Clients’ expectations of their advertising agencies:
creativity and relationship management

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Key words: Client-advertising agency relationship, relationship management, creativity

Abstract

The importance of relationship management in business-to-business service provision contexts has been acknowledged for several years. This paper examines clients’ expectations of their advertising agencies with regards to agency creativity, and also aspects of long-term business relationships. A qualitative study was undertaken with 15 clients of advertising agencies. The way clients define agency creative varies from creativity of the message to creativity of the media used to deliver the message. Clients who valued the relationship with their agencies alluded to partnerships, alliances and even described the relationship using a marriage analogy. Advertising agencies should effectively evaluate the four key findings that emerged from this study to foster long-term relationships with their clients.

Background

The directional shift from transaction based relationships towards relationship marketing has been evident since the 1990s (Hennig-Thurau, 2000; Morgan and Hunt, 1994; Payne and Holt, 2001; Sheth and Parvatiyar, 1995). Relationship marketing has three components: attracting customers, developing and then enhancing the relationship with the customer (Berry, 1983). Jackson (1985) describes relationship marketing in an industrial setting as ‘marketing oriented towards strong, lasting relationships with individual accounts’ (p. 2). Patterson and Ward (2000) expand the definition of relationship marketing as ‘the establishment of a long-term relationship between the service supplier and customer to their mutual benefit’ (p. 320). The essence of relationship marketing relates to the establishment but more importantly the maintenance of ongoing business relationships between two parties, namely the buyer and the seller, and consisting of a series of interactions over time involving mutual influence and resulting in mutual benefit.

Relationship marketing and relationship management are used interchangeably in the literature, however Patterson and Ward (2000) explain that relationship marketing is ‘offensive’ and refers to attracting new prospects or customers, whilst relationship management is ‘defensive’ and involves maintaining and enhancing relationships between suppliers and their ‘customers through value-added services, development of trust, satisfaction and stronger interpersonal relationships’ (p. 323). This distinction will be adopted in the current study and henceforth relationship management will be used to describe the efforts of the service provider to sustain and augment relationships with existing clients. Relationship management is critical in professional services provision contexts (Crosby, Evans, and Cowles, 1990).

The context for the current study is the client-advertising agency relationship. Advertising agencies, whose primary function is to sell concepts, are usually independent organisations that service the communication and promotional needs of businesses, not-for-profits and government agencies using a variety of media including but not limited to print and digital media, newspapers and magazines, billboards and the internet, presence marketing and sponsorship. The industry offers a wide range of services which can be classified into the two broad categories of production and media placement. Production covers the creation of the campaign including strategy and creative design, as well as the physical production activity, whilst media placement involves the booking and purchase of advertising space and time on behalf of clients (Wilson, 2010). The nature of the advertising industry has changed over the last 10 years, although its role of communicating with and influencing clients remains
unchanged. Today many advertising agencies see themselves as offering more than simply communication products. They offer solutions to marketing problems (Beverland, Farrelly, and Woodhatch, 2007). In addition, many of the larger agencies have purchased or merged with smaller boutique or specialist agencies, such as public relations agencies, website development, direct marketing and marketing research firms to ensure that they are able to provide a range of services that their clients expect through a one-stop-shop (Wilson, 2010). According to Wilson (2010), having a loyal client base is one of the key success factors for advertising agencies. Margins in the industry are under continual pressure and it is more profitable for an agency to have a high proportion of their business coming from existing clients which minimises the costs of sourcing and attracting its business.

Previous research undertaken on relationships in the client-advertising agency context can be categorised into two groups. The first group consists of studies focused on the key drivers of relationship performance such as satisfaction, value of the exchange and structural factors associated with longevity (for example Doyle, Corstjens, and Michell, 1980; Wackman, Salmon, and Salmon, 1986). The second group focuses on dissatisfaction and factors that precipitate switching behaviour and reasons for termination of relationships (Doyle, Corstjens, and Michell, 1980; Henke, 1995; Lace, 1998; Michell, 1986; Michell, Cataquet, and Hague, 1992; Wackman, Salmon and Salmon, 1986). One of the key attributes which clients value in their advertising agencies is the level of creativity that they display. There is scant literature which addresses this issue in the context of fostering amicable client-agency business relationships. The purpose of this study therefore was to develop an understanding of what clients expect from their advertising agencies with regards to creativity and also their views regarding long-term relationships. Many have claimed that it is easier and cheaper to keep existing customers than to attract new ones (Curasi and Kennedy, 2002; Reichheld, 1996). Therefore it is critical to understand what customers value in a service provision relationship. This exploratory study seeks to understand the reasons why organisations remain faithful to their advertising agencies. The inherent underlying assumption is that both the client and the advertising agency ‘desire a strong, long-term, beneficial relationship, and will avoid activity that will jeopardise this relationship’ (Waller, 2004, p. 107).

Methodology

Owing to the broad nature of issues involved in this study, it was decided to investigate organisations’ perceptions of their advertising agencies using a qualitative rather than a quantitative methodology. The most suitable and desirable research design was deemed to be in-depth interviews and a purposive sample was employed for data collection. Such a sampling is acceptable for special situations and it uses the judgement of an expert in selecting cases with a specific purpose in mind (Creswell, 2003). Based on previous qualitative research studies in this area, it was decided that a minimum of 15 in-depth interviews would yield meaningful data. Hence the purposive sample consisted of 15 participants, all of whom had at least five years experience in marketing roles. Six had between 10 and 19 years experience and one-third had over 20 years marketing experience. It was important to take a multilevel approach as the opinions of marketers at different hierarchical levels are likely to impact on long-term relationships between clients and service providers as well as project outcomes. It is especially important to include those at the middle and lower levels of the client organisation (Karantinou and Hogg, 2009). Four of the participants had worked for both advertising agencies as well as in marketing roles within industry. The interviewees were employed by relatively large organisations in various industries and sectors, including fast moving consumer goods, automotive, leisure and tourism, fast foods, higher education, industrial, service and retail. The semi-structured in-depth interviews were guided by an interview protocol which was informed by literature including research conducted by Beverland, Farrelly and Woodhatch (2007), Jayawarhena, et al. (2007) and Koslow, Sasser and Riordan (2006). The interview protocol consisted of a series of questions exploring the reasons organisations employ agencies, client expectations in relation to agency service provision as well as relational aspects. All interviews, which averaged approximately 45 minutes’ duration were audio-taped and later carefully transcribed.
and reviewed by the researcher. For the purposes of data validation, an independent researcher was employed to ascertain that the transcriptions mirrored the audio-tape recordings.

Data were systematically analysed using the thematic analysis technique in order to ‘understand and interpret the meanings and experiences of the informants’ (Spiggle, 1994 p. 492). This technique involves dissection, reduction, sorting and reconstitution of the data and was undertaken using three levels of coding: open, axial and selective. Large sections of text were categorised using the initial or open coding that had been developed. Next during the axial coding phase, additional sub-codes were developed to describe subtopics or links between categories that the a priori codes did not adequately encompass. These fields were then populated with extracts from the transcribed interviews. Finally, selective coding was employed to extract themes and make comparisons and contrasts of the collected qualitative data (Creswell, 2009).

Findings

Why do clients use agencies?

Participants were asked why they prefer to use the services of external consultants rather than using in-house staff. Four key themes emerged. Firstly, participants employ external advertising agencies for their specialist knowledge and creative ideas, ‘the core competency of our agency is their creative horsepower. It is the power of their creative which we could not replicate in house’ (Participant 09). The second reason that many participants preferred working with people external to the organisation was that they were not internally focused nor linked to the current brand and image. One participant said that using internal staff is ‘too close’, whilst agencies are at arms length and have rigid processes and protocols that guide projects, which discourages short cuts and facilitates rational rather than emotional decision making in regards to advertising campaigns. The third reason for using the services of advertising agencies was the experience and expertise that such service providers brought from working with other clients and products. ‘They bring experience working with other products and other brands’ (Participant 02). Hence organisations sought the services of external providers to engineer creative solutions to their business problems, through their knowledge of other businesses as well as their exposure to other industries. Finally, participants indicated that they used agencies for pragmatic reasons, such as to reduce internal headcount or number of employees or to allow the organisation to focus on core business activities rather than specialised services that can be outsourced. ‘A focus on core activity rather than what was seen as “it’s not what we specialise in therefore we shouldn’t be investing our money in it”’ (Participant 06).

Longevity of business relationships

No clear trend regarding the longevity of relationships between the client and their advertising agency was evident. In some organisations there are formal tender and regular review processes every three to four years. Other organisations were content to remain with their existing service providers as long as they were able produce the desired results. The interviewees explained that the tender process could be extremely time consuming for little if any gain. At least two of the interviewees indicated that the relationship life cycle may be as short as two to three years ‘Because brands [we] have been working on have been going down a different direction, and that’s probably about a three year itch’ (Participant 01).

What creativity means to clients

For one participant, creativity came in the form of an integrated campaign consisting of a single central idea with multiple touchpoints. Another indicated that creativity involved fresh and new ideas, with inspiration drawn from ‘different universes….to talk about your brand’ (Participant 02). In other words, either original thought or re-engineered ideas are used to
convey a new story about a product or brand. Most participants indicated that the agency needed to have a clear understanding of the target market and that the creative needed to connect with these markets, which can be challenging when the agency staff need to place themselves in the shoes of the target audience. A particular example was provided by a marketer for a women’s gym who worked with an all male team of creatives at the advertising agency. Some participants indicated that it was very important that the creative matched their corporate image, personality and style and blended well in terms of tone, look and feel. One participant indicated that creativity came not from the message, but from how and where it was portrayed. ‘It might be trying something new or exciting with outdoor or event marketing or sponsorship, or a doing a pop-up store in the middle of main street or something’ (Participant 05). This required the creative and the media agencies to work collaboratively as well as creatively. Most participants expressed the importance of good creative ideas from their advertising agencies, even though they had differing views on what creativity actually means. ‘Creativity … it’s the only reason I go to them because they have a level of expertise that I have not got’ (Participant 08).

Although creative content that stood out and was different was acceptable to most interviewees, it was critical that the advertising had maximum impact, consistent with the findings of West, Kover and Caruana (2008). Clients hold their agencies accountable for the quality of the advertising campaigns yet Koslow, Sasser and Riordan (2006) note that over the half the variability in creative work is attributable to the marketers within the client organisations themselves rather than the agency. This aligns with social interdependence theory that asserts that the behaviours of each party will influence outcomes (Czepiel, 1990; McCallum and Harrison, 1985). Advertisers need to be aware of how their behaviours and attitudes impact the creative work and solutions provided by agencies.

**Fostering long-term relationship**

When asked about commitment in the client-agency context, many interviewees talked about the commitment of the agency to the client, rather than the reverse. They felt that the agency should be committed to the client and be prepared to go over and above expectations to ensure client satisfaction. Commitment was also referred to as a duality and required both parties to be devoted to the relationship. ‘Commitment is a two-way deal which must happen in order for any good work to be done in any human-to-human interaction’ (Participant 02). Commitment relates to the efforts required to sustain a business relationship as well as a desire to continue the relationship (Moorman, Zaltman, and Deshpande, 1992; Morgan and Hunt, 1994). Several interviewees mentioned that they continued to use the services of their advertising agency as the agency staff understood their business, their brand, the brand image, and the look, feel and tonality of their promotional materials. This familiarity was built over a period of time and was not easily transferable. Thus interviewees were prepared to spend additional time working with their agencies to rectify problems, rather than seeking new service providers who they would need to ‘train up’, which can be a lengthy and arduous process.

‘I will … show my allegiance if I know that they can deliver something better than other agencies, I will certainly do what I can to make sure they’re involved in the process … I know the work they’ve put in to our business, the time, the hours they do at their end and people don’t see. You kind of feel like you have some sort of commitment, I think. I guess you are helping them to do their job to the best of their ability’ (Participant 03).

A number of participants spoke of their agencies in terms of partnership rather than purely service provision. The relationship viewed as an alliance is aligned with agency sentiments ‘as many agencies are seeking to position themselves as strategic partners of clients’ (Beverland, Farrelly and Woodhatch, 2007, p. 49). Morgan and Hunt (1994) note that in alliances there are no longer buyers, customers, key accounts, sellers, suppliers or vendors, ‘only partners exchanging resources’ (p. 22). Many interviewees felt not only a professional connection but also an emotional attachment to their agencies and account managers as they had worked very closely with them over the years. This sentiment was echoed by several
participants, particularly those who had experienced good and productive working relationships with their agencies. ‘They should be your partners and that’s when you get the best relationships, when they are aware of your business goals and objectives. Not just “Here’s a creative piece”’ (Participant 01).

**Discussion and Conclusion**

Whilst attempting to define creativity in the advertising agency context may be difficult there is also little consensus on client expectations of the advertising or creative agency. This finding is consistent with West, Kover and Caruana (2008). Several of the participants in the study discussed the client-agency relationship by making reference to marriages. Viewing the relationship in such terms is not uncommon in marketing literature, commencing with Levitt (1983) and followed by Dwyer, Schurr and Oh (1987), with Tynan (1997) publishing a paper entitled ‘A review of the marriage analogy in relationship marketing’. Some advertisers seek the services of an agency with the expectation that agency staff will be an extension of their marketing department. They claim that the most successful client relationships are when the agency is embedded into an organisation and viewed as part of the team, rather than as a service provider. In order for such a relationship to develop there needs to be a match between the client and the agency. Both need to have shared values and ethics and there needs to be a comfort factor between the organisations, as well as the individuals within them. Without this chemistry it is unlikely that such a partnership will be successful or have a prolonged existence. According to Koslow, Sasser and Riordan (2006) the quality of creative work produced by the advertising agency is a function of the client’s willingness and ability to partner with their agency, hence reinforcing the impact of having an alliance between the two parties.

Most advertising agencies identify their core commodity as creativity, and it is primarily for this service that clients seek to employ them. Agencies need to develop a clear understanding of the needs and expectations of their clients, especially with regards to creativity. Whilst some clients will seek innovative and unique ways of communicating with their target audience, are risk takers and are prepared to leave their advertising agency to recommend novel marketing strategies, others are seeking conservative solutions to their business problems. Koslow, Sasser and Riordan (2006) note that ‘if marketers seek a genuine partnership with a mutual willingness to explore new ideas great creativity is possible’ (p. 99). If clients and agencies perceive themselves as partners and work together to co-create a campaign, then responsibility for the outcomes is shared. Whilst there is no way to ensure continuation of business relationships or securing long-term relationships with clients, there are several actions that agencies can adopt which will increase the probability of client loyalty. The client-agency relationship must be firmly entrenched and be at multiple levels throughout both organisations, going deeper than the individuals involved. There needs to be chemistry between the organisations, as well as the individuals who make up the organisations, if continuity of the relationship is paramount. Loyalty needs to be a two-way street, in that clients expect agencies to be loyal to them if the agencies wish to retain their business. Clients expect agencies to maintain confidentiality, act in the best interests of the client and avoid conflicts of interest with other potential clients who may be direct competitors.

There were two key limitations of this study. Firstly the sample consisted solely of clients of advertising agencies which fails to account for the interdependent nature of the relationship between the client and the advertising agency. Furthermore, the focus of the study related to only one element of the services provided by advertising agencies. Future research in this area should focus on aspects of project management processes and outcomes which contribute towards enhancing client-advertising agency relationships. In addition it is recommended that dyadic pairs be used for data collection to enhance and enrich our understanding to the relationships between clients and their advertising agencies.
References


