



## 5 reasons digital agencies will fail

By [Karen Macumber](#)

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### Article Highlights:

- *Digital agencies forget that basic human needs, emotions, and behaviors don't change just because the technology evolves*
- *Digital agencies don't (but should) operate more like publishers given today's consumer-generated content landscape*
- *The digital industry still hides measurement "behind the curtain"*

### A unique perspective

I'm not your typical agency exec. In fact, I never stepped foot into an agency until I started my own. I earned my BA/MA in anthropology and sociology, worked for the original social networks (associations) in the late 80s, and then jumped into the interactive publishing business in 1993. So, perhaps my view on what will make or break today's digital agency is a bit skewed. Or perhaps it is simply unclouded.

In a nutshell, there is far too much focus today on the technology (the "digital") and not enough focus on providing a communications service (the "agency"). And that's a dangerous land for any agency to live in, whether it is pure-play search, social, or a true full-service digital shop.

Let's face it: We are not *the* technologists -- we have Microsoft, Apple, and MIT Media Lab for that. But we are *the* communicators and should be focused on what we do best -- the creation and delivery of communication that connects with an audience on a rational *and* emotional level, ultimately driving revenue for a client.

With that in mind, here are the top five reasons certain digital agencies will fail within the next five years.

### Reason 1

#### **Digital agencies are still built on the traditional agency philosophy "creative is king."**

The focus of ad agencies has always been on delivering award-winning creative -- that visual and accompanying tag line that people will remember long after the campaign is over. Mr. Whipple asking, "Please don't squeeze the Charmin." A sexy woman singing, "I can bring home the bacon, fry it up in a pan." Or, most recently, a baby mouthing "that milkaholic Lindsay."



Today's digital agencies continue to strive for that same fame, albeit through their own (fast growing) set of digital marketing award programs and public social forums. There's no doubt the agency that created the now famous Monkey Mail had its 15 minutes of fame; however, there are thousands of new competitors just waiting for their turn in the spotlight. They are clever, creative, and hungry. They are the *consumers*. And they are outshining many agencies today in a highly visible way, with clients taking notice.

So what's an agency to do? Adopt the tried and true *client* philosophy that "revenue is king." Focus on the connection between a communications program/campaign the agency develops and real revenue implications for the client. Revenue can mean gross sales (e.g., Dell's use of Twitter). But it can also equal savings that go straight to the bottom line. For example, AMP's recent iPR work for an international brand generated media placements that would have required more than \$1 million in net media expense to replicate.

Work in collaboration with clients to establish the benchmarks that make sense for their situation -- true business benchmarks that can be used to justify the agency expense. Sexy is fun, but cash is still king to clients.

Reason 2

### **Digital agencies are still operated like a traditional agency business.**

The traditional agency model is quite clever -- there are many "branded specialty groups" (media, PR, healthcare) that allow independent agencies to service multiple clients without hitting the conflict wall. And the holding companies have taken this to a whole new level with their digital divisions. They have separately branded (and operated) search, iPR, web development, online media buying, branded entertainment, social, and mobile agencies. This traditional model generates more gross revenue for the agency up front. However, it creates more conflicts (and costs) for both the agency and the client when multiple digital disciplines are involved.

Each day, the boundaries continue to blur between where paid media and search end and social media begins, or channels that are considered traditional versus digital. Consider the following examples. If digital content is delivered via traditional billboards, does the traditional media agency or the digital media agency manage the program? If one agency is retained for iPR and one for SEO, which one optimizes the digital press release? If display is outperforming search but two (commissionable) agencies are involved, who makes the call to re-allocate the budget?

Agencies and clients should evaluate this in a whole new light. First, conflicts can be good for the agency and the client when managed appropriately. There are so many new channels to leverage, why wouldn't a client want an agency that has current benchmarks and relationships marketing similar products and services working for them? And why wouldn't an agency want to minimize the up-front time required to



train a team when onboarding a new client? The ability to use behavioral, segmented digital strategies unique to each client should remove any true conflicts.

Second, digital marketing requires integration -- not separation. Today, more than ever, a client should demand the efficiencies that come from a program that can be quickly optimized across multiple digital channels by one team. In-fighting is out. Integration is in.

Reason 3

**Digital agencies forget that basic human needs, emotions, and behaviors don't change just because the technology evolves.**

Excuse the sociology lecture for a moment. But consider this: Humans have always needed to communicate with each other. They need to grow their own sense of "self" through their interaction with others. They need praise and recognition. They need a sense of belonging. We are and will continue to be highly social beings. These basic human needs have not changed since we first walked upright, nor will they change over the next 50 years, even as technology evolves. Technology simply *enables* humans to fulfill those needs and conduct those behaviors in different ways.

Mobile still fulfills the same need for us to communicate with others as the traditional land line, only now it can include SMS and MMS. Word of mouth has always been a mighty marketing tool. It happened between two neighbors over a white picket fence 20 years ago, and now it happens between strangers on TripAdvisor. "Keeping up with the Joneses" denoted status in the '60s, now replaced now by Twitter followers or Facebook friends in 2010.

Digital agencies that look at the evolution of technology to predict their target consumers' behavior will not succeed. The agencies that will thrive will invest heavily in gaining real consumer insight about the rational and emotional drivers of a given behavior for the target audience so the communication is authentic and relevant -- and then look at the technology options for delivering the message. The risks of engaging with an audience before you truly understand its mindset are real and potentially catastrophic, particularly in this world of social media.

Reason 4

**Digital agencies don't (but should) operate more like publishers given today's consumer-generated content landscape.**

To be clear, I am not suggesting agencies mirror the models of print publishers, as that industry has clearly suffered because it did not evolve its business model fast enough. However, there are two key components of the traditional publishing model that do make great sense for digital agencies. The first is the idea of "commissioning" more of the content from consumers versus relying on full-time professional copywriters. I realize many agencies do use freelancers, but never give that freelancer any



brand recognition -- it is always the "agency's" work. I would challenge them to consider including more consumers and bloggers in their agency pool of talent, and "brand" that talent for clients and consumers to see. The voice is authentic, there's instant credibility, and what consumer wouldn't want to tell their friends to check out their work?

The second is the idea of a distributed marketing and sales strategy. Paid media may remain the cornerstone for deployment of a timely communications plan because it is predictable, controllable, and measurable -- the same way paid subscriptions are the cornerstone of a print publisher's sales plan. But publishers take it a step further with additional "value add" brand distribution strategies -- for example, offering comp print copies or offering respected writers or execs as guest speakers at association- or advertiser-sponsored events. While there is a minimal direct expense, the ability to penetrate an audience beyond subscription sales, with a level of predictability and control beyond that of traditional PR or viral/social, is worth the investment.

Digital agencies must work with clients to come up with "value add" brand distribution strategies to leverage their own assets (content, product, people), while being careful to put in place some level of measurement to judge the impact against expense. [AMP recently did such a program for Vibram](#), offering free products and turnkey support for a contest that influential consumers could leverage to promote themselves on the web. The investment was minimal, and the results were impressive and measurable.

Reason 5

### **The digital industry still hides measurement "behind the curtain."**

Help me out: Does anyone else scratch their heads and ask, "If consumers are willing to post pictures of their trips and activities for all to view on Facebook, and their exact locations at a given point in time on Foursquare, why would they be worried about deleting one cookie that would enable them to see more relevant banner ads when they surfed the web?" It just doesn't make sense -- unless you go back to those basic human emotions of trust and control. And clearly, consumers don't trust digital agencies right now when it comes to measurement because they feel they have no control. And trade associations are doing little to help.

The ARF Digital Media Council currently provides programs that will "zero in on innovation, strategy, marketplace experience, and research," but there is no mention that such strategy will include seeking consumer cooperation. The IAB did launch the "Privacy Matters" campaign and website in late 2009 to "educate and provide consumers with resources for managing their privacy online"; however, there is little information provided about the true benefits, with most information focused on how to "protect" privacy.

If digital agencies really want to move measurement forward -- not just to get the numbers but to really use the information to improve campaign performance -- they must take the lead in pushing for more



open-source measurement strategies and tactics that actively involve the input and cooperation of consumers. This is the only way to establish the trust necessary to move beyond cookies.

#### Key takeaways

The rapid rise of social media has now put consumers in more control. Every client wants to leverage this "earned" influence, but are the right practices in place to garner valuable, sustained loyalty? The rapid evolution of digital technology has now allowed more bells and whistles in marketing, but when are they really driving business? So in closing, I remind digital agency executives to remember:

**1. Focus, focus, focus:** Don't lose sight of who *your* customers are and what they expect from their agency. It's our job to help clients *prove* their marketing efforts are increasing business -- that's the one thing consumers can't do for them (yet). At the end of the day, cash is still king.

**2. Rethink the plan:** The digital revolution is changing the face of our business, so the agency model needs to transform right along with it. Agencies should be challenging themselves to create (or borrow) models that align with, and take full advantage of, the digital revolution. At the same time, agencies must educate their clients so they willingly accept these improved models as a real benefit.

**3. Times might be changing, but some behaviors remain the same:** The consumer is first, and the technology should be secondary. Understanding the emotional drivers of a given target audience is -- and will always be -- key. Just go back to the emotional basics; humans respond to praise, recognition, a sense of belonging, and -- always -- authentic communication. The wrong message delivered through the hottest, fastest, novel application will ultimately result in a very public mistake.

**4. Trust is earned:** These consumers are now the content creators with the power to propagate, so we should not discount their contributions to the growth of digital agency business. So I'd take it a step further: If consumers are the new "publishers," isn't it time we engage them in the agency talent pool? Instead of turning them off to privacy and measurement issues, shouldn't we invite their participation?

*[Karen Macumber](#) is SVP, media services, at [AMP Agency](#), an Alloy Media + Marketing company.*

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