



Innovation in 2026: A creativity crisis?

Honest, actionable
feedback from marketing
agency leaders

BIMA

WHY WE'RE INVESTIGATING

We, the British Interactive Media Association (BIMA) have been hearing anecdotally that creativity in marketing is on the decline. Budget squeezes, demanding processes and of course the rise of AI have all drastically changed the landscape, and the marketing models of old are no longer fit for purpose.

To find out exactly what's going on and what the opportunities are, we needed a clear picture of the situation.

Our methods

To get accurate, on-the-ground assessments of what marketers are facing, we teamed up with Innovate UK Business Connect to deliver a series of in-person and online roundtable discussions with heads of departments and agencies, and disseminated a comprehensive survey to industry professionals.

We kept their remarks confidential except where we've quoted directly with permission, to ensure complete honesty without fear of consequences.

We've distilled this information into this easy-to-read report to give you the full picture.

Who are Innovate UK Business Connect?

Innovate UK Business Connect is the home of the UK's innovation networks, connecting businesses, researchers, investors and partners to accelerate innovation and deliver real-world impact.

As a strategic delivery partner to Innovate UK, part of UK Research and Innovation (UKRI), it combines data, insight and sector expertise to connect people and opportunities, helping ideas move from concept to scale.

It connects organisations to the partners, funding and expertise they need, creating clearer pathways for businesses to grow and scale.

Supporting innovation in the creative space, aligns directly with the government's Creative Industries Sector Plan and the UK Industrial Strategy, which identify the creative industries as a priority growth sector and emphasise innovation, frontier technologies and high-growth businesses as key drivers of productivity and competitiveness.

Innovate UK Business Connect's role is to support ambitious, high-risk innovation. This means helping companies test ideas, develop new capabilities, and build the credibility needed to attract follow-on investment and scale.

THE HEADLINES

Inevitably, AI came up a lot, both as a problem and a solution. Creatives are finding they can do more, faster – but legacy frameworks hold them back, clients are resistant, and there's a pervasive sense of unease about the future.

Newer financial models – like procurement, and the rise of holding companies and social media platforms – can be a significant blocker to innovation, and it's increasingly difficult to justify spending on training and testing. It's not all doom and gloom, though: our respondents had some very smart ideas for how to move forward, and how to capitalise on the situation we're in.

Where we are

Progress is quick, change is slow

Technology and capability are moving faster than ever, but agency practices, processes and business models are much slower to respond, causing creative bottlenecks

Innovation comes second to stability

It's tough to think about groundbreaking ideas when you're preoccupied with business survival

AI is seen as cost reduction

Rather than something to experiment with or invest in

Smaller agencies have it hardest

Interminably long sales cycles harm indies and startups the most

There's no space to try and fail

With profit margins thinner than ever, everything has to be commercially minded

What's in the way

AI's upended everything

Leaving agencies and clients scrambling to keep up, and the perceived value of creativity to crater

Procurement vs proactivity

The rise of gruelling, exacting procurement processes leaves little freedom to innovate

Training is MIA

Reluctance to invest in training, especially for AI, leaves employees to learn on their own time and dime

Platforms have all the power

A few big social media companies have a stranglehold over attention and audience

Funding is a black box

Agencies don't know what's available, who from, or how to get it

What we can do

- 1 **Rebuild trust**
Between agencies and clients, media companies, holding companies, platforms, you name it
- 2 **Demystify funding**
Helping agencies find out what they might qualify for, and how to improve application success
- 3 **Invest in the present**
Training, especially around AI and data safety, is urgently needed
- 4 **Invest in the future**
Work with educational institutions and young people to shore up the pipeline
- 5 **Look outside our industry**
Some agencies are finding less-traditional partnerships, for instance with the military, pay dividends



THE AI PARADOX

A two-pronged path

Respondents feel AI is fuelling a race to the bottom: that clients see it as a way to cut costs (and often, corners) and squeeze even more out of their agencies. However, some felt that over time, the rise of AI “slop” could lead to a resurgence in the value of human creativity and craft. Clients can use ChatGPT themselves – the good ones come to agencies for something better.

“

Sometimes I think people misunderstand innovation to think that it means it has to be something completely new and completely original. It doesn't.”

Owen Cotterell, Juice Immersive

A whole new way of working

As with any new tech, integrating AI into older agencies has been tricky. Operating models that have existed for decades no longer make sense, and trying to retrofit existing structures is proving trickier than building AI-powered startups from the roots – if you can get the funding, of course (see page 6).

While many agency leaders have seen a raft of new tech come and go in their careers, they agree that AI feels different, mainly due to speed:

- It's moving at a “blistering” pace, faster than anything we've seen before

- By the time innovations are ready for release, they're not innovative anymore
- Ideas need to develop and scale quickly, but slow agency processes cause holdups

Speed is also a problem when developing ideas. “The pace of change makes it incredibly difficult to define a digital project with any certainty,” says Greg Mileham of Base Creative. “You have to guess the right destination, then hope you can reach it - and that you choose wisely. That's not a sound basis for doing good work.”

WHERE'S THE TRAINING?

To some degree, we're flying blind with AI. Scarce funding for training and little awareness of what's available mean the burden of upskilling falls on employees' shoulders, not only in terms of cost but time.

Panellists told us they're struggling to convince clients and financial decision makers that it's worth investing in AI training and resources. The abiding attitude seems to be that AI is for reducing costs, not creating them.



A ticking time bomb?

Lack of AI training has resulted in several issues that could become a significant headache later down the line:

- Casual AI use by both clients and agency staff, including giving away sensitive commercial information
- Reluctance of clients to share data that would allow agencies to build innovative solutions
- Lack of knowledge about AI fraud, ethics, copyright and IP issues
- Poor quality output, especially in terms of "vibe coding" (getting AI to program for you, without understanding what it's doing or where the holes are)

- Lack of awareness of relevant regulation, and sluggish legal responses to new tech

Besides the understandable frustration these issues are causing agencies, they're also missing out on the efficiencies AI can provide. Used properly, AI tools can take repetitive administrative work off employees' plates, freeing them up for more creative, more human pursuits.

After all, marketing is about emotion, and AI has none.

“

A lot of people are making money cleaning up the mess left behind after people ship vibe-coded software”

James Hobbs, aer Studios

FINANCE V CREATIVE

Innovation vs the bottom line

The rise of new financial operating environments, like procurement processes and subscription models, has been a significant barrier to innovation. Retainers, on the other hand, are seen to provide more freedom.

Leaders told us that finance people now have the final word, and that culture and originality lose out as a result.

Money seems to flow upwards to the shareholders, not downwards to the changemakers.

Razor-thin profit margins and a general attitude of belt-tightening has made it difficult to justify taking time off client work to innovate, ideate, and collaborate – whether internally or with other agencies and sectors. The decline in exciting, original work is palpable as a result.

Holding the purse strings

Holding companies were a particular bugbear for our respondents, who found they essentially act as banks, gatekeeping funds and dominating indie businesses who don't have cash reserves to compete. This has led to some smaller agencies having to close.

Several leaders would like to see a middle ground between the two, where the indies innovate and the big guys fund, or more innovation incubators within businesses (like Giffgaff, which spun out from O2, or AWS, which came out of Amazon).

Box-ticking exercises

While some leaders applied for grants and funding from third parties, many weren't even aware it was an option. Those who'd tried didn't have great experiences: they describe onerous applications with no guarantee of success, applications declined more than accepted, and prohibitive terms when successful.

Client briefs were also noted to be increasingly prescriptive, with fixed costs and scopes making it impossible to innovate. Some agencies found that exploring new verticals, like the military, had helped them avoid these kinds of projects and provided new revenue streams.

“

Grant applications often require projects to be described in the same rigid terms as the kind of work we deliberately moved away from. We were experts in building websites, yet even after 15 years it was still extremely difficult to deliver them on time and on budget when the specification was fixed too early.”

Greg Mileham, Base Creative



TRUST ME, I'M A CREATIVE

Trust in agencies has never been lower. Respect and creative freedom from platforms, media companies, holding companies and clients seems to be in freefall, with no end in sight. Procurement models in particular have been blamed for prioritising savings over storytelling, to the cost of both agency and client.

Some leaders mentioned a phenomenon known as 'job hugging' – putting your head down and staying safe rather than taking risks and challenging the status quo.



The innovation gamble

Creating something original requires an appetite for risk and the ability to fail. Our leaders felt that both of these had disappeared in recent years, and expressed a strong desire for safe new sandboxes to experiment in.

Rising platforms

A noticeable shift has happened over the past decade, whereby online platforms like TikTok and Meta have steadily gained power. At this point, their disproportionate influence rivals that of large holdcos.

PULLING UP THE LADDER

Many of our respondents expressed alarm at the rapid disappearance of entry-level jobs in the industry. There is a feeling of “pulling the ladder up behind us,” with the graduate schemes and apprenticeships many marketing professionals used at the start of their careers all but gone.

“

Industry should feel some kind of responsibility to help students be ready, it can feel like they're quite separate worlds”

Mike Bond, Bond&Coyne / WonderInc

While young people were praised for their AI-native approach and adaptability to change, there was also concern that they lack foundational experience. Leaders also noted that while they're generally adept at using AI, they're not always equipped to interrogate, fine-tune and implement their solutions.

Overall, there's a clear sense that investment in young people is lacking, which puts the future of the industry on thin ice. Several leaders expressed that they've found working with educational institutions valuable for both sides, and that close collaboration can improve the agency pipeline.

8 job roles advertised.
35,000 applications received.
4 roles offered.

– recent agency recruitment stat

30% decline

in grad schemes in London.



CREATIVE BRITAIN ON LIFE SUPPORT

Many of our participants expressed disappointment that the UK is no longer the diverse creative powerhouse it once was.

The 'brain drain' of UK talent being exported to other countries, particularly post-Brexit, has significantly damaged the diversity of thought we were once known for. At the same time, the rise of Asia in tech and business has seen Europe lose influence.

Is the UK tech-poor?

Leaders explained that we're noticeably behind in AI fluency, particularly in terms of lagging legislation, absent training and lack of resources.

Our educational institutions remain competitive on the world stage, but participants who work closely with universities noted that it can take up to 5 years to develop a new tech course, meaning that by the time students graduate, they "might as well turn up with a ZX Spectrum" (Robert Stevens, Optix Solutions).



BLUEPRINT FOR A CREATIVE COMEBACK

Enough doom-mongering: our leaders also offered clear practical ideas for improving the innovation situation.

Government support

- Free or subsidised access to AI tools
- Tax relief and levies for training, especially around AI and safety
- Overhaul of the outdated apprenticeship levy
- Investment in keeping trainees in the UK after education
- Increased investment in brand Britain: our skills, expertise, and unique perspective
- Ambition in the face of AI and change, as opposed to the pessimistic, fear-mongering approach we currently have
- Pioneering education that prioritises sustainable careers for the way the world works now.

Leadership support

- Freedom to explore new ideas without commercial pressure – with no penalties for failure
- Investment in education, training and the pipeline
- Industry-specific, role-specific AI upskilling
- Renewed focus on diversity, sustainability and social good
- Improvements to agility, removing bottlenecks, encouraging faster scaling and facilitating inter-departmental collaboration at speed.

Client support

- Investment in AI training – seeing it as transformation, not cost reduction
- Increased willingness to share data with agencies
- Looser project specifications that leave room to innovate.

Industry support

- Increased collaboration between agencies, especially in terms of experimentation (fintech sandboxes are a good model)
- Redesigned pathways for talent to enter the industry and keep up with progress
- New ideas for demonstrating value and commercial impact, especially the benefits of backing agency upskilling, to increase trust and investment
- Showcasing the heights of human creativity over machine-made mashups of existing ideas.

WHAT'S NEXT?

Our discussions with agency leaders have surfaced some strong insights for improving innovation in UK marketing.

This isn't the end of the conversation, though – it's clear there are more big questions we need to think about as an industry.

For instance:

- How do we rebuild trust between financiers, holding companies, clients and agencies?
- How can we make agencies aware of the funding on offer, and make it easier for them to access?
- How do we protect small agencies in an age of instability, constant change and long sales cycles?
- How do we redesign legacy agencies for fast-moving, fast-scaling AI-first innovation?
- How do we help agencies find time and money for training and innovation, without compromising the survival of the business?
- What does an entry-level career path look like in this rapidly shifting industry?

For more insights on these topics and other critical marketing industry issues, subscribe to BIMA today.



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