WHAT SHOULD INTERACTIVE AGENCIES BE WHEN THEY GROW UP?

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The business Internet is entering its eighth year, but the advertising industry has yet to define what an interactive agency (iA) should be.

Do clients know what they expect from an iA? Procter & Gamble seems to—it recently pared down its iA roster from 40 to 9—of which only two are subsidiaries of P&G roster agencies. How did so many of the big agencies fail to offer what P&G thought it needed?

Multiple iA models exist—independent vs. tightly integrated, marketing-oriented vs. technology-driven. Certain companies—including my late alma mater, MarchFirst—attempted to boil the ocean, declaring anything digital, from banner ads to back-office software, to be their bailiwick. Perhaps predictably, these one-stop solution factories have either failed or have slimmed down their service lines substantially. And many interactive divisions of traditional agencies have scaled back along with the drop in interactive media spending. But no reasonable person would argue that digital branding and marketing are going away.

So what should iA's be? At their core, iA's need to be their clients' trusted partners for creating brand leadership in the digital space. To accomplish this, iA's must behave more like their traditional counterparts—they must know and address the client's target audience better than the client itself can. They must play nicely with other agency divisions servicing the same client. They must partner with trusted suppliers of specialty skills—integrators of packaged CRM solutions, for example—while retaining ownership of the strategy and creative execution. And they must create relevant marketing and branding ideas for their clients, not merely repurpose material from print and television.

At the same time, iA's must be on the vanguard with respect to digital technologies that have direct application to the client's brand. But they have to be "skeptivangelists"—not slavish subscribers to the technological flavor of the week. The iA's role is to offer its clients—and its agency partners—a glimpse of the digital marketing future with enough lead time to prepare for it.

So what business are iA's in? While one model will not work for all, certain practices or service lines are compelling:

- **Web design and development.** Building dynamic sites and applications that anticipate and respond to the user's need-state.

- **Rich media advertising.** Creating advertising units that deliver effective branding messages and useful functionality with the proper degree of intrusiveness.
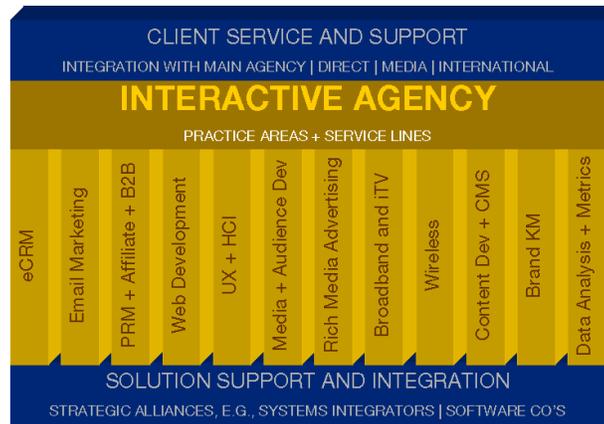
- **Audience development and media.** Aggregating target users—or finding places where they already congregate online.

- **UX and HCI.** Creating brand-relevant user experiences and usable human-computer interactions—and acting as an advocate for the consumer.

- **eCRM.** Maintaining relationships digitally with a brand's most valuable customers.

- **PRM, affiliate marketing and B2B.** Managing relationships with partners (e.g., channel) and affiliates who directly or indirectly promote and sell the client's brand.

- **iTV and broadband.** Delivering full-motion video and fat applications to the desktop.

- **Wireless.** Delivering contextually relevant content, offers and branding messages to mobile devices.

- **Content development and management.** Identifying, creating, licensing and managing content in support of a brand, or content intended to "surround" a brand to provide context.

- **Brand knowledge management.** Creating living digital repositories of brand-relevant information, such as target audience insights, historical advertising creative and spending, and competitive framework.

- **Data analysis and metrics.** Interpreting data from customer online behavior.

In the early days, iA's behaved like start-up companies, embracing and abandoning business models as fast as Hillary Clinton changed hairstyles. Now, however, agencies have to structure their service lines to address their clients' needs. Today more often than not, client interactive marketing executives "get it"; it's up to the iA's to reinvent themselves accordingly.

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Interactive agency operational model