

ADVERTISER-AGENCY RELATIONS: A REVIEW AND SYNTHESIS OF RESEARCH

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ABSTRACT

The relationship between marketing enterprises and their advertising agencies is one of the most important associations in marketing. However, despite the importance of this association, and its significant role in marketing management, surprisingly little scholarly attention has been focused on issues pertaining to this relationship. This paper reviews the available academic literature on advertising-agency relationships, and attempts to provide a framework to organize research issues, and provides directions for future research.

The relationship between an advertiser and its advertising agency may be classified as a supplier partnership between the buyer (advertiser), and its services supplier (the agency). The precursor to the establishment of a buyer-seller relationship in the business-to-business sector is the stage of search and selection. In the literature reviewed, this stage of the relationship has been described as the 'prerelationship' stage of the advertiser-agency life cycle. The literature suggests that the need for undertaking a search for an advertising agency results often from structural changes within the advertiser, including realignment of brands in the aftermath of a merger/acquisition, dissatisfaction with the incumbent agency, and interestingly, as a signal to investors with the aim of increasing the market value of the advertiser firm. The most quoted reasons for appointment of a particular agency were found to be the agency's knowledge, experience or expertise in the client's area, followed by the agency's creative record. Other reasons include organizational and relational factors such as past experience with agency personnel, professionalism shown by the agency, the reputation of the agency, and logistical reasons pertaining to the size and location of the agency. Studies have also revealed a convergence between advertisers and agencies on several of the factors considered important.

Development of the advertiser-agency relationship follows the appointment of the agency, as the parties build a working relationship and proceed with the advertising campaigns. Studies on the maintenance phase of the advertiser-agency relationship have addressed several issues, with a focus on determining the causes and criteria for satisfactory relationships. Four groups of variables -- *work product*, *work pattern*, *organizational factors*, and *relationship factors*, have been identified as being important for the maintenance of the relationship. Several studies have probed the nature of problems within the relationship, with a view to isolating and explaining the factors where preemptive action may serve the agency to maintain good client relations. Researchers have also sought to identify the root causes and situations that eventually lead to the dissolution/termination of the relationship. These studies have identified factors perceived important by agency and client personnel, and found divergence between the lists. Other studies have studied and found influence of factors such as organizational compatibility and sizes of the respective organizations on the termination decision.

The research on advertiser-agency relationships can be described as largely being inductive in approach. Only in a few recent studies has there been an attempt at theory building that bases itself on hypotheses well-grounded in existing theory. Thus, much of the existing research can be considered exploratory, with a focus on discovery. The literature has been somewhat limited by focusing on a limited set of issues i.e., identification of success/failure factors in relationships, without much attempt to expand along the chain of causality and probe deeper into the causes of these success/failure factors.

The advertiser-agency relationship needs to be considered in the broader context of inter-firm relationships, which have been the subject of considerable inquiry in streams such as channels management, industrial buying, strategic alliances, and agency theory. Researchers may find it worthwhile to utilize theory from these streams as underpinnings for studying issues in the advertiser-agency relationship. Also, consideration of the internal politics and organizational dynamics influencing the relationship would benefit from the extensive literature on organizational dynamics. It is recommended that researchers draw upon the established research in these fields, and move to a confirmatory phase in investigating the advertiser-agency relationship, which, given the limitations of the of the existing research, appears to be a potentially fruitful area of inquiry.