The Virtual Agency as a New Force in the Promotions Industry

R. Zachary Finney
University of South Alabama, USA

Angeline Grace Close
University of Georgia, USA, North Georgia College and State University, USA, and University of Nevada, Las Vegas, USA

INTRODUCTION

The virtual agency (VA) is a new form of advertising/promotions organization. By using technology to create ad hoc teams of promotions professionals, the virtual agency is changing the nature of the advertising business. In the following paragraphs, we (a) distinguish the virtual agency from traditional agencies and (b) explain why this is an important development for e-commerce and the advertising/promotion field.

Virtual agencies use the Internet as a means to redistribute the tasks traditionally performed at a single promotions firm. The completed work that the agencies perform for their clients is often similar to the work produced by traditional agencies. Virtual agencies, however, typically perform such work for a fraction of the traditional full-service agency's price

These new organizations are revolutionizing the promotions industry by the manner in which they distribute the tasks associated with creating a promotions campaign. To date, the agencies have not used the Internet to produce wholly new types of promotions. The virtual agencies instead use the Internet for simple communication; the Internet allows VAs to collaborate in a manner that was much more difficult prior to the widespread adoption of the Web.

BACKGROUND

Historically, full-service agencies have provided five key services to clients (a) account management and (b) creative, (c) financial, (d) media, and (e) support services. Limited-service (or "boutique") agencies offer only some of these services (Burnett, 1993). (To date, most scholars do not include electronic/new media services in the traditional definition of a full-service agency). Furthermore, the traditional advertising agency operates from a central geographic location with a "bricks and mortar" office that houses each of these respective departments.

Virtual agencies provide the same promotions services as traditional agencies, but in a very different manner. Specifically:

A virtual agency is a type of marketing communications firm formed by a collaboration of experts—typically from a pool of big agency expatriates experienced in creative development, account service, even the billing process. Just as ensembles of actors are carefully chosen for a film project, advertising freelancers band together for different advertising projects, thus creating the virtual agency. (Bechard, 1999)

(Readers should not confuse the virtual agency with the cyber agency. A cyber agency specializes in providing promotions services through the Internet medium; a cyber agency may or may not also be a virtual agency; LORE, 2005).

SERVICE

The core personnel in a virtual agency typically form the virtual agency's account management team; in most cases, the VA's core personnel are owner-managers. Papsadore (1996) commented that "the account management team is your [i.e., the client's] single point of contact. They provide strategic direction, manage the project and provide all the financial services including estimating and billing." The owner-managers, then, address the strategic marketing issues related to creating a promotion while managing contact with the clients (Brandchannel.com, 2005). After the top personnel in the virtual agency have decided on an overall direction for a promotion, they may "then bring in, as required, excellence in advertising, design or PR" (Brandchannel.com, 2005).

By hiring the most appropriate members of the network for any given job, the virtual agency provides its clients with the full range of promotion services (Brown & Associates, 2005; Moscov, 2005). VAs' flexible organizational structure, advocates assert, allows these organizations to better meet customers' needs. The virtual agency "expands and molds to your [clients'] needs" (Blazic Design, 2005). Flexibility is important in today's customer-oriented "servicescape."

Virtual agencies claim that they have carte blanche when selecting the members of a client's creative team. "Creative teams can be matched to your project for several reasons—budget, style, industry expertise, or even history" [with the client] (Papsadore, 1996). To help craft effective promotions for clients, virtual agencies maintain an extensive network of contacts with various professionals, including "sculptors, musicians [and] directors" as well as "expert-level designers, artists, writers, photographers, video editors, and other independent creative professionals" (Feuer, 2000, Papsadore, 1996).

Some virtual agency clients maintain that the ability to "cherry pick" their promotions "team" actually provides them with better personnel than they would get at a traditional agency. One client glowingly described his virtual agency team: "If you went to an agency [i.e., a traditional agency], the chances of getting all this top talent in one room are slim. You're going to get a beginner in there somewhere. But you get the *crème de la crème* with the freelancers" (Bechard, 1999). Or, as Papsadore (1996) put it to would-be clients: "Maybe the best part of the whole [virtual agency] deal is that you will NEVER see a junior staffer ever again."

TECHNOLOGY

Although a virtual agency could use other means of communication (e.g., face-to-face, telephone), most VAs rely on the Internet as a key communication tool. Many virtual agencies have no formal headquarters. Prospective clients often learn about the agency and examine its work through the Internet and other forms of electronic communication. Many of the virtual agency employees provide client services without ever leaving their home offices. In lieu of meeting face-to-face, personnel at virtual agencies interact with each other and their clients through a variety of electronic communication channels. These include "phone, fax, and Internet… intranets, Web conferencing services, e-mail company newsletters, and conference calls" (Jarvis, 2002).

Virtual agency founder Scott Goodson explains how technology has shifted the balance of power among promotions providers: "The [Internet] technology for the first time is allowing us to have the same information and knowledge control as any of the big agencies. In the old economy, only the big corporations had the resources. Today, the Internet is democratizing information" (Koranteng, 2000). For consumers, however, the Internet may be associated with a digital divide between those with convenient, affordable online access and the rest of the world. In this sense, those who haves access to new technologies possess the means to advance socioeconomically. On the other hand, the "have-nots" (i.e., disconnected consumers) are continuing in a downward cycle due to a lack of timely information with which to make their everyday decisions.

As noted in the introduction, then, the virtual agency does not create new technologies (i.e., virtual agencies have yet to invent new forms of advertising). Instead, the virtual agency supplies its clients with traditional promotions. Virtual agencies create their promotions by parceling out the work involved among very loosely affiliated networks of promotions professionals.

The virtual agency, then, is consistent with the emerging phenomenon scholars label "computer-supported collaborative learning (CSCL)" (Borges and Baranauskas, 2003). CSCLs "…combine communications and computer technologies to support various activities involving groups in collaborative problem solving situations" (Borges & Baranauskas, 2003). Through these CSCLs, participants can accomplish a number of goals that would be much more difficult without the recent advances in information technology.

Virtual agencies not only form collaborative networks in a manner consistent with other CSCLs, these agencies also structure the work in a manner that is quite common among participants in these networks. "CSCL environments have a special participant, usually called a 'facilitator', who plays a fundamental role in coordinating and mediating the group discussions towards reaching the goals and learning objectives of the activities carried on" (Borges & Baranauskas, 2003). As noted earlier, virtual agencies generally have an account management team that makes the strategic decisions regarding the promotion and, subsequently, selects the other personnel who work on a given promotion. Virtual agencies, then, operate in a manner largely consistent with other CSCLs.

COSTS

By virtue of the fact that they offer a wide-range of services in a "bricks and mortar" office, traditional advertising/promotions agencies have to cover a high amount of overhead. The absence of costly office space and full-time personnel allows the virtual agency to offer a full

Related Content

Management & Delivery of Digital Print via the Web: A Case Study of Gaia Fulfillment
Savvas Papagiannidisand Feng Li (2006). *Cases on Electronic Commerce Technologies and Applications (pp. 357-374).*
www.irma-international.org/chapter/management-delivery-digital-print-via/6237

Loyalty Differences in the Effect of Negative Critical Incidents and Quality Attributes Satisfaction: An Empirical Study of Online Shopping
Kwoting Fang, Ya-Yueh Shihand Duen-Ren Liu (2004). *E-Commerce and M-Commerce Technologies (pp. 185-206).*
www.irma-international.org/chapter/loyalty-differences-effect-negative-critical/8926

Mobile Banking-A Strategic Assessment
Sunny Marcheand Carolyn Watters (2004). *Mobile Commerce Applications (pp. 231-258).*
www.irma-international.org/chapter/mobile-banking-strategic-assessment/26461

Typology of Online Reviewers Based on Their Motives for Writing Online Reviews
Sai Vijay Tata, Sanjeev Prasharand Chandan Parsad (2021). *Journal of Electronic Commerce in Organizations (pp. 74-88).*
www.irma-international.org/article/typology-of-online-reviewers-based-on-their-motives-for-writing-online-reviews/274271

The Client-Supplier E-Relationship Management: A Case Study In The European B2B Office Furniture Industry
Marco Tagliaviniand Elisa Ghiringhelli (2008). *Electronic Commerce: Concepts, Methodologies, Tools, and Applications (pp. 1082-1102).*
www.irma-international.org/chapter/client-supplier-relationship-management/9533