Exploring advertiser’s expectations of advertising agency services

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Selecting a professional business-to-business service such as an advertising agency is complex and challenging for advertisers. This paper explores the expectations that advertisers have of advertising agency services when selecting an agency. Using an exploratory approach and a native categories interview technique with an expert sample the study investigates the service expectations of advertisers in the United Arab Emirates (UAE). The paper makes three main contributions. First, we identify four dimensions of expectation that advertiser’s use during their search for a new advertising agency; craft, affinity, functionality and perspective. Second, we explore the nature of these dimensions and argue that advertisers are not always clear about their expectations of the agency at the selection stage. Third, we provide a new framework for understanding how advertising agencies are selected. We consider the implications of the study for the advertising agency selection literature as well as advertising practitioners.

Keywords: customer expectations, advertising agency selection, Middle East, professional services, business-to-business buying.

Introduction

Advertising agencies offer a professional business-to-business service. The buying of business services is widely recognised to be a complex process (Sonmez and Moorhouse 2010; van der Valk and Rozemeijer 2009) and because of their highly specialised nature (Jaakkola and Halinen 2006), high levels of customisation (Thakor and Kumar 2000) and client involvement (De Bretani and Ragot 1996) professional services are seen to offer additional challenges. In particular, the buying of advertising agency services is seen to be one of the most complex purchasing decisions for firms (Smeltzer and Ogden 2002).
Existing research on buying advertising agency services focuses on the selection criteria used by advertisers when choosing a new agency. The criteria for selection have been extensively documented in the extant literature and studies suggest that creative skill, agency people, cost and experience are key factors in the advertiser’s selection decision (Cagley and Roberts 1984; Henke 1995; Marshall and Na 1994). To date however, little is known about an advertiser’s expectations of an agency at the selection stage. Understanding customer expectations is important for service providers since service quality and satisfaction are the result of how well the service outcome matches these expectations (Zeithaml, Berry, and Parasuraman 1993). This study aims to redress this gap and explores the expectations advertisers have of agency services. We draw on existing customer expectation theory and the advertising agency selection literature.

The paper begins with a review of the literature on customer expectations and advertising agency selection. Next we outline the methodology used in the study and report on the findings from the research. Finally, we discuss the implications of the study, both in the context of its contribution to the agency selection literature and the practical implications for advertising practitioners.

**Background and review**

**Customer expectations**

The service management literature recognises that customer expectations act as a benchmark to confirm or disconfirm whether desired levels of service have been reached and as such are a central measure in determining customer satisfaction and service quality (Parasuraman, Berry, and Zeithaml 1991; Zeithaml, Berry, and Parasuraman 1993). Understanding customer expectations is therefore important for
any service provider. Parasuraman, Berry, and Zeithaml (1991) identify 5 dimensions of service expectations; reliability, tangibles, responsiveness, assurance and empathy which they argue are important for service providers to meet in order to achieve customer satisfaction.

Similar to other service settings it is important for professional service providers to understand the nature of customer expectations. Professional service scholars suggest that customer expectations can be categorised into three main taxonomies; fuzzy; implicit; unrealistic (Ojasalo 2001a, 2001b). Fuzzy expectations exist where customers are not clear about the precise nature of what they require, even though the need for the service itself is recognised. This type of expectation can be challenging to meet for service providers since the nature of the expectation is not precise (Ojasalo 2001a). Implicit expectations are those which are so self-evident to the service customer that they are often not externalised. If these implicit expectations are not met there is a negative impact on the perceived service quality. Unrealistic expectations exist where it is likely that no service provider would be able to meet the customer’s expectations and these too are problematic. Not meeting unrealistic expectations results in disappointment for the customer (Ojasalo 2001a).

Understanding and managing expectations is therefore important for professional service customer satisfaction. To date there has been little consideration of expectations within the context of advertising agency services and this study aims to redress this gap by examining the nature of advertiser’s expectations when choosing the professional services of an advertising agency.

**Advertising agency selection**

Advertising agency selection research has been dominated by the investigation of the
criteria used by advertisers when choosing a new agency. The current literature suggests that advertisers are influenced by four main factors when selecting which agency to appoint; creative skill, agency people, cost and experience (see Table 1).

**INSERT TABLE 1 HERE**

Research identifies that an agency’s creative skill has a significant influence on the advertiser’s selection decision. Some studies suggest that this is the most important factor when it comes to choosing a new advertising agency. For example, Henke (1995) reported that creative skill is the most important criterion for advertisers and suggests that an agency’s creative ability outranks other selection factors by far. Similarly Jansen van Rensburg, Venter, and Strydom (2010) found that the agency’s level of creativity was perceived to be the most critical factor in appointing an agency. Creative skill has been identified as a reason for advertisers switching agency since the late 1970’s (Michell 1984) and studies have found that the creative dimension continues to be an important factor for advertisers (Na, Marshall, and Son 1999). Research has found that strong creative ability was a primary factor at the pre-relationship phase of an ad agency/client relationship and has a strong influence on the selection decision (Wackman, Salmon, and Salmon 1986; Fam and Waller 2008). Whilst in China the agency’s creative ability is not an important factor for advertisers in the selection decision (Prendergast and Shi 2001) other country studies have identified creative skill to be amongst the top three criteria when choosing an agency (Fam and Waller 1999, 2000; Palihawadana and Barnes 2005).

Agency selection research indicates that agency people are very important to advertisers. Studies have found that the people within the agency influence an advertiser’s choice of a new advertising agency. In their seminal study, Cagley and Roberts (1984) found the people factor to be the most significant influence on
advertiser’s decisions. Fam and Waller (1999, 2008) also identified the people factor as the most important criterion for the advertiser when selecting an agency. Their studies found that interpersonal relations, quality of account people, integrity and shared purpose ranked amongst the top four factors for selection attributes. Interpersonal factors were found to be the most important criterion for advertisers at the selection stage (Marshall and Na 1994) and the quality of personnel working on the account was found to be the second highest evaluation criteria for non-marketing-orientated firms (Na, Marshall, and Son 2003). The significance attributed to the compatibility between the advertiser and the agency and the quality of the account team handling the account are well documented throughout the selection literature (Cagley 1986; Fam and Waller 2000; Jansen van Rensburg, Venter, and Strydom 2010; Na and Marshall 2001; Palihawadana and Barnes 2005; West, 1997).

Whilst creative skill and agency people dominate much of the discussion in the literature, the cost of an agency’s services is identified in several studies as influencing the selection decision. In particular, it has been found that for purchasing managers involved in the selection process, cost was a key dimension and had a significant influence on the choice of a new agency (West 1997). In other studies the cost-consciousness of the agency has been identified as the most important factor and ranked the highest evaluative criterion for advertisers (Marshall and Na 1994). In a comparative study between Korean and New Zealand advertiser’s evaluative criteria, Na and Marshall (2001) found that cost-consciousness and price were ranked highly by both. Agency price and cost have been reported in numerous other studies as being important to advertisers when choosing an agency (Halinen 1996; Jansen van Rensburg, Venter, and Strydom 2010; Palihawadana and Barnes 2005; Prendergast and Shi 2001; Wackman, Salmon, and Salmon 1986).
Agency selection research identifies that an agency’s experience influences the decision. Previously held competitive accounts and past successful advertising campaigns are important to advertisers who will take into account such past experience when selecting a new agency (Jansen van Rensburg, Venter, and Strydom 2010; Palihawadana and Barnes 2005). An agency’s proven track record and direct experience with a similar type of business were both ranked in the top six factors by advertisers (Henke 1995). The experience of agency personnel also influences the advertiser who values the account teams past experience (Wackman, Salmon, and Salmon 1986).

Whilst previous examinations of agency selection have shed some light on the criteria that are perceived to be important to the selection decision, to date there has been no examination of advertiser’s expectations. As expectations provide the benchmark for determining customer satisfaction, a better understanding of these expectations at the selection stage would be beneficial. By addressing this gap in the literature we provide a more holistic view of advertising agency selection and contribute to existing knowledge on the nature of customer expectations in a professional business-to-business service setting.

**Research Methodology**

An exploratory methodology was used and in depth interviews employed to investigate the expectations of advertisers in the UAE. This approach was chosen to allow the researchers to explore the factors that are perceived to be significant in the selection decision and allowed for attitudes and understandings to be investigated in depth (Willig 2009). An interview guide was used to ensure that the same areas of investigation were covered for each of the participants (Patton 2002), but also allowed
for meanings that arose during the interview itself to be explored (Arksey and Knight 1999). The interviews used a ‘native categories’ technique which allowed the participants to answer questions using their own categories rather than cuing participants (Buckley and Chapman 1997; Harris 2000; Harris and Wheeler 2005). This narrative style of interview technique allowed for a richer exploration of advertisers expectations when selecting a new advertising.

The study uses an expert sample of senior advertising and marketing practitioners in multi-national organisations in the UAE. The UAE was chosen for the study because it is viewed as the next major global advertising centre alongside New York, London and Hong Kong. The growth of the advertising industry in the UAE has been facilitated by strong economic growth rates in the country and a sharp rise in advertising expenditure over the last decade. The UAE boasts a GDP per capita that is ten times higher than China (IMF 2012) and an increase in advertising spend of 545% in the period 2001-2010 (Warc 2012). The growth in the country has attracted large agency networks such as Dentsu Aegis, Havas, Interpublic Group, OMD, Publicis Groupe and WPP (Dubai Media City 2012). Many of these global networks have established their Middle East regional headquarters in the UAE and to accommodate them the Emirate of Dubai has built a dedicated ‘Media City’. The concentration of advertising services has positioned the UAE as a global advertising hub from which advertisers manage their Middle East and North Africa advertising budgets.

The UAE attracts a global client base with agencies attracting both multi-national brand advertisers who are headquartered in the UAE and those that are foreign based. To service these multi-national brands the agencies use global talent both in creative and account management disciplines. The UAE advertising industry has
earned a reputation for good practice and this together with its global client base provides a good research context for advertising selection studies.

Senior practitioners in this country are a difficult to access population and the researchers used a reputational case selection sampling technique to identify the sample (Miles and Huberman 1994). This technique uses the recommendation of an expert in the field to identify suitable participants for the study. Participants for the study were recruited using a letter of introduction, which explained the purpose of the study and ensured that ethical obligations of informed consent were met. The sample was drawn from a number of different industry sectors and included multi-nationals with headquarters both in and outside the UAE. All participants were expatriates and held senior marketing positions (see Table 2).

**INSERT TABLE 2 HERE**

The interviews were conducted on the telephone and lasted up to 40 minutes. Permission was obtained from the participants to record interviews using a digital voice recorder and all interviews were transcribed verbatim. A three-tiered coding system was used to analyse the data which processed the data in three stages; open coding, axial coding and selective coding (Fielding 2005). The data was initially open coded. Immediately after each interview the researchers made notes to identify key themes that emerged. Interview recordings were listened to and transcriptions read to explore for other themes. Using a start list of codes developed from the existing literature and adding codes when new themes emerged the data was organised into key themes. The second stage of the analysis used axial coding to explore each theme and search for themes that were interrelated, thus allowing patterns within the data to emerge. Finally, selective coding was used to identify possible quotes to illustrate themes (Fielding
The limitations of using an exploratory approach and a small sample size need to be addressed. Whilst such a research design does not permit generalisations to be made, the rich data does provide valuable insights about the phenomenon and contributes to a better understanding of how advertisers select their agency.

**Findings**

Four main themes emerged from the data. The study found that when choosing a new advertising agency advertisers have expectations that an agency will provide; craft, affinity, functionality and perspective. These are explained below.

**Craft**

Advertisers select agencies for their craft. This theme relates to the professional service skills that agencies offer – creative skill. Most interviewees discussed the importance of the agency creative skill as a key factor in the selection decision and identified this as the primary criterion ‘creative is always number one’ [AD04] and ‘at the end of the day, it’s the creative’ [AD02].

Interviewees talked about the scarcity of finding good creative skill ‘it’s not an easy thing to find a [category] talent or a [category] creative within agencies’ [AD02] and there was recognition that creative skill with category knowledge was hard to find. Craft skill was therefore seen to extend to category expertise. Knowledge of the Middle East market and in particular an understanding of regional media regulations to ‘avoid local “no-no”s’ [AD06] was also seen to be a key factor in the choice of a new advertising agency.

Interviewees expressed a desire that the agency’s craft be recognised in the industry through its reputation or through awards ‘how they were ranked…in the
various, you know, industry, industry, um, ah, you know, benchmarks or awards, or, whatever’ [AD03]. Other interviewees reported being ‘more interested in what Marketing or Campaign talking up the agency from a reputation point of view’ [AD01].

_Affinity_

Advertisers want to feel an affinity towards the advertising agency they select. This theme relates to the advertiser’s preference for an agency that it feels compatible with in a number of areas. Interviewees described the importance of there being ‘chemistry’ [AD07] between the agency team and their own people. They also talked about the importance of having similar organisational approaches to Human Resource (HR) policy, ethical practice and physical size. For many a key decision factor was ‘do we have a good feeling about the culture of the agency’ [AD07].

The chemistry between the agency people and the advertiser’s team was a recurrent topic and interviewees were keen to express how important this aspect was in the selection decision ‘if you don’t get on well with them, you never get to stage two, so you could argue... [the] account team is actually a pre-requisite’ [AD01]. Many interviewees used emotional expressions to describe the importance of the agency team in the selection decision ‘your feeling about the people, the personalities involved’ [AD03] or ’do we have a good feeling and first impression about the people we have seen’[AD07]. The likelihood that this personal chemistry would develop into a good partnership was seen as beneficial ‘once we’re on-board together, they’re part of my team, so, we share a lot with them, we work together as a team, and that’s really vitally important’ [AD05].

Interviewees also spoke about the importance of having similar HR policies to their own organisation in areas such as gender diversity or ‘people who are from Saudi
and from the [other Gulf States] working in the agency’ [AD01]. Other examples included ensuring ‘the [agency] conditions [are] appropriate… you know, I don’t want to be hiring an agency that’s a sweat shop’ [AD01]. Similarly, interviewees reported that they sought agencies that had similar ethical practices to their own. Concerns were that ‘cases of eh, bribery…are very common’[AD07] and interviewees talked about avoidance of some agencies ‘that I wouldn’t touch with a barge pole, because… they have a reputation for less than transparent media planning and media buying’ [AD04].

The importance of being compatible in size and the need to select an agency that fits the scale of the advertising task was something that interviewees discussed. Interviewees explained that larger accounts needed a larger agency to handle the scale of a larger advertising campaign, whilst smaller accounts or local brand campaigns were seen to need a smaller agency. Interviewees talked about selecting an agency whose size is appropriate for the advertising ‘they’re [existing agency] a very big agency and they approach everything in a big way. If you go to a small agency they are more capable of approaching things in a small way’ [AD05].

**Functionality**

Advertisers seek agencies that function efficiently as marketing communications service providers. This theme relates to the service areas that interviewees perceived to be important in the selection decision. Examples included media buying, Middle East network, costs, on-line and digital media capability.

Many interviewees raised the agency’s ability to function effectively as a media buyer. An example of this was where one interviewee had incorporated a media buying project into their selection process to assess each agency’s media negotiation skills ‘we
need to know that they have that leverage’[AD05]. As well as negotiating media rates, advertisers expected the agency to negotiate good positions in the media.

Another area of service provision that interviewees discussed was the need for an agency to offer a service in all Middle East territories. This was seen by interviewees to be a critical factor ‘basically, we didn’t even talk to agencies which didn’t have the network’ [AD03]. Having a network of Middle East offices to service the account was seen to be a key requirement in the selection of an agency ‘any of the major companies, they cannot have one agency in every country in the Middle East, so typically, the UAE agency will be the same network as the agency in Saudi Arabia, Qatar, Bahrain’[AD02].

Interviewees discussed the cost of the agency service. Low cost was not always viewed to be a positive factor in the selection decision. One interviewee equated low costs with poor service and explained ‘the agency we chose didn’t have the best price…it was …the most expensive’ [AD05].

On-line and digital media capability were reported by some to be extremely important and interviewees expected the agency would ‘assure us on their on-line capability’ [AD03]. Other interviewees were less concerned about provision of on-line and digital capability, although many saw this as a growth area and wanted assurances that the agency could provide this service if needed.

**Perspective**

Advertisers seek agencies that they feel will add perspective to their business. This theme relates to the importance attributed to the strategic capability of the agency. Examples given were ‘the ‘ability to work strategically and challenge us on our strategy’ [AD07].
Interviewees talked about the strategic thinking capability of the agency and the importance they attributed to understanding marketing strategy and interpreting marketing briefs. Interviewees reported that strategic thinking factored highly on the selection decision ‘if you take a total of a hundred, then strategic thinking was weighted thirty’ [AD06]. Interviewees spoke about ‘strategic thinking’ [AD07] and ‘being able to add perspective to your business’ [AD01] but were not explicit about specific requirements from the agency.

Discussion

The purpose of this study was to explore the expectations that advertisers have about advertising agency services and contribute to our understanding of agency selection. The results suggest that advertisers expect agencies to deliver a professional service that meet their needs for; craft, affinity, functionality and perspective. Understanding the nature of these expectations is important since they provide the benchmarks against which advertisers will evaluate service quality and satisfaction (Zeithaml, Berry, and Parasuraman 1993).

The expectation that an agency will offer a craft and is able to provide creative advertising appears to be an explicit expectation of advertisers. The finding that creative skill is important supports results of prior studies (Henke 1995; Jansen van Rensburg, Venter, and Strydom 2010; Wackman, Salmon, and Salmon 1986) however the evidence suggests that advertisers expect agencies to provide a broader skill offering. The study suggests that advertiser’s expectations are that in addition to creative skill, an agency also has local market knowledge and category experience to enable appropriate creative to be developed. This wider conceptualisation and the identification of the craft dimension extends our current understanding of advertisers
expectations. The findings also indicate that creative skill in itself is not sufficient, but advertisers expect the agency to be recognised for their craft. Expectations were that the agency should have awards for their creative work and should have received positive coverage for their creative work in the trade press. The study also suggests that advertisers are realistic in their expectation that sourcing creative skill is difficult.

There is the explicit expectation that advertisers will find an agency with whom they can feel an affinity towards. The study suggests that advertisers expect to find an agency that it will form close personal bonds with and with whom it feels compatible in terms of HR policy, ethical practice and size. Whilst previous examinations of agency selection have identified that agency people are important in the selection decision (Cagley and Roberts 1984; Fam and Waller 1999, 2000; Marshall and Na 1994), there has been little exploration of the expectation that there should be personal chemistry between the advertiser and agency individuals. Additionally factors of HR policy and ethical practice have previously been unreported. The dimension of affinity extends our current understanding of agency selection by offering an insight into the expectations that advertisers want agencies to be closely aligned to them in both relational and management practice.

The findings reveal that advertisers have explicit expectations about the marketing communications services they require from an agency. Whilst factors such as costs have been identified in prior examinations of agency selection (Marshall and Na 1994; West 1997) there has been limited attention given to other influences such as network or on-line and digital media capability. The identification of these factors contributes to the literature and our examination of the expectations of service provision within a functionality dimension extends current understanding of advertiser’s expectations at the selection stage.
The findings provide evidence that advertisers expect an agency to offer perspective. Whilst advertisers made broad statements about expectations of strategic capability and strategic thinking the exact nature of the strategic contribution they expect was unclear. This suggests that advertiser’s expectations may in some cases be fuzzy (Ojasalo 2001a) and this has implications for agency account management teams at the selection stage. The study provides clear evidence however of the value attributed to this expectation and this contributes to the current literature on agency selection and our understanding of advertiser’s expectations.

The study extends our current understanding of advertising agency selection in two ways. First we provide evidence of advertiser’s expectations and conceptualise these around four dimensions; craft, affinity, functionality and perspective to offer a more holistic understanding of advertiser’s expectations at the selection stage. This new conceptualisation of the advertiser’s expectations contributes to the existing selection literature that has largely focussed on selection criteria (Cagley and Roberts 1984; Fam and Waller 1999, 2008; Palihawadana and Barnes 2005). Second, the study provides new understanding of the nature of advertiser’s expectations when choosing a new advertising agency. Whilst for some dimensions the expectations of advertisers are clear and realistic, in other areas an advertisers expectation are not always clear and appear to be fuzzy. This knowledge assists advertising agencies who are seeking to gain new business and will aid agencies in determining the advertiser’s benchmarks for service satisfaction.

Conclusions

This paper has explored the nature of customer expectations at the buying stage within a professional business-to-business setting. Based on a study of senior marketing
professionals it has examined the nature of their expectations in the selection of a new advertising agency. The findings reveal that advertisers have expectations that an agency will provide craft, affinity, functionality and perspective. More importantly, the study identifies that not all customer expectations are explicit.

The study provides academics a new understanding of how advertising agencies select their agency. The current research extends our existing knowledge of advertising selection by providing four new dimensions of expectations; craft, affinity, functionality and perspective. Furthermore, the study offers a new framework for explaining agency selection. Drawing on expectation theory we use expectations to explain how advertisers choose professional services. This new framework for explaining agency selection contributes to the existing literature and offers opportunities for future research directions. The paper also expands our understanding of customer expectations within a professional service setting and extends current service expectation literature. The evidence suggests that in professional service contexts customers expect craft and perspective which extends previously identified expectations.

The study has a number of important implications for advertising practitioners. The paper provides an insight into advertiser’s expectations of agency services at the selection stage. For advertising agencies the study has identified four new service dimensions that advertisers look for when choosing an agency. The first of these, craft, expands our understanding of the importance of creative skill at the selection stage and offers new insight into advertiser’s expectations that an agency should be recognised for their creativity. This is important for agency management who need to consider their own brand image and marketing communications activity. In particular this new knowledge suggests agencies should have on-going public relations programmes in
place and ensure they communicate their creative successes, especially creative awards. The study also provides agency management with a better understanding of advertiser’s expectations that they will bond with the agency team. The agency can ensure that they create opportunities to facilitate the development of the relationship. Organising meetings between the advertiser and agency teams during the selection stage for example would help to foster closer ties. Thirdly, the study has highlighted some new functional expectations. The finding that advertisers expect a network offering and digital media capability is important for agencies who can map these against existing offerings. Finally, the study offers agency management a greater understanding of the expectation that advertisers want an agency that can add perspective to their business. Whilst advertising agencies should take this new knowledge into consideration in their new business activities, they need to take into account that an advertiser’s expectations of strategic capability may not always be clear.

Existing research on advertising selection has largely focussed on the selection criteria used by advertisers when choosing an agency. This paper draws on the professional services literature and expectation theory to explain agency selection. We believe that the new framework offers a fresh agenda for future research. In particular we suggest there is a need for future research to explore service expectations from a dyadic perspective and compare advertiser and agency expectations. There is also a lack of research on advertiser’s expectations during the maintenance stage of the relationship with an agency and this warrants attention.

Lastly, since this was a small scale exploratory study and the generalizability of the study is limited, there is a need to extend the study to a wider sample and examine advertiser’s expectations in different country settings.
References


Table 1. Prior studies on agency selection criteria

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