

What business are you in? It's not advertising

Companies are moving beyond mass, media-centric solutions, and agencies need to catch up

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Time after time, surveys of the marketing community show that what companies want most from their agencies is deep understanding of their businesses and proactive ideas to build their brands. Yet agencies are set up to do something else: produce and distribute advertising. So agencies have no time to study their clients' business. No process for developing business-building ideas. No structure for implementing business-building ideas. And no system for getting paid for them.

Ultimately, agencies have lost sight of the real value they provide to their marketers. They need to redefine what business they're in (because the answer isn't "advertising"). The mission of the advertising agency can no longer be to create mass, media-centric solutions for marketers who are increasingly dependent on other factors for brand success. This plays out in a number of ways:

- * Agencies are spending their energies above the line while marketers are spending their budgets below the line.
- * Marketers know it's about enhancing experience with the brand, but the agency skill set is built around perception of the brand.
- * Marketers are moving their time, money and attention to the two areas most agencies are least prepared to address: database and internet marketing.
- * Marketers clearly want more consumer insights, but a surprising number of agencies still haven't established or supported solid account-planning capabilities.
- * Agencies are still focused on long-term campaigns at a time when marketers are focused on short-term measurement.
- * There's a strong movement toward accountability that agencies aren't prepared to address.

To respond to this new reality, agencies need to step back and answer the question: "What's the ultimate value we deliver to our clients?" At a basic level, some agencies would say "brand awareness." Some take it a step further and say "brand preference," "brand adoption" or "brand activation." But maybe the answer should be "brand experience" or even "brand relationships." If you're in the business of building brand relationships, that's a very different business than creating ads. It takes not only a paradigm shift but a major shift in skill set.

Here are seven major imperatives for making this transformation:

1. Recreate the 'account executive'

The new job of the account manager is integration of cross-channel solutions. In fact, a better name for the account manager is "integration manager." Instead of just knowing his or her way around traditional media and production, the new breed of integration manager needs to be well-versed in mass, online, experiential and alternative channels. And instead of just being the conduit between the agency and the client, the integration manager is more like the conductor of an orchestra, marshalling the talents and resources of the entire firm to bring inventive solutions to marketing problems.

2. Redefine what it means to be a 'creative'

America's agencies are full of career creatives who don't think or work outside of the traditional channels.

Progressive agencies are helping to change this by renaming the creative function as "brand messaging" or "content development." The new role of the creative department is to stop thinking just about what messages say and start thinking about how and where they are delivered. And to consider mass-media solutions last instead of first.

3. Change the production function

Go beyond things like press checks and production art to a role more like that of a Hollywood producer: someone who has the contacts and resources to execute work in nontraditional channels.

4. Restructure the media function

Make the job of media no longer to simply plan and place media, but rather to understand how, when and where to intersect with potential consumers of the brand. The agencies that get this have recast media planning as "contact planning," "channel planning" or even "engagement planning." Channel planners are charged with being not just media-neutral but channel-neutral, recommending and sometimes inventing innovative ways to reach today's elusive, multi-tasking consumer. Channel planners are looked to for creativity, not just efficiency. In fact, the main criterion for an effective channel plan isn't efficiency at all—it's engagement.

5. Disband the 'interactive department'

Stop treating it like a mystical, separate function and integrate it into the fabric of the agency. Can you imagine a TV department? It used to exist in agencies in the 1950s, when TV was new. Today it seems ridiculous. The internet has come of age, and having an interactive department is a dated concept. How can agencies possibly hope to integrate and increase the importance of interactive if they continue to keep it a separate department, something only "technical people" understand? The internet arguably is the most important medium in the world. Agencies need to make interactive the centerpiece of efforts for clients, not an add-on.

6. Establish the function of 'analytics'

Help marketers navigate through the world of databases and help track and improve marketers' metrics of success. Analytics are key to making the move from mass media to one-to-one media. All agencies now need to understand databases. This is no longer just the territory of direct-mail shops. Consider that the leading direct medium in the world isn't mail; it's the internet. Online marketing, mobile marketing, podcasting, web video—virtually all the new ways to reach consumers—are, in fact, one-to-one media. Understanding how to identify, segment and market to individuals instead of mass audiences needs to become a core competency in the agency world—fast.

7. Adopt the new discipline of 'experience design'

This will help marketers improve their customers' experiences with the brand by adopting the new discipline of "experience design." Agencies' historical lack of involvement in this realm stems from the way they have defined their role—mostly in the pre-purchase experience, with things like advertising and sales literature. But most of the action is shifting to the purchase experience, where some marketers are spending up to 90% of their budgets, and the post-purchase experience, where things like customer service are in serious need of some help. Agencies can—and must—gain expertise in these areas.

It's been said that advertising agencies aren't changing; they are being changed. For a business known for creativity, there is precious little creativity applied to agencies' own business models. Instead of being on the leading edge of change in business, most agencies are on the trailing edge. They preach risk-taking for their clients' brands, then follow safe paths for their own brands.

It's time for agencies to disrupt their own business. Will they be taking a risk? Of course. But at least they will be choosing the risk instead of letting it be chosen for them. As Peter Drucker taught: "To try to make the future is highly risky. It is less risky, however, than not to try to make it."

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