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Why Digital Agencies Aren't Ready to Lead

They Lack the Balance of Exploration and Exploitation

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Any conversation about digital marketing these days includes at least one mention that traditional agencies just "don't get it." While this may be correct, what's equally true is that digital agencies are not ready to take the lead.

Look at the typical digital agency. It excels in exploring new horizons. It supports a flat and loose organizational structure in which a developer has access to the CEO. And it makes sure everyone's opinion is heard. It's one big crazy family.

Digital agencies are having a ton of fun experimenting with ideas, technologies and strategies to find new alternatives superior to obsolete ways of doing marketing. That's what they do best.

The problem is, this is the only thing they are doing.

When they are asked to actually follow through on their ideas, they often come up short. It is because they don't know the business of marketing (or want to know it, for that matter), and they rarely have the organizational structure or past practices to guide them.

This comes at a cost. Digital agencies impress clients with their passion, drive and technology know-how. Clients then say: "You gave us a lot to think about." Which often means that the account is awarded to someone else. Where digital shops fail is giving confidence to the client that all this momentum will be indeed executed in a well-led marketing campaign.

All of this is not new. It is already described in organizational theorist James March's exploration vs. exploitation dichotomy. The best companies have the optimal balance between the two; those less successful are doing too much of either.

There certainly are places around that represent an uneasy mix of exploration vs. exploitation: Digitas, Razorfish and AKQA. They are sort of stuck in between recently acquired marketing knowledge and their digital savvy, trying to combine them to sometimes embarrassing results (think Razorfish's Laundry Fairy, for example).

If digital agencies excel at exploration, traditional agencies thrive on exploitation. A traditional agency is risk-averse, accountable and systematic. It knows its business inside-out. It knows its clients' businesses and executes campaigns reliably. Its people hang out with the CMOs. A typical traditional agency has

decades of experience.

This, too, comes at a cost. A traditional agency, organized around exploitation, ends up doing the same thing over and over again. For every marketing challenge, their solution is "better creativity." This is not surprising: If an agency spends all its time making sure that everything goes efficiently, that leaves it with little time to experiment. And then, even if it wanted to do things differently, it would be met with its own organizational inertia.

How is the exploration/exploitation gap closed? Like most things in marketing, it comes back to the client. As much as people like to talk about the agency of the future, it will never happen until the client gets there first.

Shorter client-agency alliances, smaller budgets and faster review cycles create a more competitive environment that forces everyone involved to be more alert. When relationships are unstable, shifting and temporary, it's the balance that counts. That means not only having innovative ideas, but also executing them swiftly and flawlessly.

Until digital agencies show they can strike this balance, they are also the ones who don't get it.

ABOUT THE AUTHOR

Ana Andjelic is a freelance strategist and did her Ph.D. dissertation on digital branding. You can follow her thoughts at [I \[love\] marketing](#), where this piece was originally posted.

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