the recruitment methods they were regularly using. Agency's own websites, LinkedIn and Networking were the most popular.

80%
Company Website

74%
LinkedIn

64%
Networking

52%
Online Job Boards

50%
Recruitment Agencies

48%
Universities
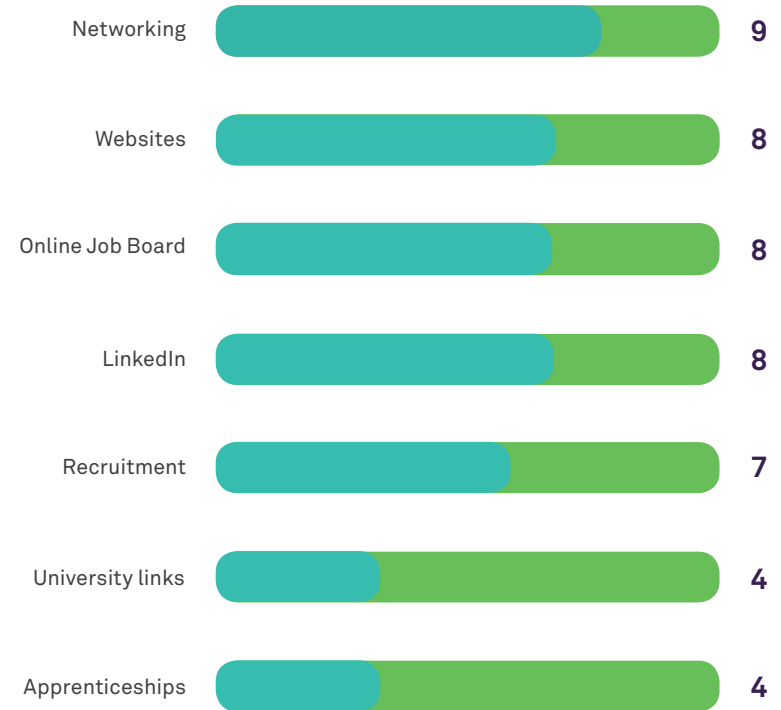
44%
Apprenticeship Scheme

34%
Headhunting

2%
Social Media (apart from LinkedIn)

Which of these methods are most successful?

Networking may be the best method of recruiting but LinkedIn, job boards and brand's own sites are also popular and successful methods. It is good to see a steady number of businesses using apprentices and university links to recruit new talent.

Method	Score
Networking	9
Websites	8
Online Job Board	8
LinkedIn	8
Recruitment	7
University links	4
Apprenticeships	4

*Number denotes answers each option received

Have you struggled to retain staff?

74%
No

26%
Yes

Which of these experiences do agencies identify with?

43%
We've not lost many staff that we wanted to keep

27%
We have lost staff that have opted to work client side

14%
We have lost staff to other Manchester agencies

10%
We've lost staff who have decided to work freelance

6%
We have lost staff who have decided to leave Greater Manchester

Other reasons people cited

Agencies, on the whole, are reporting they aren't struggling to retain talent. For those that have lost talent, employees opting to work client side is the most common reason for staff departures.

Staff opting for career changes

Aggressive hiring from new arrivals in the city offering lots of money

London agencies offering higher wages for fully remote workings

Huge growth in competition agency side and client side

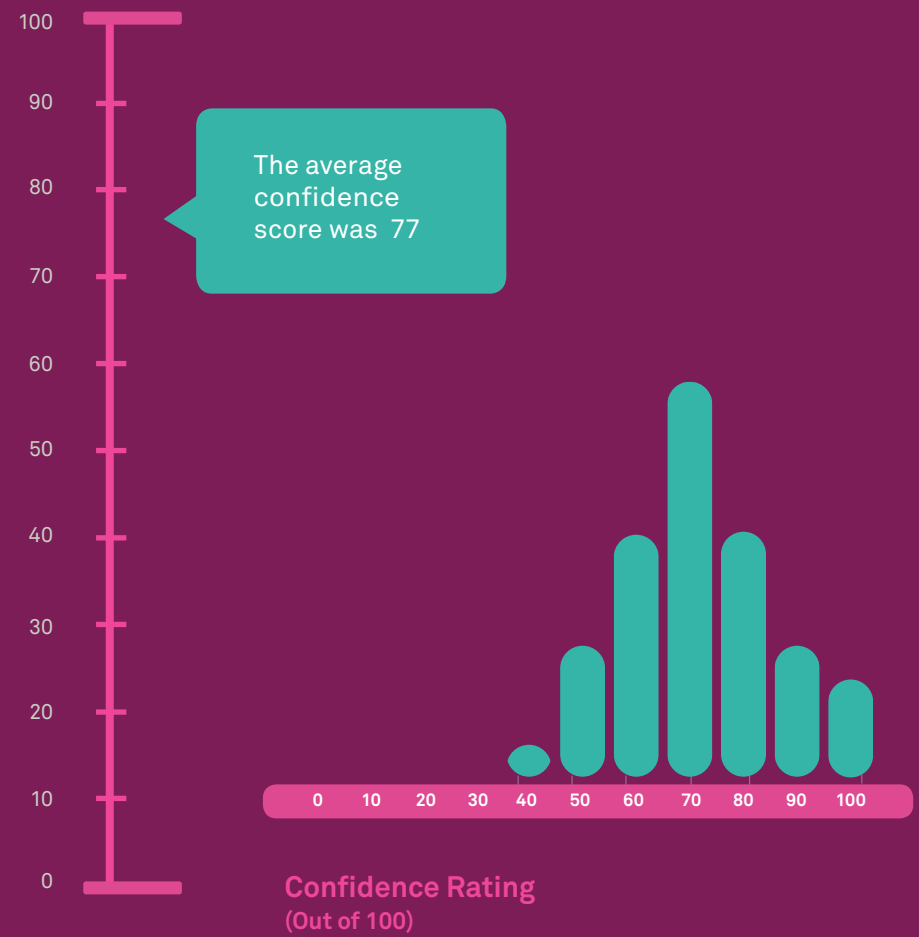Complacency

Being poached from former clients

Confidence

How confident are agencies feeling?

We asked businesses 'how confident are you about growth in the year ahead?'

We asked them to mark their confidence score out of 100.

The average confidence score was 77

Confidence Rating
(Out of 100)

As the next page shows, the high level of confidence felt by agencies is reflected in how much they believe they will increase revenue this year.

Growth - last year's figures vs this year's expectations

We asked businesses to tell us last year's growth figures and their predicted growth in the year ahead.

The data shows that lots of agencies are predicting increased growth for 2019.

Actual revenue growth 2018

Category	Value
Turnover to reduce	2
Turnover to stay the same	5
Less than 5%	2
5-10%	14
11 - 25%	15
26 - 50%	7
Above 50%	6

Expected revenue growth 2019

Category	Value
Turnover reduced	0
Turnover stayed the same	4
Less than 5%	2
5-10%	13
11 - 25%	18
26 - 50%	10
Above 50%	4

*Number denotes answers each option received

Challenges

Are agencies losing clients to in-housing?

39%
said 'Yes'

We've had clients leave as they wish to perform services in-house
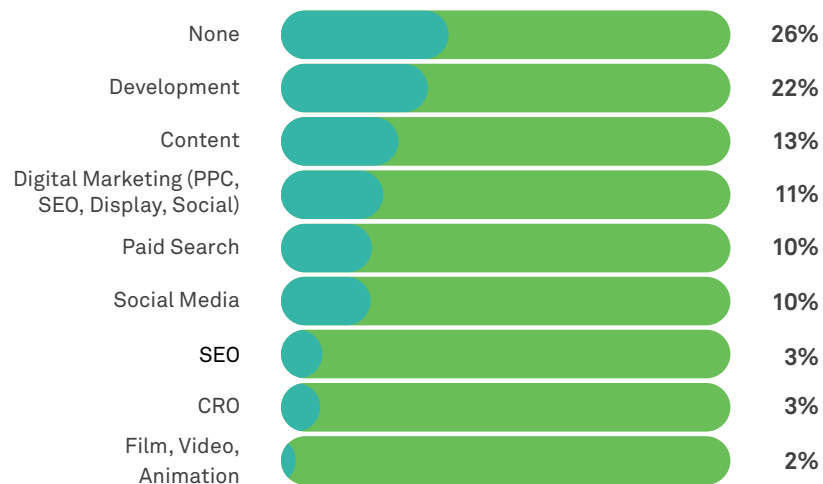
29%
said 'Sort of'

We've had clients stay with us but spend less as they've taken some services in-house

31%
said 'No'

We've not lost work due to client in-housing

The services clients are taking in-house

Clients are becoming increasingly comfortable looking after their own development work. As a result, this is making recruiting devs for reasonable salaries even more difficult.

Service	%
None	26%
Development	22%
Content	13%
Digital Marketing (PPC, SEO, Display, Social)	11%
Paid Search	10%
Social Media	10%
SEO	3%
CRO	3%
Film, Video, Animation	2%

What is the biggest challenge you're facing this year?

Challenge	%
34% Recruiting talent	
30% Winning new business	
16% Client taking business in-house	
8% Cash Flow	
8% Profitability	

How are agencies tackling these challenges

Cash flow

1. Increased sales effort on retained clients
2. Need to work on a cash flow solution to combat late payments by clients
3. Invest more in tech
4. More sales

Clients taking business in-house

1. Gaining more clients
2. Offering consultancy rather than products and services
3. Using personal contacts to get new business
4. Build out our strategic and creative services
5. Working collaboratively with clients

Profitability

1. We have built a good foundation so the new work we bring in will be more profitable
2. Fewer clients, higher value projects, efficiencies and cost savings
3. Processes and systems

Recruiting talent

1. Invest in local events and make better use of our sponsorships etc
2. Be more proactive about developing links with coding schools, and then fiercely protecting employees once we have them
3. Probably outsource overseas
4. Having to dedicate a lot of time to do the recruitment myself as the fees to use recruiters for multiple roles is just not cost effective

Recruiting talent

5. Through a new in-house apprentice scheme
6. Train our own developers
7. Look at all levels, if needed bring in more junior and train up for long term
8. More partnerships - outsourcing development etc
9. Raising our profile

Recruiting talent

10. Operational and structural changes to the agency
11. Train graduates and apprentices whilst retaining key senior talent
12. Raising our profile
13. Commit to finding and onboarding the best possible workers from anywhere in the uk with the power of remote working
14. Acquisition of agencies
15. Continue to develop our own pipeline

Winning new business

1. More sales resource
2. Improved marketing effort, direct targeting
3. We've hired a lead gen agency
4. Showing our USP more and more
5. Its not an easy process, more hard work and defining our USP
6. Sales team, specialise more

Winning new business

7. Focus on marketing our business
8. Investing more into marketing and sales
9. We've invested heavily in to our sales and marketing dept
10. Recruitment and investment in our own marketing
11. Development of new services and an investment in our own marketing
12. Hiring additional bd staff
13. Specialist new business hire
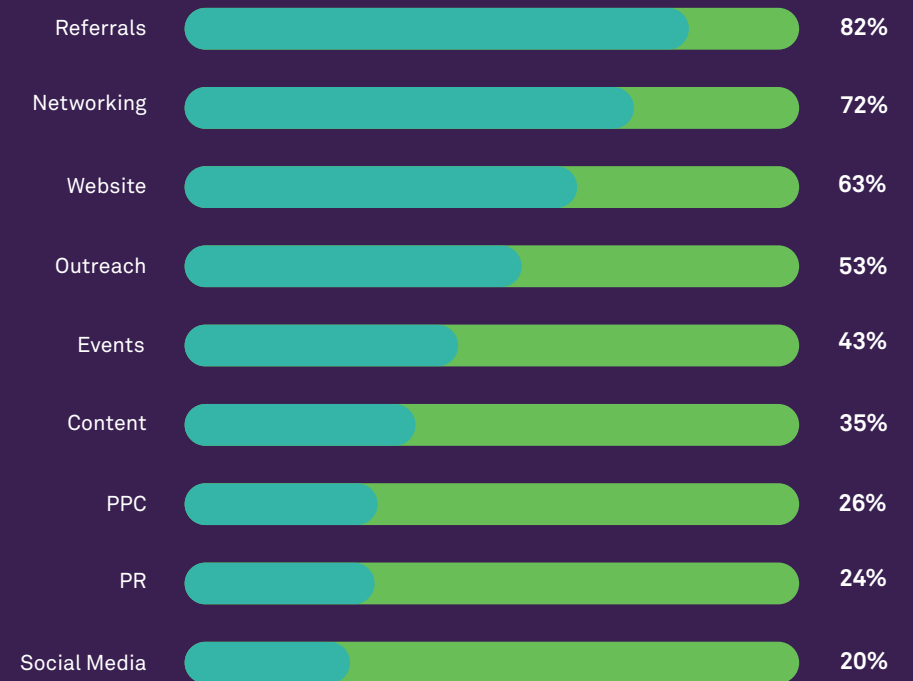14. Grow the BDM team.

Business Model

How are agencies finding work?

We asked agencies to tell us all of the methods they used to find work to pitch for last year.

The popularity of 'referrals' and 'networking' shows that even in this digital age, most agencies are relying on using a personal touch.

Method	Percentage
Referrals	82%
Networking	72%
Website	63%
Outreach	53%
Events	43%
Content	35%
PPC	26%
PR	24%
Social Media	20%

Do you ever outsource work?

51%
Yes, we outsource work

41%
No, we keep work in-house

If so, where?

It's great to see that most of the work that is being outsourced is still remaining within Manchester. Perhaps more could be done to further this trend?

33%
To other agencies or freelancers within Manchester

32%
We don't outsource
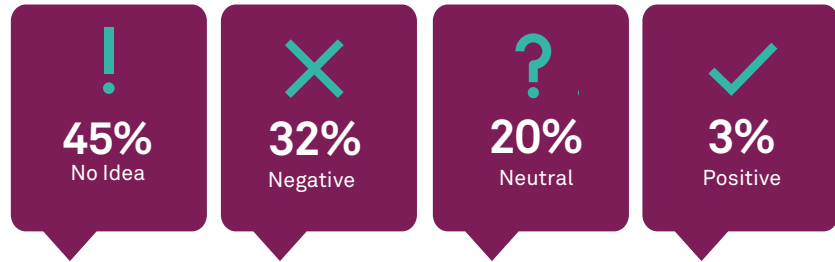
£
23%
To other agencies or freelancers in the UK

€
12%
To other agencies of freelancers in the EU

Brexit

The Brexit effect: what impact do agencies think Brexit will have?

45%	32%	20%	3%
No Idea	Negative	Neutral	Positive

The Brexit Effect: what are we already seeing happen?

No, we've yet to see any consequences	46%
Costs have increase	12%
Clients have delayed projects blaming Brexit	9%
Exchange rates have increased our profitability	8%
Clients have delayed projects blaming Brexit	8%
We're finding it harder to recruit new staff	7%
Clients have increased their spending as a result of Brexit	4%
Prospects halting new work citing Brexit for uncertainty	4%
Exchange rates have decreased our profitability	2%

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