

A woman with short red hair, wearing a red dress and a matching jacket, walks confidently through a crowd of men in suits and hats on a city street. She is holding a patterned handbag. The scene is set in a classic urban environment with stone buildings in the background.

The new model agency

There has been much talk in adland about the 'death' of the big, traditional advertising agency. And while all the evidence points to a cynical population unwilling to engage with brands via traditional media could it be that the channels aren't the problem? Could the problem really be the credibility of the messaging itself?

STEPHEN CONMY reports.

If Joan was working in an agency today she would likely be the data-driven, social media head of strategy

THE NEW MODEL AGENCY

The role of the large, traditional, creative agency was to create ideas. From these nuggets of creativity came the big TV campaign. Then, to hammer home the point, all the other elements (radio, outdoor, print, digital and below the line) were dressed in the same colours, given the same DNA and rolled out to a passive, mass population. Job done.

While still being done, it's now dawning on marketing directors that this model is now as useful and as relevant as a corporate Anglo Irish Bank golf classic.

The world has moved on, not just because of the recession but because this recession has collided with the enormous changes in the way people interact with media.

The most obvious innovations in the Irish communications industry (advertising, marketing, PR, broadcasting and publishing) are coming from the digital communications companies.

Traditional media and marketing outlets are re-examining their very existence. The old model is damaged (if not broken) and those who think when an economic lift happens they can rise again are mistaken. The economy isn't the biggest factor in this change, it's the people – the consumer, the reader, the listener, the watcher.

JP Donnelly, head of country with Ogilvy, says, "It's critical that we also change. Some agencies are faster to change and what we've discovered is that in many cases the consumer is well ahead of the marketer. We call this the 'marketing confidence gap'."

TOO BIG TO CHANGE

In 1988, Joseph Tainter wrote a book called *The Collapse of Complex Societies*.

In it Tainter gave an explanation of why remarkably sophisticated societies (like the Romans and the Lowlands Maya) collapsed – despite having rich traditions, complex social structures and advanced technologies.

His theory is they didn't collapse for lack of cultural sophistication, they collapsed because of it.

Tainter's theory goes like this – when a group of people through a combination of social organisation and environmental luck, finds itself with a surplus of resources, the trouble starts.

Managing this surplus makes society more complex. When the society's elite members add one layer of bureaucracy or demand one tribute too many, they extract all the value from their environment.

When the stress comes, these societies are too complex and too inflexible to respond. The system is too interlocking and cumbersome to be capable of change. Also, any simplification annoys the elite classes and they resist change. Even when moderate adjustments could be made, they tend to be resisted.

Collapse is simply the last remaining method of simplification.

"It's time for the ad industry to recognise that there's less demand for what big agencies traditionally had to sell," says Brian Swords, MD, Cawley Nea. "Every single agency in our market knows this. Clients want more digital and more social media but big agencies aren't set up to provide it. Agencies

are spending their energies above the line and clients are now spending their budgets below the line. We've seen that. The big agencies are stuck in a system that turns out advertising ideas and they need to start building business ideas."

MAD MEN AND THE GOOD TIMES

The 'think, create and spend' model of the agency really started in Madison Avenue in the 60s, and the Mad Men have influenced generations to come.

The old copywriter-art director teams should finally start welcoming in data-driven strategists, interaction designers, content creators and creative technologists. These are the people who can start 'real ideas'. The new breed of advertising creatives are digital natives, atheists towards hit-and-run messaging campaigns and more interested in product-driven efforts that involve people.

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"As the term 'digital' increasingly becomes inappropriate as a distinct channel in the marketing mix, brand managers from all sectors need to broaden their scope of technological understanding. Agencies need to help them in this regard, not only through knowledge but in their approach to creativity. It is no longer a debate over on or offline, real or virtual. It is simply technology. Agencies must bring in experts at the start of the process to be able to integrate technology into the fabric of an idea, creating seamless and immersive customer experiences," says David O'Connor, partner and chief strategy and innovation officer at eightytwenty/interactive.

Agencies must now be capable of immersing themselves in the data that drives people's behavior online and in the offline world. Creative selling, driving demand, building relationships and caring about what works are key attributes of the new agency model.

"I got into marketing because I believed in good customer service. The recession has forced real change in agencies. I found that trying to achieve change during the 'good years' was difficult. Now it's quite an enriching experience working in an agency because there are ideas and passion built around the will to change," says JP Donnelly.

THE PASSIVE CONSUMER BECOMING ACTIVE

There's a lot of talk around the 'old model agency' and what the new model will be. Is the old model really broken and if so what is the new model beginning to look like?

"The old agency model may not be fully broken, but it's certainly not as profitable," says Doug Baxter, CEO of io (Interactive Ocean). "Many clients still want TV, press, radio and design campaigns, but the bigger agencies were only profitable in the good times if they had 15 or 20 big campaigns running at the same time. Some could get by on the retainer and they made money when they were busy.

"Now, however, clients are not committing to TV in the same way. Some are creating viral campaigns that are measurable and integrated and for the older agencies it's not as easy to make money as it used to be. Clients now want hard evidence of return on investment, and to know exactly how effective the ad was and how it increased sales."



The Mad Men influenced generations to come. To them TV was the new medium and they regarded it as many agencies now regard social media or digital advertising

Brian Swords says the biggest change in adland has been the combination of the recession and the shift to social media by consumers.

“The biggest change in recent years has been the passive consumer becoming active. This has completely changed the advertising dynamic. The ‘insight’ piece of the jigsaw is now about how people are interacting with new media and the brands. Media, and media planning must now come back into the creative agencies. It’s vital we know what’s going on at all times – before, during and after a campaign.”

THE IDEA ISN'T NEW

“The idea of the new model agency isn’t new”, says Patrick Hickey, MD of Rothco, “it’s always reoccurring. What’s new in the digital age is the technology but what doesn’t change is the idea at the centre of things. The job of the agency is to influence people. I couldn’t care less about the channel, the digital evolution has created many more exciting channels, but at the end of the day your ability to influence people is at the core of any ideas agency.”

Hickey also says many of the old agency revenue models are gone and in their place have come “this necessity for all agencies to be transparent and show their clients a true return on investment”.

David O’Connor agrees. “Today it’s about building transparency about the advertising message and trust in the brand. Mobile devices will play a crucial role as the tool of choice by consumers to interact with a pervasive or ubiquitous Internet. We are starting to see a seamless connection between physical spaces or everyday objects with digital information. It will soon become second nature for consumers to scan products for reviews or price comparisons. We already see how Foursquare can connect people in the physical and digital worlds through gaming and retail offers.”

AN IDEAL TIME TO RE-THINK THE TRADITIONAL AGENCY MODEL

Understanding huge cultural shifts, changes in consumer behaviour, near economic collapse, a jaded public and a 24/7 social media world where information is shared like oxygen is difficult and fraught with possible dangers for a marketer.

“The present economic climate is an ideal time to re-think the traditional agency model. At a recent IAPI seminar, Rory Sutherland the President of the IPA (UK) spoke about his belief that advertising can reinvent itself by embracing the science of behavioural economics - a field that combines psychology, philosophy and economics in order to understand how people make decisions. His view is that advertisers, through an understanding of behavioural economics, can turn human understanding into business advantage and profit,” says Jonathan Forrest, MD, Cybercom.

DON'T TRY THE SAME OLD TRICKS

As a brand owner and/or marketer looking to hire the talents of an agency the most obvious things to consider are the lessons from the past.

The key to any potential success is to make sure that the same mistakes made with traditional advertising don’t get made with social media and digital marketing. If companies try the same old tricks in the digital arena, they shouldn’t be surprised when they find consumers don’t trust their social media and digital messaging either.

When an old, inflexible, complex system begins to crumble and the members of that system have to disperse, try new things and change the way they make a living – something fundamental happens. The people who escape the old system (the one that was complex and inflexible) and who figure out how to work simply, and in the present, are the ones who get to say what happens in the future.