



## Interactive Agencies

### Line blurs between offline and online

Traditional agencies going interactive; interactive agencies going traditional

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As interactive marketing becomes truly integrated into the marketing mix for b-to-b clients, the line is blurring between traditional and online agencies and the services they offer.

Traditional agencies are doing much more interactive work as a regular part of their marketing strategy for clients, while interactive agencies are beefing up more traditional areas such as brand architecture, strategic consulting and offline work.

"We've gone from a landscape where two years ago 90% of our work was offline, to today, where traditional makes up about 50% of our work," said Matt Ross, president of McCann Worldgroup San Francisco. "We decided to be at the intersection of what traditional agencies can do and what pure-play digital shops can do—our work is very evenly balanced."

McCann has clients including Hewlett Packard Co., Hitachi, Intel Corp., Microsoft Corp., Nortel Networks and Verizon Wireless. For all of these clients, it is using new online marketing tactics such as video, blogs, podcasts, mobile and social networking.

For Hitachi, McCann created a campaign called "True Stories," featuring online videos of Hitachi customers in industries such as medical, telecommunications and technology. The videos had a viral component, allowing users to forward them to friends and colleagues. In January alone, the videos had more than 430,000 views, with an average viewing time of more than three minutes.

#### Entertainment sells

"Entertainment engages, and entertainment sells," Ross said. "People will grant you a tremendous amount of time if you make it rewarding and worthwhile."

Other traditional agencies continue to expand their digital services. Last year, Ogilvy North America formed Neo@Ogilvy, a digital and direct media planning and buying agency. It also acquired Leopard, a database marketing and sales enablement company.

"With b-to-b clients like IBM, Cisco, SAP and DHL, we have to be so much more creative with media," said Carla Hendra, co-CEO of Ogilvy North America, New York.

Ogilvy makes heavy use of online communities, blogs, wikis and online videos for clients.

For example, the agency leveraged user-generated content for Cisco's "Human Network" campaign, letting users tell their own stories about how Cisco technology helped them solve their business problems. Some of the videos were posted on community sites such as Google Video and YouTube.

B-to-b marketers say digital expertise is a must for selecting and working with agency partners.

"I talked to a number of other agencies, and I was astonished at how many of them were not all over the social networking dynamic," said Lauren Flaherty, CMO of Nortel, which selected McCann Worldgroup as its agency of record last year.

Other marketers are increasing their budgets for experimenting with Web 2.0 services, and they are looking for agency partners to help them navigate this new frontier.

According to a February survey by the American Advertising Federation, 73% of the nearly 1,000 advertising and media executives polled said that between 1% and 20% of their marketing budgets are allocated to using and experimenting with new media platforms. Even more significant, 12.4% of respondents said between 21% and 40% of their marketing budget is allocated to using and experimenting with new media.

### **Expanding into branding**

Along with this shift to new media has come an increasing focus on providing an overall strategic framework for solving clients' business problems. As a result, interactive agencies that started out purely on the Web side are expanding their services into more traditional areas such as consulting and branding.

Martin Reidy, president of Modem Media, San Francisco, said that since the agency was founded in 1987, its vision has changed from Web site design to providing much more strategic consulting for clients.

"Now it is not just about Web sites or doing banners ads, but how do we target specific business groups," Reidy said. "We are hiring more and more consulting types, and it is getting more sophisticated."

Reidy also said that online marketing is helping to inform offline marketing campaigns. For example, Modem's London office helped develop a concept print campaign for client HP, and in doing so it took advantage of its search expertise.

"We actually started with search terms and tried to find out what people were really looking for instead of trying to come up with a clever line," Reidy said.

After doing research on common search terms that people used to find information on

printers, the agency found that people were searching on cost comparisons between color and mono printing. So it incorporated some of the search terms into HP concept print ads.

"With print and direct, it is all about increasing the probability that someone will look at your ad or open the envelope," Reidy said.

Laura Lang, president of Digitas, agreed that interactive agencies are being seen as more valuable strategic partners to b-to-b clients.

"As interactive agencies are given a more equal seat at the brand table, the work is coming under increasing scrutiny, which pushes it to be smarter, more creative and more innovative every day," Lang said.

"It's no longer just about creating a Web site or about supplementing a client's existing traditional TV campaign with online components. It's about finding a way to engage with people who want to buy your product or service."

For client IBM, Digitas developed the Executive Interaction Channel, an interactive application for CEOs. Digitas put together a library of IBM's thought-leadership content, including white papers, podcasts and online videos, and created a Web site for CEOs to access and interact with the content.

"People are seeing that the Internet space is where customers really connect with brands," Lang said.

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