2024

eventmarketer

AGENCY FORUM

EVENT AGENCY BUSINESS OUTLOOK

INTRODUCTION

THE FIRST STUDY OF ITS KIND

Thank you for joining us at Event Marketer’s second annual Agency Forum. We are pleased to share with you the results of the 2024 Event Agency Business Outlook study.

This comprehensive, first-of-its-kind research report is designed to meet the unique data needs of the event agency community. And we’re happy to be offering it to you at a transformative time for the industry.

More than 300 event industry executives responded to our survey fielded earlier this year. The results capture a unique snapshot of the experiential marketing industry with data gathered from those who specialize in strategic events.

The goal of the Event Agency Business Outlook Report is to get a sense of where the agency business is today, where it’s trending, where agencies are focusing and investing, and what the community is watching and expecting as it heads into 2024.

Good data informs smart decisions, and we hope what we shared with you at Agency Forum, and what you’re about to read, will help you build stronger strategies for next year and beyond.

Here’s to you and a profitable 2024.

Jessica Heasley
Editor & Publisher, Event Marketer

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OPERATING COSTS

Survey Question: Overall event operating hard costs increased by how much in 2023 versus 2022?

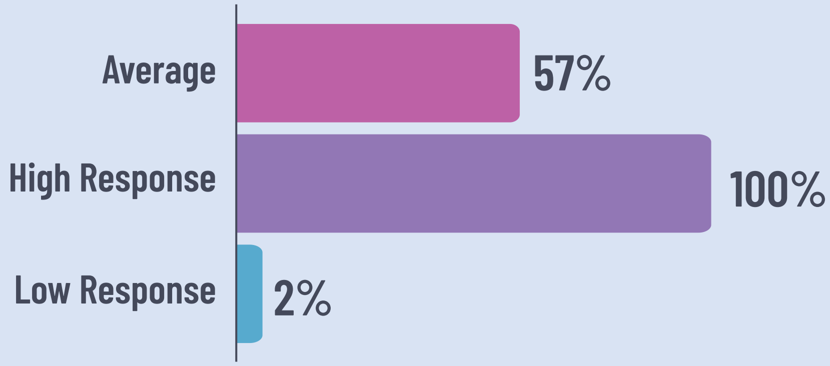
	2022	2023
0 to 3%	0%	4%
4 to 6%	0%	7%
7 to 10%	21%	25%
11 to 15%	21%	32%
16 to 20%	29%	17%
21 to 25%	14%	11%
More than 25%	14%	5%

KEY INSIGHT

HARD COST INCREASES HAVE SLOWED

Compared to the surprising impact inflation had on virtually all event-related hard costs last year, agency executives report that hard costs are going down. In 2022, about one-third of agency executives reported a 16 to 20% increase in hard costs between 2021 and 2022. This year, despite inflation persisting into Q4, that number has dropped to 17%. Fourteen percent of last year's respondents reported hard cost increases of more than 25%. This year, that number dropped to 5%.

Survey Question: What percent of hard cost event budget increases in 2023 are you passing on to clients?



KEY INSIGHT

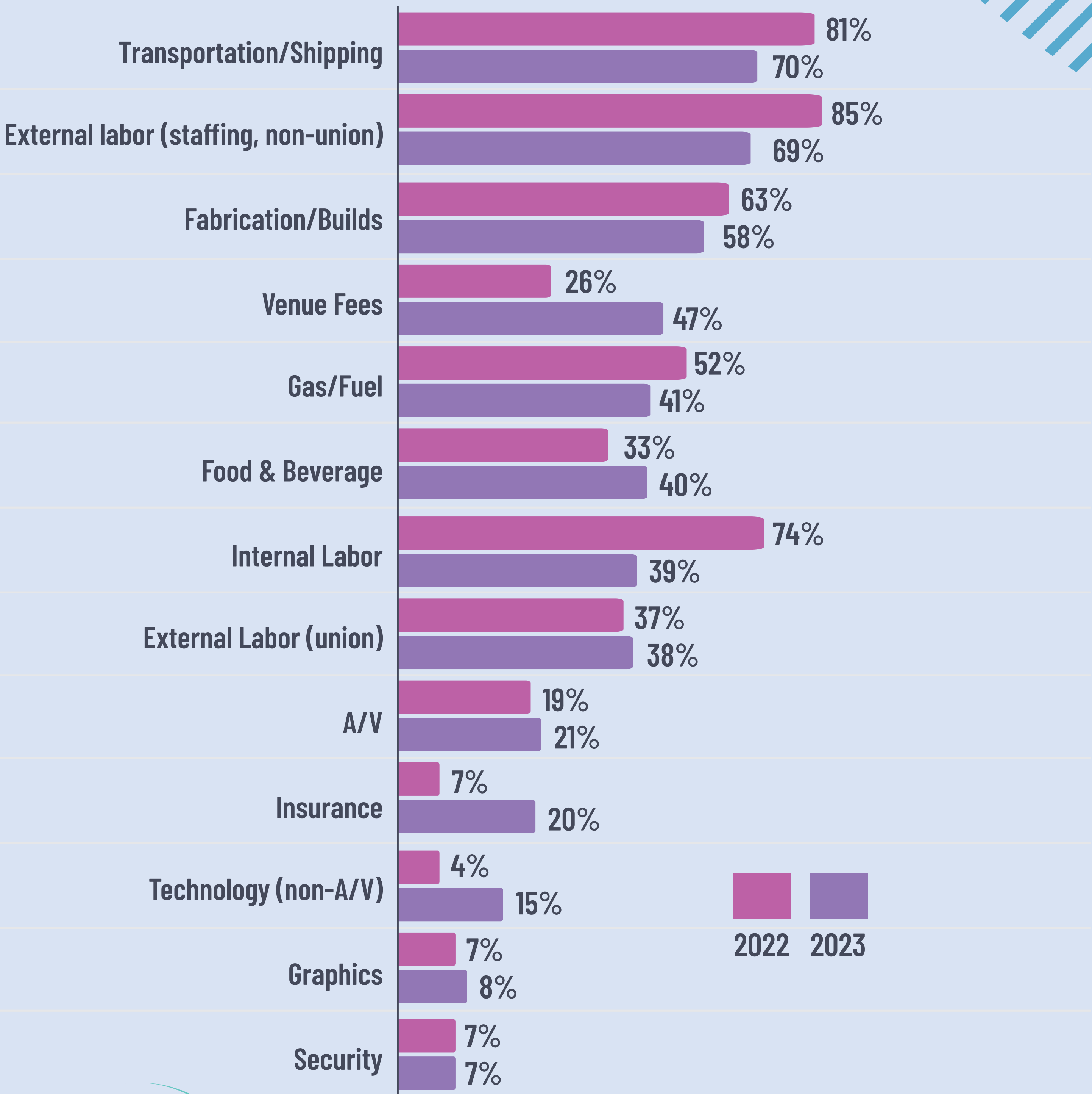
AGENCIES ARE STILL ABSORBING SOME COSTS

In 2022, event agencies absorbed 65% of cost increases rather than pass them along to their clients. Somewhat surprisingly, agencies report that this year, they are still absorbing more than half (57%) of cost increases for their clients.

"The agency/client relationship is largely influenced by the economy, and that explains why absorbing costs reduced slightly in 2023," says Gabriela Neves, partner, Factory 360. "The question is if with time the absorption will reduce completely or clients will become accustomed."

OPERATING COSTS

Survey Question: In which of the following expense areas are you seeing the largest cost increases/inflation?



KEY INSIGHT

VENUES, NON-AV TECH AMONG TOP EXPENSES TO SURGE

Transportation, labor, fabrication and fuel remain on the top-five list of operational expenses most impacted by cost increases, but venue fees leapt into the top five this year and were reported to be a top expense category by nearly twice as many respondents in 2023 versus 2022—up to 47% from 26%. Non-A/V technology was reported to be impacted by inflation among 15% of survey respondents, up from 4% in 2022.

OPERATING COSTS

Survey Question: In general, by what percentage have costs increased in the following expense areas over the last year? (Please estimate if necessary.)

	Increased 50% or more	Increased 40%	Increased 30%	Increased 20%	Increased 10%	Increased 5%	Flat/ Same as 2022	Decreased
Gas/Fuel	3%	4%	18%	28%	24%	14%	9%	0%
External labor (staffing, non-union)	2%	2%	18%	30%	31%	14%	4%	0%
A/V	1%	1%	11%	20%	28%	26%	14%	0%
Internal labor	1%	1%	14%	21%	35%	17%	12%	1%
Venue fees	1%	2%	14%	31%	21%	17%	14%	0%
Food & Beverage	1%	3%	19%	23%	24%	20%	10%	0%
Insurance	1%	4%	7%	23%	23%	25%	17%	0%
External labor (union)	1%	4%	15%	23%	33%	12%	12%	0%
Fabrication/Builds	1%	5%	17%	34%	26%	11%	6%	0%
Transportation/ Shipping	1%	9%	16%	39%	23%	10%	3%	0%
Security	0%	0%	11%	11%	27%	27%	24%	1%
Technology (non-a/v)	0%	1%	10%	22%	25%	23%	19%	1%
Graphics	0%	2%	7%	14%	29%	28%	20%	0%

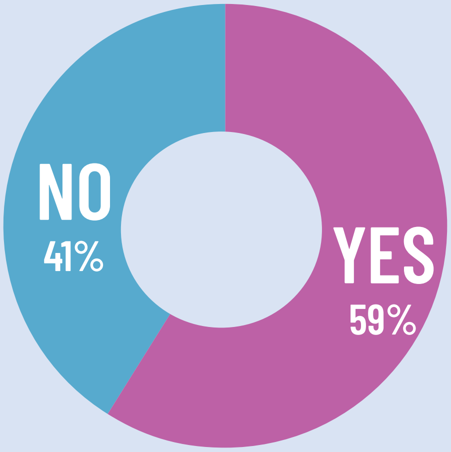
KEY INSIGHT

INFLATION INCREASES REMAIN STEADY

While costs vary depending on geography, time of year and the size of the event, these averages reflect the estimates reported by event agency executives handling events on a national scale. The numbers help illustrate which elements of event operating budgets are surging the most. They can inform decisions as event executives prepare for budget line items most likely to surge as inflation and supply chain challenges continue to impact the industry.

OPERATING COSTS

Survey Question: Will you increase your rate card for 2023 based on rising costs?



KEY INSIGHT

FEWER AGENCIES WILL RAISE RATES

In 2022, agencies almost unanimously raised rates, with 92% saying they would increase their rate card in 2023. This year, just 59% said they would increase their rate card in 2024, a 33% drop from last year. It appears that the sharp rise in rates this year has largely accounted for inflationary increases and has alleviated the need to raise rates again among a large segment of the agency community. Among those who do raise their rates, most (67%) will raise rates between 4-10% which is on par with last year's data. (See below.)

Survey Question: If you do plan to raise rates, by how much?

	2022	2023
0 to 3%	8%	24%
4 to 6%	24%	39%
7 to 10%	44%	28%
11 to 15%	20%	6%
More than 15%	4%	3%

PEOPLE

Survey Question: What are your most important agency investments in the year ahead?

Top Investments Last Year	Top Investments This Year
Hiring People	Business Development
Salary/Comp Increases	Hiring People
Business Development	Marketing
Diversity/CSM	Launching New Services
Marketing	Diversity/CSM
Launching New Services	Salary/Comp Increases
Buying New Equipment	Buying New Equipment
Opening New Offices	Opening New Offices

KEY INSIGHT

BIZ DEV IS TOP PRIORITY

Last year, the industry was still reeling from the exodus of top event employees, so it was no surprise that hiring and compensation topped the list of investments for 2023. This year, the list has shuffled and agencies will be focusing on business development, hiring great people and—up two spots on the list—marketing. Clearly, survival mode has come to an end, and business growth is the name of the game heading into 2024.

Survey Question: Which three areas are you adding headcount in?

2023	2024
On-Site Execution	Creative
Production	Account-Services/Management
Creative	Production
Account-Services/Management	Business-Development
Strategy	On-Site Execution
Business-Development	Strategy
Technology/Data/Measurement	Marketing
Admin/Office	Technology/Data/Measurement
Marketing	Admin/Office

CREATIVE TALENT TOPS RECRUITING LIST

The talent slump of 2022 was remembered in large part as a challenge for on-site production teams, so it wasn't surprising that on-site execution and production roles were in top demand. Fast forward to 2023 and agencies are now looking for creatives and account roles as they build out their teams.

KEY INSIGHT

PEOPLE

Survey Question: In the year ahead, your employee policy will require:

	2023	2024
Employees required in office weekly	41%	47%
Employees can work remotely 100%	11%	23%
Employees can choose where they wish to work	53%	28%
Employees required in office monthly	0%	13%

Survey Question: Which employee comp changes are you embracing in the year ahead?

	2023	2024
Salary Increases	63%	64%
Promotions	37%	48%
Hybrid/Work-from-Home Policy	81%	44%
New Bonus Structure	37%	28%
Additional Vacation Days	44%	24%
Other	7%	13%

KEY INSIGHT

AGENCIES SEE VALUE IN RETURN TO OFFICE *AND* REMOTE

A growing number of agency executives believe that in-office collaboration is critical to creative output. Last year, 53% of agencies surveyed allowed employees to work wherever they wanted. This year, just 28% report offering that same policy. Forty-seven percent of agencies this year say they ask their employees to be in the office on a semi-regular basis each week, up from 41% in 2022. Despite these increases, the number of agencies that allow 100% remote work more than doubled, up from 11% in 2022 to 23%. Many agencies report that offering remote policies has enabled them to find top talent for key positions that were lost post-pandemic.

2024 BUSINESS PROJECTIONS

Survey Question: How much will client budgets increase in 2023?

4.3%

KEY INSIGHT

CLIENT SPENDING PROJECTED TO INCREASE

Based on last year's survey, client spending in 2023 was projected to be up by 7% in 2023, a number driven by a more optimistic post-pandemic outlook and a returning confidence in the value of live events. This year, 46% of survey respondents expected 2024 client budgets to increase yet again, while 42% projected they would remain the same. Based on the average spend increase projected by survey respondents, agencies should expect client spending to jump 4.3% on average in 2024.

2024 BUSINESS PROJECTIONS

Survey Question: What is your projected agency margin?

2022	2023	2024
23.1%	23.4%	25.8%

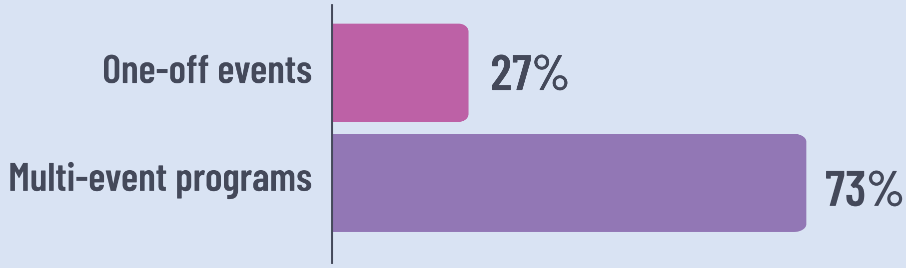
KEY INSIGHT

MARGINS WILL REMAIN STEADY

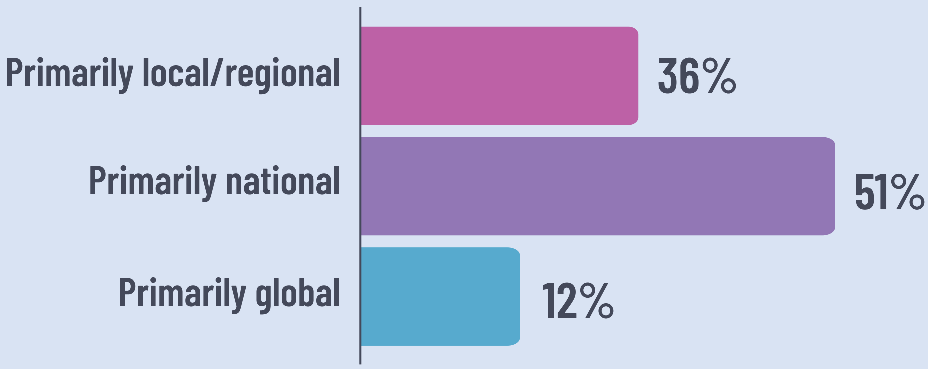
Agency margins will remain steady in 2023 at 23.4% and are projected to rise to 25.8% in 2024. Interestingly, last year's survey respondents projected the same averages, 23% and 25% respectively, which points to a loss in confidence that margins will actually increase the two percentage points projected last year. Despite rising costs and the fact that agencies are still absorbing more than 50% of cost increases for their clients, a steady margin is a positive sign for the industry.

2024 BUSINESS PROJECTIONS

Survey Question: In 2024, clients will primarily hire agencies for (pick one):



Survey Question: In 2024, event programs will be (pick one):



KEY INSIGHT

MORE MULTI-EVENT PROGRAMS ARE PREDICTED

More than 73% of agencies are predicting that clients will be hiring them for multi-event programs, versus one-off events. This is an 18% jump from last year, indicating that some of the pandemic-era fears driving tentative, event-by-event planning and execution has finally dissipated and clients are back to working with agency partners for full portfolio programs. This is a positive sign that event confidence and spending is also on the way up in 2024.

SUMMARY

For agency executives coming out of a year marked by increased demand for events but persistently high costs, 2024 appears encouraging. Margins and profits are on the rise in 2024 thanks to an increased appetite for events, changing attendee sentiment and a move away from absorbing increased hard costs versus passing them along to clients. Client budgets are on the rise as well, as are client investments in more forward-looking, multi-event programs. The talent shortages that plagued the industry have become less of a pain point while investments in business development and marketing have shown that growth is the priority for the year ahead.

ABOUT THE SURVEY

This fall, Event Marketer surveyed more than 300 event agency executives for the 2024 Event Agency Business Outlook Report.

More than 98% of respondents reported that their agency is full service. One percent reported their agency type is "execution/production only."

Seventy-three percent of agencies that participated in the study are independent, 6% are owned by a public holding company, 10% are owned by private equity and 10% by a private holding company.

We thank all of the agency leaders who participated in the study.