

duda

2024 AI Outlook for Digital Agency Leaders

December 2023



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Introduction

Introduction & Methodology

Artificial Intelligence (AI) is the latest technology to explode in the digital marketing space – and with unprecedented enthusiasm. Generative AI has experienced one of the fastest tech adoption rates in history, with ChatGPT accumulating over 100 million users in just two months. For context, it took TikTok nine months and Instagram 2.5 years to reach the same number of users.

While the rapid rise of AI is reshaping how SMBs run their businesses, the value of the agency is here to stay. However, agencies will need to re-strategize the way they support their clients and create value.

As the leading professional website builder for agencies, we wanted to reach out to digital agency leaders to understand how they're using AI today, the impact that it's already had on their businesses, and how they're planning to leverage and invest in AI in 2024.

We found that, as generative AI took the digital world by storm in 2023, digital agencies were quick to leverage this tech – with immediate value to their businesses. Going into 2024, the future of AI looks bright, as agency leaders expect even greater value and positive business impact in the coming year, despite some lingering challenges.

Methodology

We commissioned a survey of 200 digital agencies owners that offer web design or development as part of their services. This report was administered online by Global Surveyz Research, a global research firm. The survey is based on responses from agency owners in companies ranging between two and 100+ employees across the US, Canada, UK, Australia, France, Germany, Italy, Spain and the Netherlands. The respondents were recruited through a global B2B research panel and invited via

email to complete the survey, with all responses collected during Q4 2023. The average amount of time spent on the survey was five minutes. The answers to most of the non-numerical questions were randomized to prevent order bias in the answers.

5 Key Findings



1. The fear of missing out is real, driving widespread AI adoption

100% of the agency owners surveyed are already using AI in their web building processes and seeing savings from AI-driven efficiencies (Figures 4 and 5), underscoring just how fast and widespread AI adoption was in 2023. Despite their fast adoption of AI, 84% of survey respondents express concern about keeping pace with AI developments in 2024 (Figure 7), highlighting the sense of urgency agency owners feel to stay competitive in a digital landscape that is evolving faster than ever.

2. Agency owners expect AI to transform how they do business

Unsurprisingly, 89% of agency owners expect AI to help them scale their businesses faster, and 87% expect AI to help them speed up time-consuming workflows like content creation (Figure 6). What's more, agency owners report that they expect AI to impact how they go to market, with 86% indicating they believe AI will enable them to go down-market and serve more diverse clients by the end of 2024.

This is perhaps one of the most exciting findings of the survey, because it confirms that agency owners feel empowered by AI to expand their total addressable market (TAM), scale their processes to take on more clients, and ultimately, see their revenue soar.

3. AI already yields positive results for digital agencies and their clients

Agency owners are already seeing measurable impact from their use of AI, particularly in terms of cost savings, operational efficiency, and client satisfaction. Cost saving is the top metric for evaluating AI success (Figure 3), with 32% of agencies focusing on this metric and all agencies reporting some level of AI-driven cost savings in 2023. Agency owners also report that they're already seeing good results when using AI (Figure 1) to update existing web page content (59%), generate content for new pages (55%), create visuals for client websites (53%), and optimize sites for SEO (40%).

4. Agency owners expect their AI-driven savings to increase by 134% YoY

The use of AI among digital agencies is still emerging, so their estimated AI-driven savings are modest, measuring in the thousands of dollars per year. But leaders from agencies of all sizes are optimistic, anticipating their annual AI-driven savings to more than double YoY, increasing by 134% in 2024 (Figure 5). Significantly, 25% of larger agencies (100+ employees) expect over \$25,000 in annual savings in 2024 – which is 10x the number of agencies saying they saved a similar amount in 2023.



5. When it comes to 2024 AI spend, content is king

Looking forward to 2024, agency owners are looking to reinvest their 2023 savings back into AI, including spending on AI tools, training, consulting, and more. Agency owners have homed in on several core capabilities to invest in first – with content high the list (Figure 11). In fact, content-related AI capabilities take up three of the top five areas of focus for AI investment in 2024, including content strategy (40%), editing content (29%), and writing content (26%).



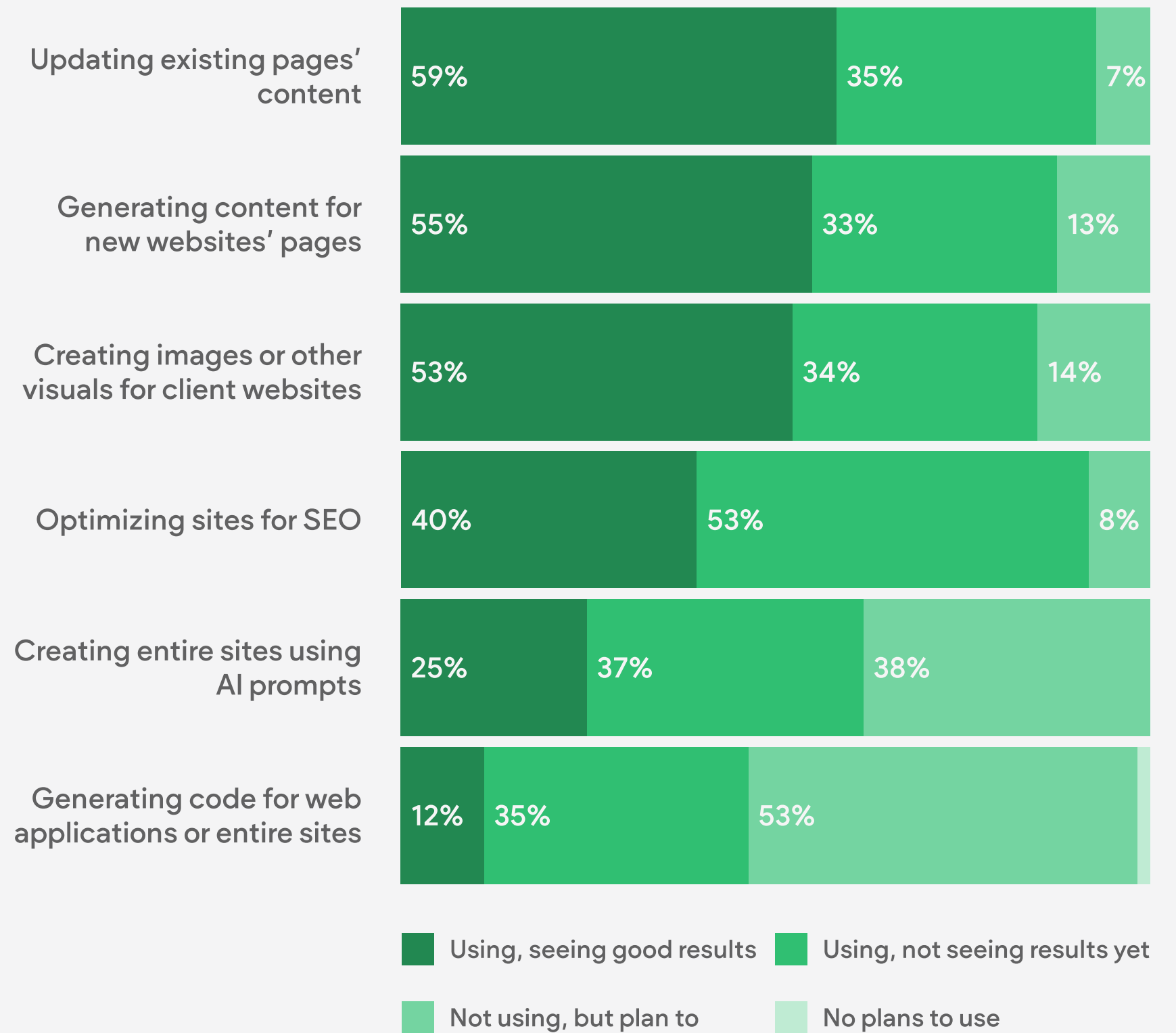
**Digital Agencies Were Quick to
Adopt AI With Immediate Value
to Their Businesses**

Areas Where Digital Agencies are Already Seeing Results from AI

All the agency owners surveyed indicate that they are currently using AI to improve the efficiency and effectiveness of their client web building processes – and many are already seeing promising results.

Today, AI is proving to be especially valuable in helping agencies keep clients' websites up to date with relevant content, with 59% of agencies seeing good results from using AI to update existing web content and 55% seeing good results from generating new content for their clients' websites.

Other areas where agencies are already seeing value include the creation of images and other visuals for client sites (53%) and optimizing client sites for SEO (40%). While few agencies have realized the potential of using AI to generate code, 53% are planning to explore this capability in 2024.



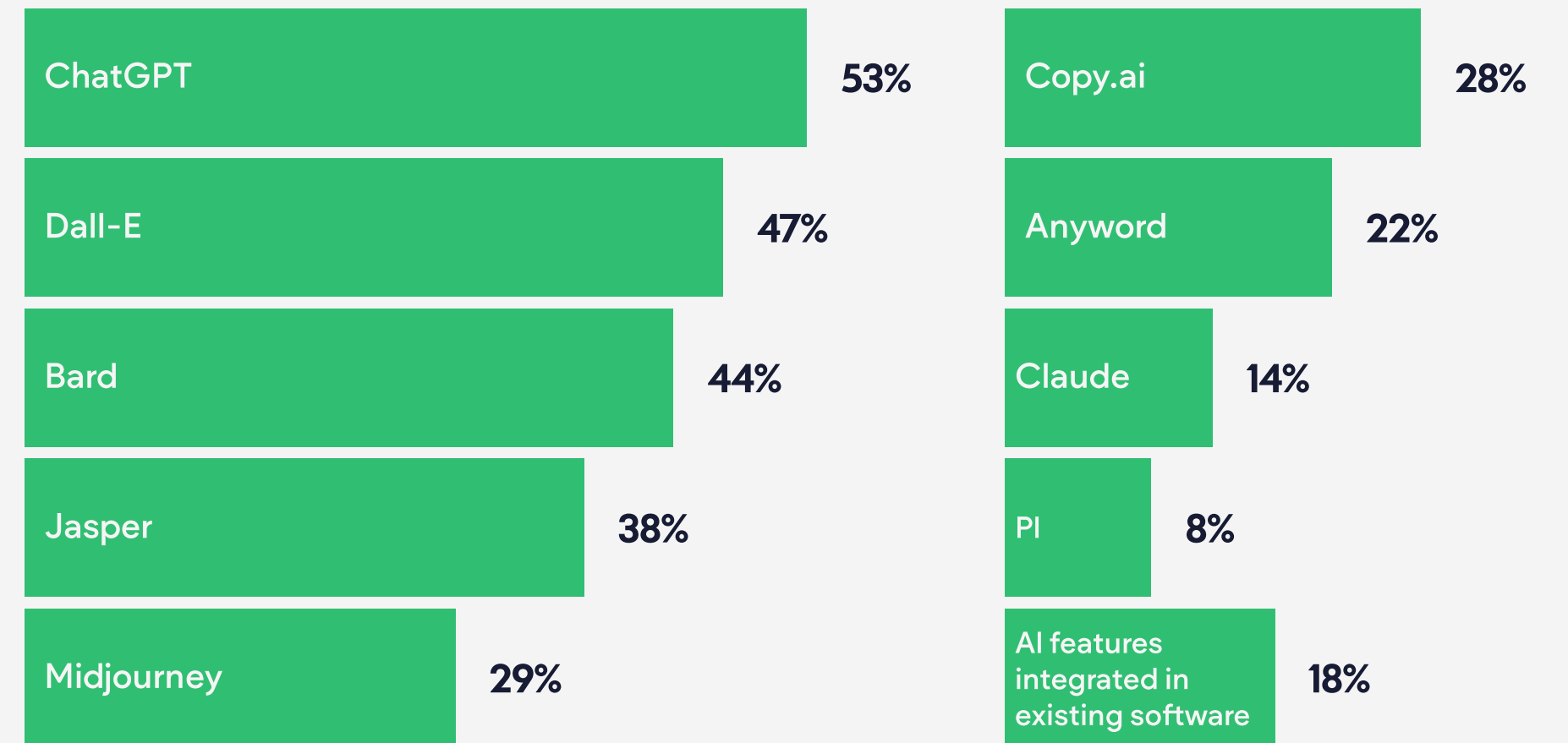
AI Capabilities Used for Building Websites for Clients

Most Valuable AI Tools for Digital Marketing Agencies

Agencies have a wide range of AI tools available to them, but our survey respondents point to ChatGPT (53%) as the most valuable tool in their AI tech stack, followed by OpenAI's text-to-image generator Dall-E (47%) and Google's AI chatbot Bard (44%).

While only 18% of survey respondents rank integrated AI tools among the most valuable, we expect that number to increase significantly as more and more digital technology providers enhance their existing offerings by embedding AI capabilities into their platforms.

AI integration into existing software is a rapidly evolving space, with many new capabilities announced in recent months. For example, social media scheduling platform Hootsuite recently launched [OwlyWriter AI](#), which generates social media captions within the platform. Meanwhile, Duda recently added the ability to instantly generate SEO metadata with a native [AI Assistant](#).



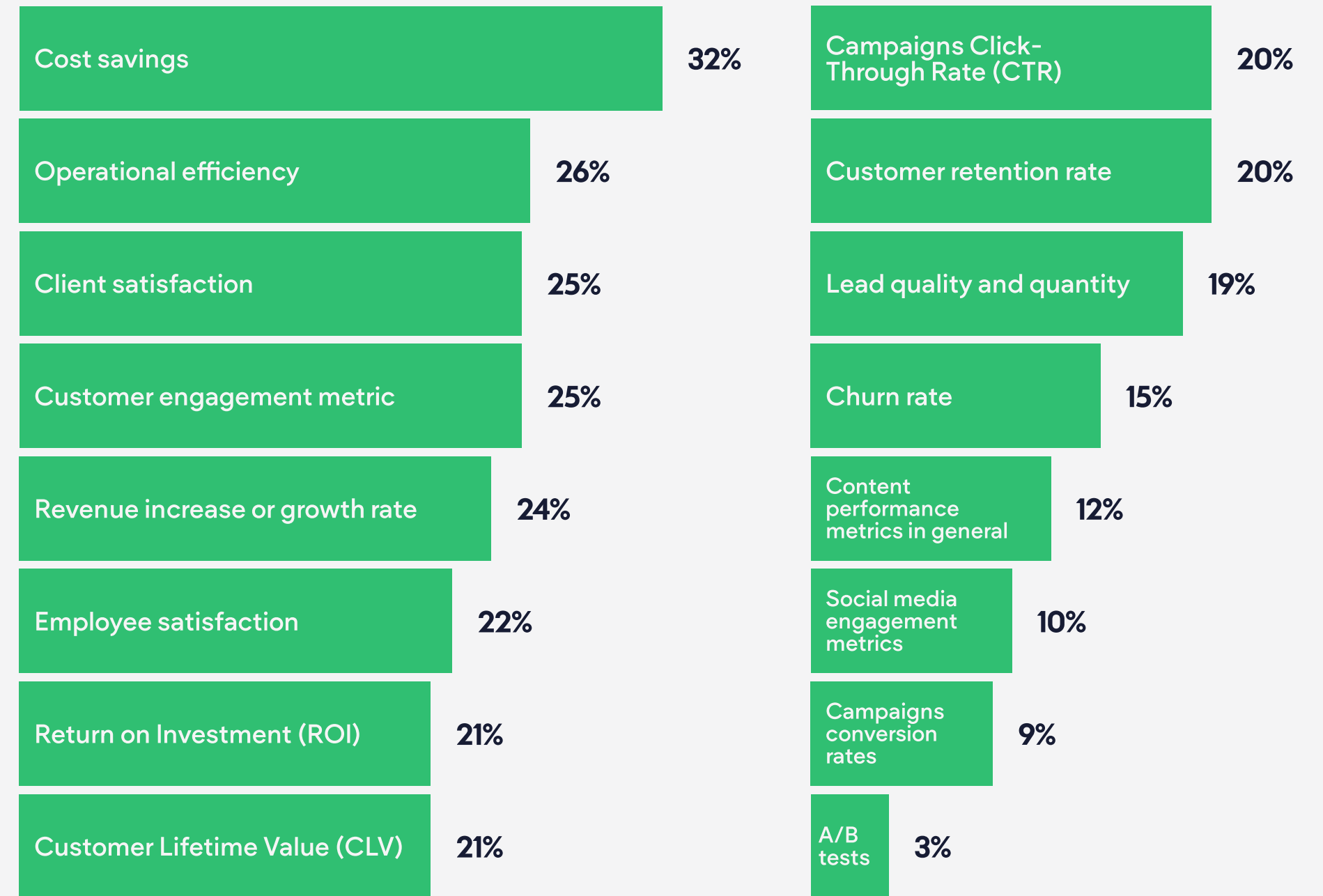
Top Metrics Used to Measure Successful AI Implementation

Agencies evaluate the success of AI implementation using a range of metrics that vary by agency size. Agency owners adopt a nuanced approach to assess the impact of AI, with cost saving being the most important metric.

For all agencies surveyed, cost savings emerged as the leading success indicator (32%), followed by operational efficiency (26%) and client satisfaction (25%).

Larger agencies (100+ employees) also focus on customer retention rates when evaluating whether their use of AI was successful, while small and medium-sized agencies focus on ROI and operational efficiency to measure successful AI integration and implementation.

*Question allowed more than one answer and as a result, percentages will add up to more than 100%



Top Metrics Used to Measure Successful AI Implementation

Estimated Annual Savings Due to AI-Driven Efficiencies: 2023 vs. 2024

There's a strong sense of optimism for 2024, with agencies anticipating a sizable increase in savings due to AI.

In 2023, agencies already witnessed solid cost savings due to AI implementation. The data shows that 90% have already saved up to \$10,000 in 2023, with 33% of larger agencies (over 100 employees) saving over \$10,000 in 2023 due to AI.

The overall projection for 2024 is that, on average, annual savings from AI will more than double, marking a 134% increase compared to 2023 for agencies of all sizes.

Significantly, 25% of large agencies expect over \$25,000 in annual savings in 2024 – a tenfold increase in the number of agencies saying they saved a similar amount in 2023.

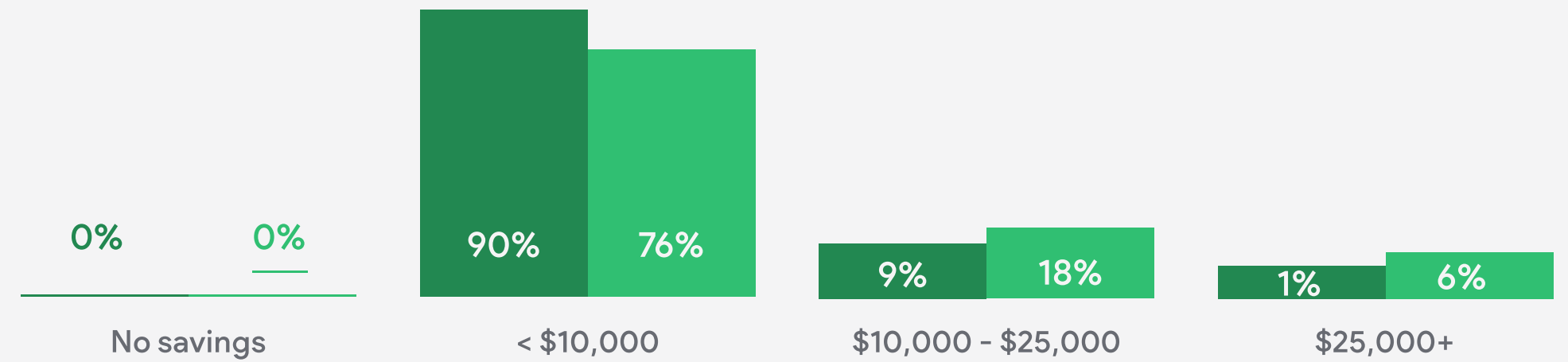
2023 Weighted Average

\$2,909

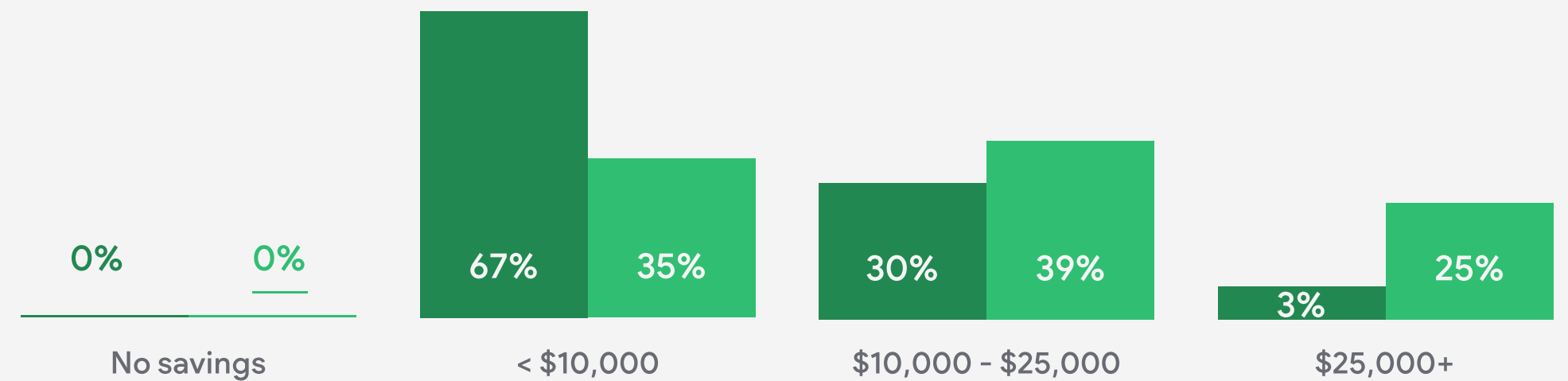
2024 Weighted Average

\$6,794

(+134%) ↑



Estimated Annual Savings Due to AI-Driven Efficiencies: 2023 vs. 2024



Estimated Annual Savings Due to AI-Driven Efficiencies: 2023 vs. 2024, by "Companies with 101+ People"

Agencies Expect AI to Transform Their Businesses in 2024, Despite Challenges

Where Agency Owners Expect AI to Improve Their Business

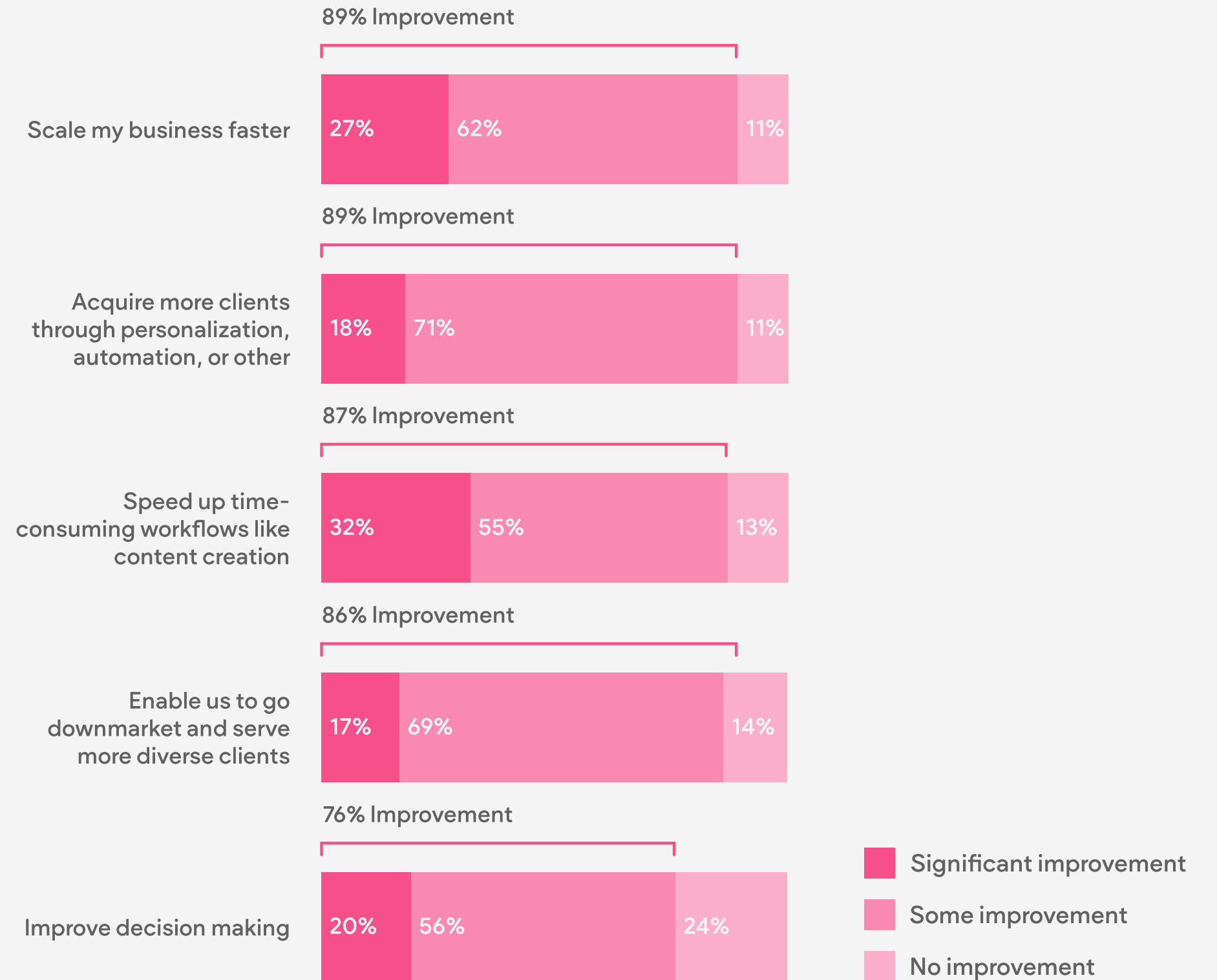
By the end of 2024, agency owners are expecting the success of their AI implementation to not only manifest in higher cost savings; they're anticipating some significant impact on how they run their businesses.

89% of agency owners expect AI to help them scale their business faster next year, and to help them acquire more clients.

Meanwhile, perhaps most significantly, 86% of agency owners expect AI to enable them to go down-market and serve a more

diverse client base that previously would have been out of reach due to cost or time constraints.

However, opinions are most divided on AI's role in improving their decision-making. 24% of agency owners believe AI will not improve this aspect of their business in 2024.

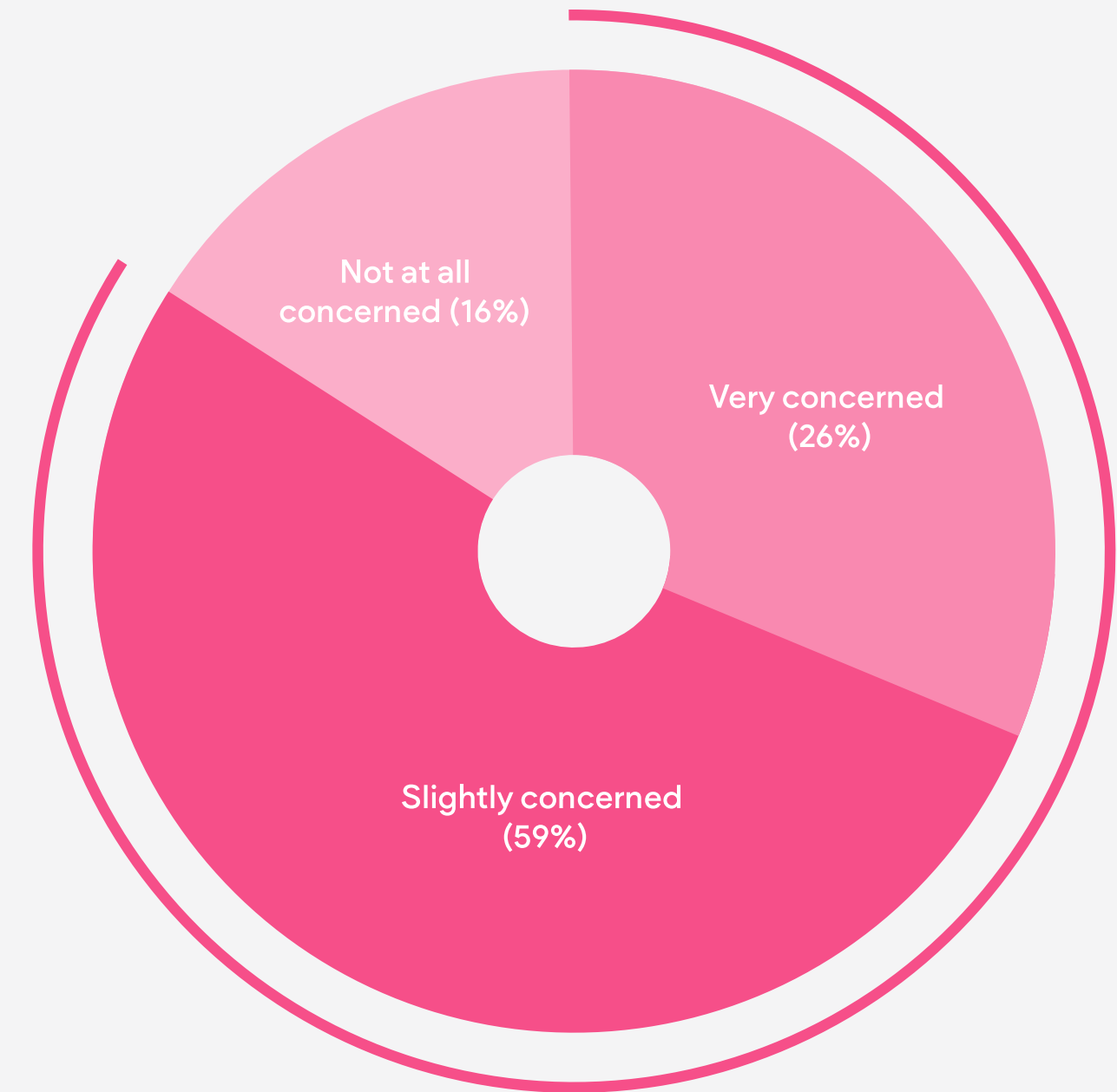


Areas AI Will Improve for Digital Marketing Agencies by the End of 2024

Concerns About Keeping Pace with AI Developments

Despite rapid and widespread adoption, agency owners are still apprehensive about keeping pace with AI advancements in 2024. Among them, 84% express concern, with 58% being slightly concerned and 26% very concerned. Only 16% of agency owners say they're not concerned at all.

This highlights an ongoing sense of urgency felt by agency owners to stay competitive in a digital landscape that is evolving faster than ever, and the need to partner with technology providers that can help them keep pace.



Very concerned to Slightly concerned 84%

Top Risks and Challenges Agencies Face When Implementing AI

Agencies report several key challenges to successfully implementing AI, including scalability issues (35%), data privacy (30%), and integration with existing systems (29%).

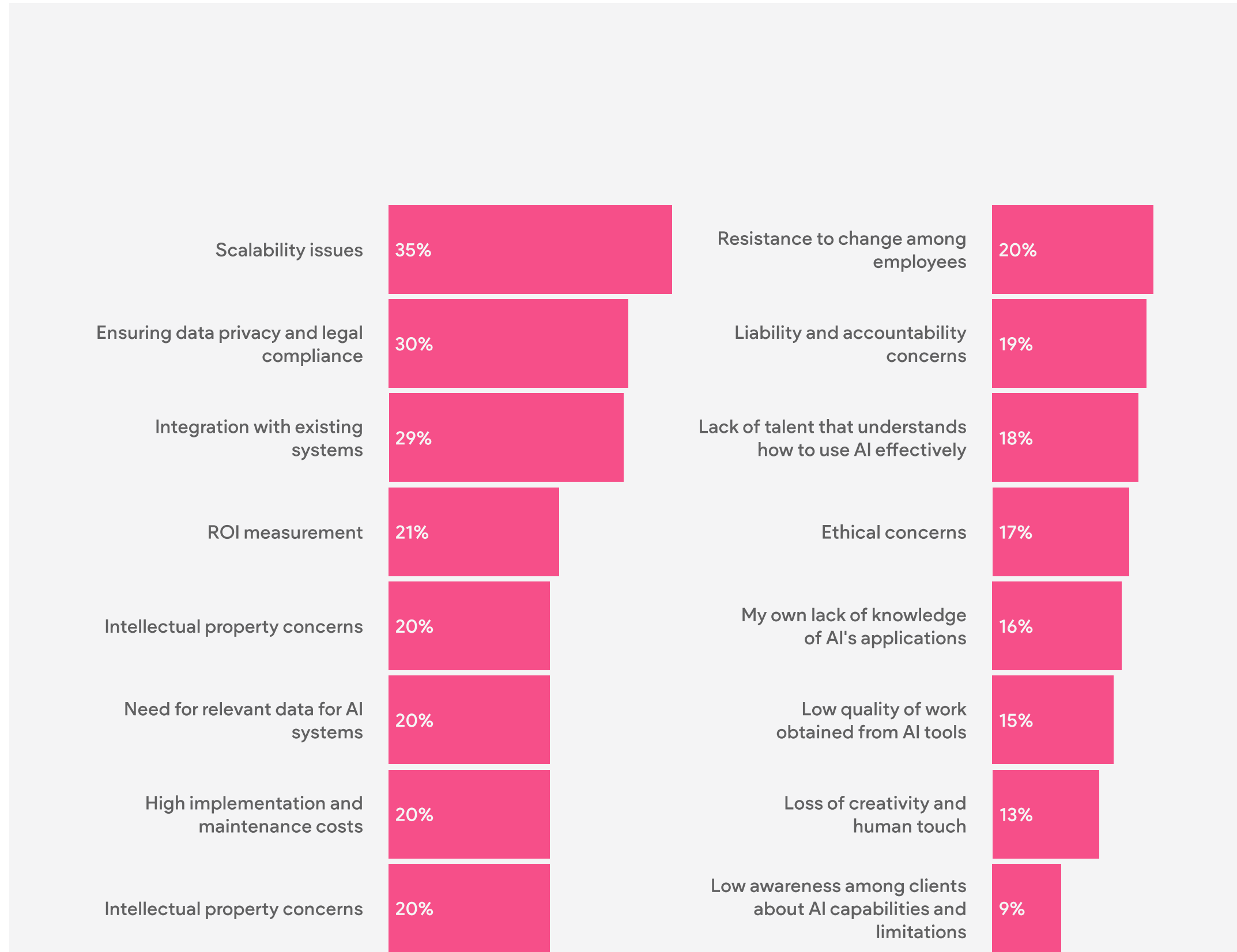
As agencies scale their use of AI, third-party tools can become quite cumbersome, requiring disruptive task-switching (e.g., copying and pasting ChatGPT outputs into other applications).

As a result, many agencies feel the need to integrate AI tools with their existing systems and platforms, requiring both time and resources for development and customization.

In response to this challenge, many digital technology providers are increasingly integrating AI natively into their platforms, allowing agencies to seamlessly leverage generative AI within their existing workflows.

Data privacy concerns also remain at the forefront of the AI conversation, as tools like ChatGPT depend on user inputs to train their large language models (LLMs). Most AI tools warn against sharing sensitive data with AI bots, but businesses that do not have clear visibility into how their employees use AI tools may still be at risk.

*Question allowed more than one answer and as a result, percentages will add up to more than 100%



Areas AI Will Improve for Digital Marketing Agencies by the End of 2024

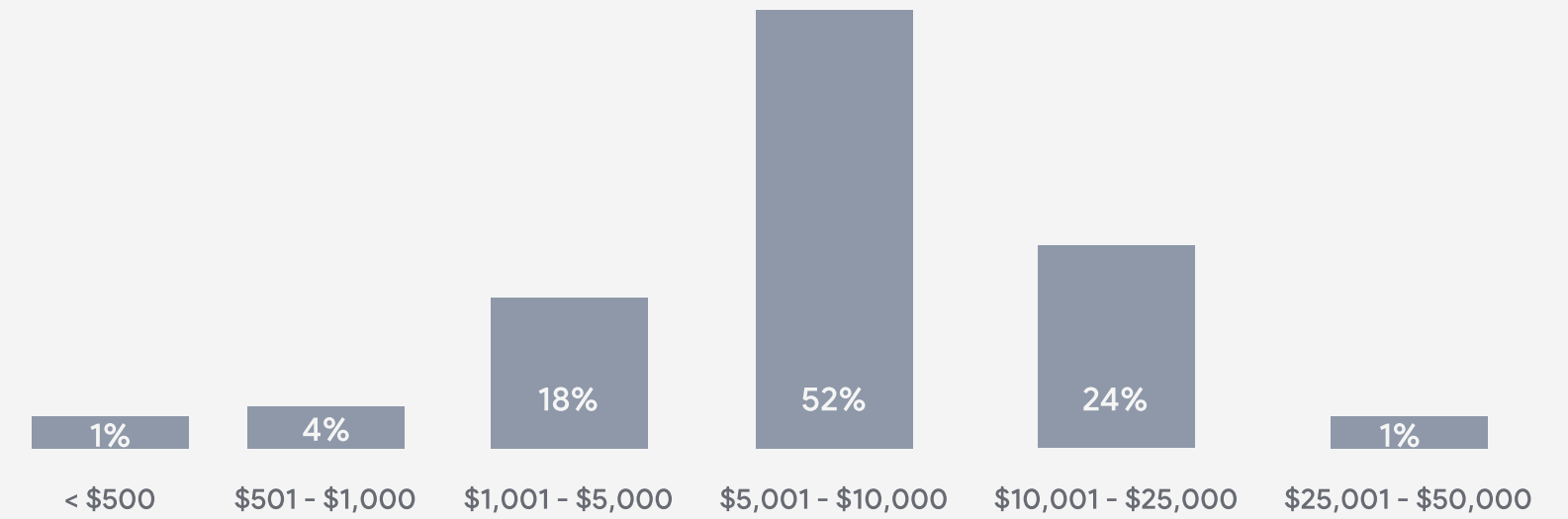
Agency Budget Forecasts for AI in 2024

While agencies see many exciting opportunities for AI, their investment strategy for 2024 remains conservative as they continue to experiment with new tools and navigate the associated risks and challenges. Still, it's important to note that, on average, agencies of all sizes are planning to reinvest their 2023 cost savings (and more) back into AI for 2024.

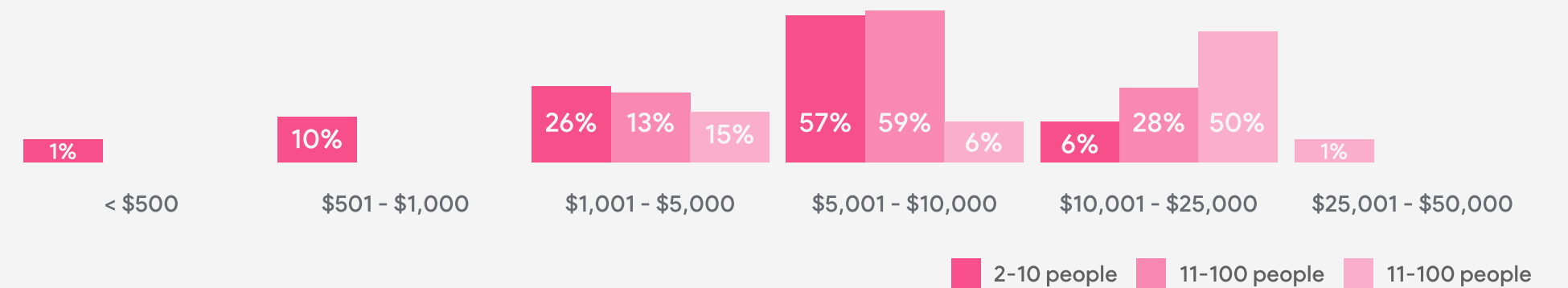
52% of agency owners anticipate an annual budget of \$5,001 to \$10,000 to cover AI tools, training,

consulting, and other related expenses in 2024 – with the weighted average being \$5,856 across agencies of all sizes.

Almost one in five agencies (24%) plan on investing between \$10,000 and \$25,000 in 2024. Furthermore, 50% of larger agencies (100+ employees) aim to invest between \$10,000 and \$25,000, highlighting a more ambitious approach towards AI adoption versus small to medium-sized agencies.



Expected Annual AI Budget for 2024



Expected Annual AI Budget for 2024, by Company Size

Top Areas of Investment in AI: When it Comes to AI Spend, Content is King

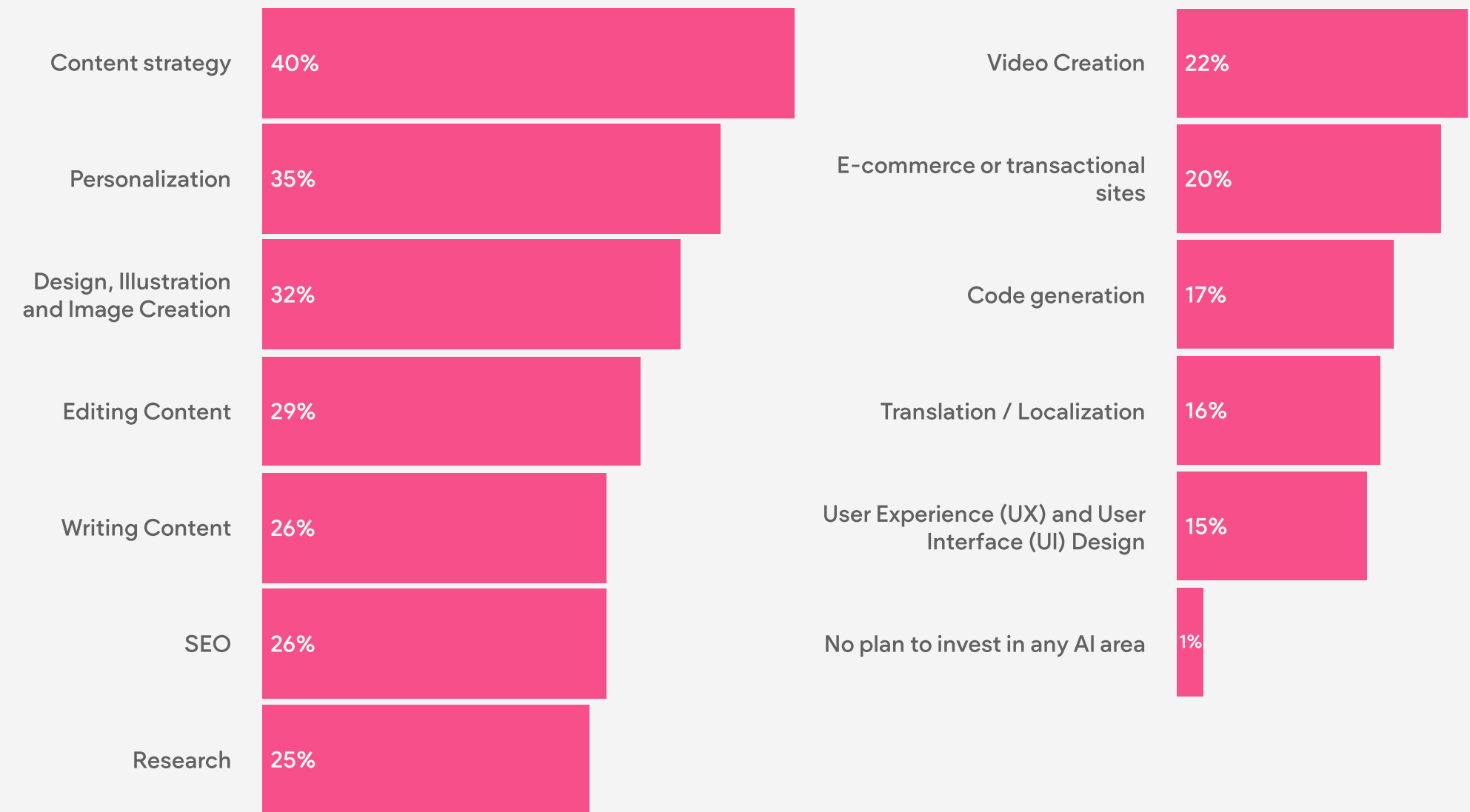
As they plan their AI budgets for 2024, agency owners have homed in on several core capabilities they plan to invest in first – and they’re leaning heavily towards content. In fact, three of the top five areas of focus for AI investment in 2024 are content-related AI capabilities, including content strategy (40%), editing content (29%), and writing content (26%).

Meanwhile, 35% of agencies expect to spend their AI budgets on web personalization, 32% on design and image creation, 26% on SEO, and 25% on research.

plan to spend it on design and image creation, and 26% expect to invest in AI-assisted SEO.

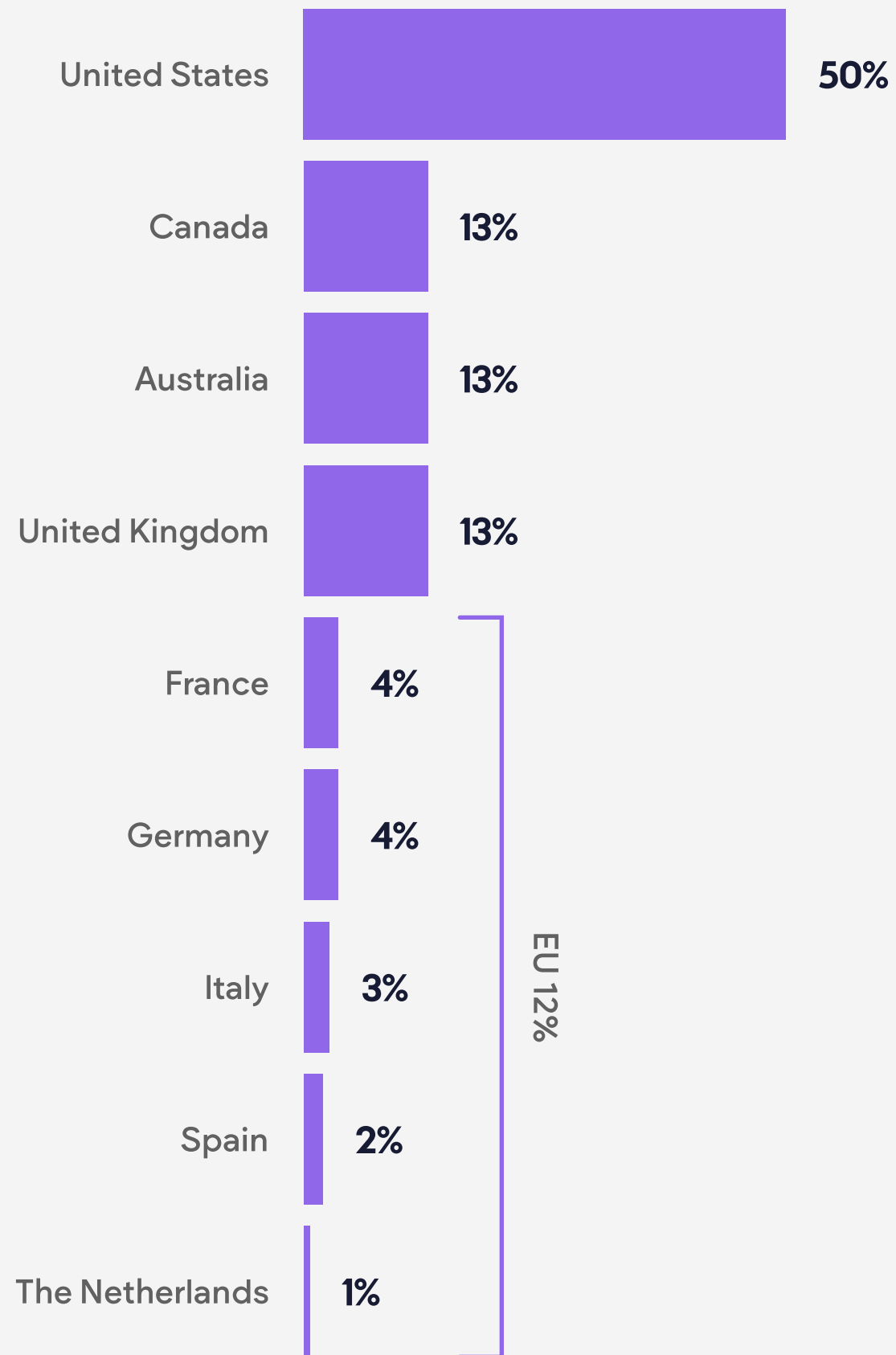
Other areas like code generation, translation and localization, and UX/UI design are receiving comparatively less attention as investment areas for AI.

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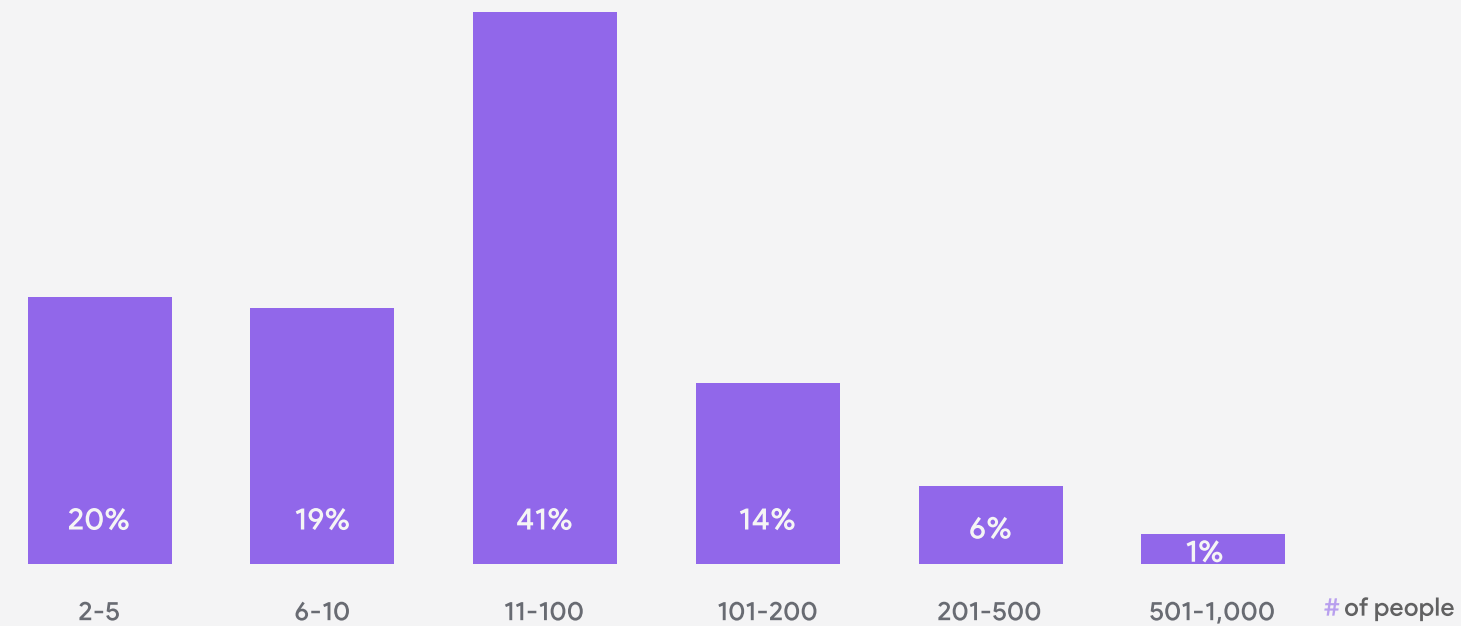


Areas AI Will Improve for Digital Marketing Agencies by the End of 2024

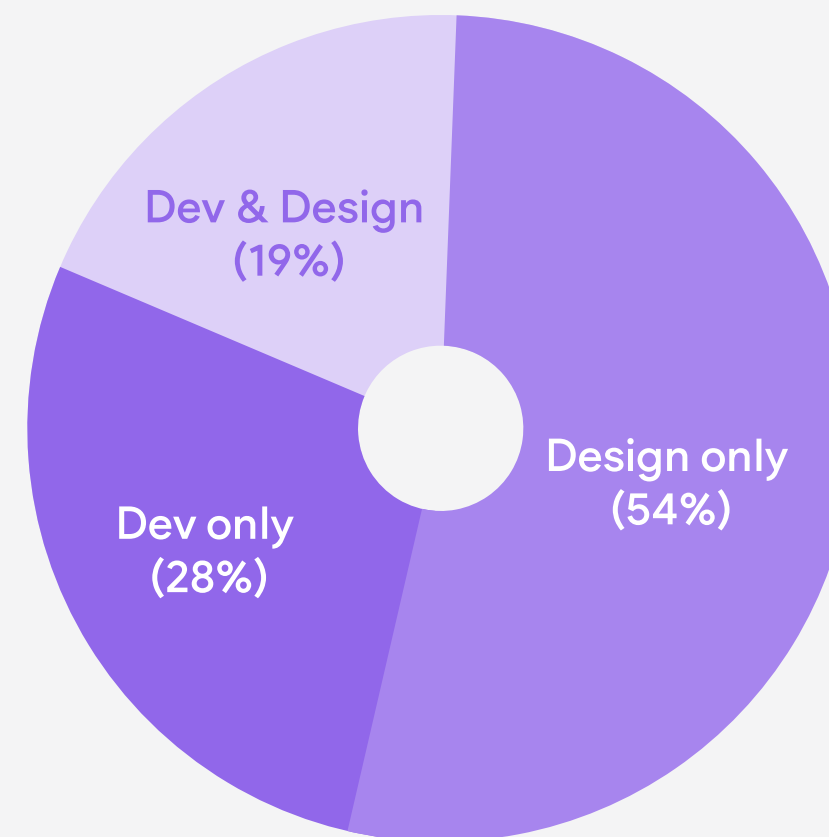
Demographics



Company Size



Company Size



Services Offered

About Duda

Duda is a leading white label web design platform for agencies, with powerful team collaboration and client management tools for building and managing websites at speed and scale. Our platform enables agencies to build top-performing, pixel-perfect, and feature-rich sites for their clients while cutting build times in half.

Duda recently launched a native AI Assistant that enables agencies to unlock new revenue opportunities, save costs, and deliver even more client value – faster than ever. The AI Assistant instantly

generates high-quality content right within the Duda platform, so you can ditch “lorem ipsum” and quickly populate client sites with relevant content. Duda’s AI Assistant can also generate SEO metadata for entire sites in seconds from a single dashboard.

Plus, as an agency, you can choose which AI tools your clients have access to, so you can even offer AI as an upsell for your DIY clients.

For more information, please visit us:

Duda's AI Assistant A Game Changer for Agencies

Try It Free Now

Generating...

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About /about	About	SmartAudio: Passion
Services /about	SmartAudio Smart	Explore SmartAudio'

