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Forrester: Agencies Need to Reboot

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-By Brian Morrissey

NEW YORK Forrester Research believes today's ad agencies are not well-structured to take on tomorrow's marketing challenges, needing to move from making messages to establishing community connections.

In a [new report](#), the research firm paints a grim view of the current state of advertising, which it believes is in "a world of hurt" because consumers are tuning out the messages the industry is predicated on producing. Instead, it believes shops need to be organized around communities, not disciplines. What it is calling "the connected agency" would not only know certain communities but also be active members of these groups. Pushing messages would give way to encouraging voluntary engagement, and ongoing conversations would replace time-based campaigns.

"I can't say there's an agency now that's the agency of the future," said Peter Kim, a Forrester Research analyst and co-author of the report.

The research firm is certainly not the first to assert that agencies haven't kept up with changing consumer habits and technology. Accenture in November said the shift from analog to digital media is catching shops flat-footed.

In Forrester's view, a simple fact is driving the need for wrenching change in how advertising agencies are structured: consumers increasingly do not trust marketing messages. Instead, they rely on advice from friends and others in their various communities to make product decisions, while using tech tools to tune out ad messages they deem irrelevant. On top of that, consumer media choice has made the notion of a "captive audience," other than during some sporting events, a thing of the past.

"I don't think agencies are going away," Kim said. "They're going to be the ones that help marketers to communities of mutual interest."

He anticipates agencies made up of community members -- moms, for instance, helping Procter & Gamble play a constructive role in communities of other mothers.

Since marketers will continue to focus on results from their marketing, particularly as digital media makes it easier to track, advertising agencies would get geekier, Forrester believes.

Despite these changes, Forrester said creative and media agencies are still built around the mass model: to either produce messages or distribute them. Digital agencies have gone farther, in Forrester's estimation, in centering their businesses around "interaction," but it finds them lacking in the branding skills of traditional shops.

Clients are finding their agencies wanting. Forrester quotes one marketing exec calling agencies "a necessary evil," rather than a strategic partner to grow his business. Another complains, "Most senior ad execs appear more comfortable with conventional channels, which they claim are 'integrated' because they have tacked on a Web site."

"The first step [agencies] need to take is with digital integration," Kim said, adding that the organization of agencies around specific skill sets is the root of their problems.

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new report

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