

UNVEILING THE DYNAMICS OF AGENCY HIRING: AN EXPLORATORY STUDY

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Abstract

Advertising is an indispensable tool of product promotion used by business houses all over the world. Advertisers (clients) hire the service of advertising agencies which is an organization of creative people specialized in preparing advertising plans. They render services like market analysis, research assistance, media selection, consultancy services, audience identification, new product launching assistance etc. The study examines the perspective of advertising agency personnel on their role in product promotion. The study considered 14 variables related to product promotion services by advertising agencies. Factor analysis was applied to categorize the variables into relevant factors. The study revealed four significant factors such as Evaluation, Extension, Exposure and Existence which influences the clients' decisions on hiring an agency. Each extracted factor encompasses three prominent variables related to agency services. Broadening the service horizons to these factors will definitely reinforces the efforts of advertising agencies in getting more clients and also help to ensure their retention in the long run.

Keywords:- Product Promotion, Advertising Agency, Accreditation, Advertiser, Creativity.

Advertising has become an indispensable tool of product promotion used by business houses all over the world. Most of the advertisers (clients) hire the service of advertising agencies to perform advertising services on their product. Advertising agencies are specialized organizations in creating

advertisement content and communicating the same to the target audience through appropriate media outlets. It is a service firm assisting their clients in planning, preparing, implementing and evaluating advertising campaign.

They professionally strategize and execute advertisement and media plans within the budget of their clients. In

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addition to brand building through better campaigns and creative content, agencies extend a number of services in support of product promotion. The knowledge, expertise and experience of the advertising professional are hired by business houses to effectively market their product.

Statement of the Problem

Advertising agencies play a crucial role in product promotion initiatives of a client. 'Advertising agency' is perceived by many people as an institution doing advertisement related services alone. But they render a host of services to their clients like market analysis, research assistance, media selection, audience identification, advisory, consultancy services, new product launching assistance etc. Proper understanding of the agency's capability to extend the required services by an advertiser is an essential criterion in agency selection. The existing literature review indicates a notable research gap in the area of study. The study highlights the importance of enhancing the capabilities of agencies in offering diverse range services to enable client attraction and maintenance.

Scope and Significance of the Study

The scope of the study is limited to the members of Kerala Advertising Agencies Association (K3A). The study focuses on the view point of agency personnel. The study became important from the view point of both advertising agencies as well as advertisers for the reason that the inferences arrived from the study is beneficial to both. The outcomes of the study suggest right perspectives to the advertisers to select an agency which can offer diversified

services in product promotion. The findings of the study suggest valuable insights to the agency professionals to enhance their service capabilities.

Objectives of the Study

1. To study the role of advertising agencies' in product promotion.
2. To examine the various product promotion services rendered by advertising agencies.
3. To identify the product promotion services into factors relevant in the study.

Research Methodology

The study is analytical in nature uses both primary and secondary data. The primary data were collected through survey using a structured questionnaire designed by including pertinent questions that reveals the role agencies in product promotion. A total of 90 advertising agency professionals were randomly selected from three regions of Kerala such as south, central and north. The opinions were collected by using a five point Likert scale from 'strongly agree' to strongly disagree'. The secondary data were collected from books, websites, journals and official publications. The collected data were analyzed using SPSS. Factor analysis was used to explain the dimension reduction of 14 variables into *factors*.

Role of Advertising Agencies in Product Promotion

Advertising agencies play a crucial role in the success of many businesses and their expertise in developing effective advertising campaign is essential to reaching the target audiences (Moeran,

2015). Advertising agencies bring specialized knowledge, skills and experience in their service. They shape the creative content of the advertisement, develop effective messaging strategies and identify the appropriate media for reaching the message to the target audience (Idowu et al., 2022). Agencies employ specialists like account managers, creative professional, media planners and researchers to prepare, deliver and evaluate the effectiveness of the campaign. The main functions of an advertising agency is listed as advertising planning, creative function, media selection, preparation of advertising budget, co-ordination, sales promotion, marketing research and public relations (Williams Backie (2007).

Advertising agencies conduct research on behalf of their clients to delve into current market trends, the preferences of their target audience. The small business should judiciously select their advertising agency that is having knowledge of marketing concepts and advertising strategy development (Paul Dunn, Robert E. Stevens and Henry S Cole 2000). The

market research capability and creative strong hold of the agency are important in agency selection (Vikas Paradkar (2012). From space broker state agencies have changed to standard service stage like copy writing, media selection, art work and research (Gorden E Miracle (1977). Market analysis, operational scale and inter-personal relations are important factors in agency selection (Cagley & Roberts¹ (1984). Agencies which are likely to offer readily available general market services and clients have an influence on agencies' research functions (Alan T Shao and David S Waller (2005). Agency selection is based on the factors like variety of services, expertise in communication, message development, employee's competencies, creativity in marketing communication plan, technically savvy and price (MD. Moniruzzaman Sarkar (2012).

Analysis and Discussion of Results

In order to prove the objectives of the study the collected data is tabulated as below. The following table 1 shows the basic profile of the respondents.

Table 1
Profile of Respondents by their Characteristics

Characteristics		N	%
Region	South	30	33.33
	Central	30	33.33
	North	30	33.33
Years of Experience	Up to 10 years	27	30.00
	11-20 years	45	50.00
	Above 20 years	18	20.00
Status of Accreditation	Accredited	34	37.78
	Non-Accredited	56	62.22

Source: Primary data

The professionals working in advertising agencies are categorized into three regions such as south, central and north. South region represents the districts of Thiruvananthapuram and Kollam. Central region represents Ernakulum and Alappuzha districts. North region represents Kannur and Kasaragod districts. Equal numbers of participants were selected from all the three regions. Based on the experience, respondents are classified into three groups. Thirty per cent of the respondents have experience up to 10 years, 50 per cent have experience ranging 11-20 years and 20 per cent respondents have experience above 20 years. Agencies were also categorized into INS (Indian Newspaper Society) accredited agencies and non-accredited agencies. Of the total number, 37.78 per cent are accredited and 62.22 per cent are non-accredited agencies.

Factor Analysis on Variables of Product Promotion

Factor analysis is a co-relational technique to determine meaningful clusters of shared variance and a method of reducing co-relational data into smaller number of dimensions or factors. To find out the underlying factors that influence clients to opt an advertising agency 14 relevant variables are identified and factor analysis was applied to group the variables into relevant factors. The sample size is ensured as appropriate to test and extract factors by applying Kaiser – Meyer-Olkin (KMO) measure of sampling adequacy. The KMO statistics values vary between 0 and 1. Kaiser recommends that values greater than 0.5 are acceptable. Between 0.5 and 0.7 are mediocre,

between 0.7 and 0.8 are good, between 0.8 and 0.9 are superb.

The data in table 2 shows that the strength of the relationship among variables is strong because the value of KMO statistics for overall matrix is 0.737 and is statistically significant.

Communalities

The proportion of common variance present in a variable is known as the communality. Some of the variance is shared with other variables and some are unique to that variable. The communality gives a measure of the proportion of variance explained by the extracted factors. Principal component analysis assumes that all the variance is common. The result is that, before extraction all communalities are equal to one. This is the proportion of each variable's variance that can be explained by the principal components. The following table shows the communalities of each variable both initial value and values after extraction.

Method of Rotation : Varimax

The extraction communalities gives the final communalities which are usually less than the initial communalities of 1.0 and states the proportion of variation in the variable that is meant for by the factors whose Eigen values are greater than 1.0. Here the 14 variables are largely contributing to the factor solution model because the variables are having an extraction value above 0.4 and hence retained all the 14 variables. The total variance given below shows the amount of variance explained by each variable in the initial and extraction part of analysis which shows the influence of each variable

Table 2
KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.737
Bartlett's Test of Sphericity	Approx. Chi-Square	501.583
	Df	91.000
	Sig.	0.000*

Source: Primary data, *Significant at 5% level

Table 3
Communalities of Variables

Sl. No	Variables	Initial	Extraction
1	Assistance to develop marketing plans	1	0.661
2	Identification of the audience of the client's product	1	0.553
3	Selection of appropriate media	1	0.671
4	Evaluation of advertising effectiveness	1	0.584
5	Provide Information on recent advertising trends	1	0.704
6	Advise the client on future advertising plans	1	0.514
7	Collection of data on client's strength/weakness	1	0.614
8	Analysis of the client's status/ present market share	1	0.510
9	Understanding the product positioning level of clients	1	0.615
10	Collection of data on the past success/ failure of client	1	0.686
13	Assistance in new product launching	1	0.773
14	Assistance in building brand value of the product	1	0.809

Source: Primary data, Extraction Method : Principal Component Analysis

on the product promotion services by agencies.

Method of Rotation : Varimax

The table 4 shows the proportion of the total variation in the data which is explained by four *factor* solution. The variances of the 14variables were standardized and the maximum variance of any single variable could explain is always equal to one. The first component accounts for 4.005/ 14 (28.608 per cent), and the second component accounts for 1.806 (12.898 per cent). The third group shows 1.604 having a variance of 11.45 per cent.and the fourth variable is

contributing 1.226 having a variance of 8.754 per cent. All these four components together account for 61.716 per cent and the total variation in the 14 variables.

The varimax rotation result reveals the correlation of the variables with the new factors. When a variable is highly correlated the loading is near 1 or greater than 0.5. Out of the 14 variables four factors were identified that reflect the four different dimensions of product promotion services. The extracted four factors were denoted as *Evaluation, Extension, Exposure* and *Existence*. Each factor comprises three prominent variables with factor loading ranging from 0.587 to 0.864.The final

Table 4
Total Variance Explained

Component	Initial Eigen Values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.005	28.608	28.608	4.005	28.608	28.608	2.354	16.816	16.816
2	1.806	12.898	41.507	1.806	12.898	41.507	2.156	15.399	32.215
3	1.604	11.455	52.962	1.604	11.455	52.962	2.128	15.201	47.417
4	1.226	8.754	61.716	1.226	8.754	61.716	2.002	14.299	61.716
5	0.895	6.393	68.109						
6	0.754	5.388	73.497						
7	0.711	5.076	78.573						
8	0.644	4.602	83.175						
9	0.593	4.239	87.414						
10	0.457	3.264	90.679						
11	0.388	2.774	93.453						
12	0.358	2.56	96.013						
13	0.329	2.347	98.36						
14	0.23	1.64	100						

Source: Primary data, Extraction Method : Principal Component Analysis

values retained in support of each factor are given below.

The first *factor* is labeled as *Evaluation* (4.005). The highest factor loading 0.811 is on the variable indicating the evaluation of the past success or failure stories of the client’s product. Assistance by agencies to develop marketing plans (factor loading 0.770) is the second influencing variable. Evaluation of advertising effectiveness (factor loading 0.653) is the third variable. Second *factor* is labelled as *Extension* (1.806). Identification of the audience of the client’s product (factor loading 0.732), providing information on recent advertising trends (factor loading 0.714) and advising the client on the future advertising plan (0.601) are the variables under *Extension factor*. *Exposure* (1.604) is the third *factor* that comprises three variables. New product launching assistance (factor loading 0.864), assistance in building brand value of the product (factor loading 0.848) and selection of

appropriate media (factor loading 0.587) are the variables in this. The *Existence factor* (1.226) comprises of three variables such as understanding the present level of product positioning of clients (factor loading 0.7390), study of the present market share (factor loading 0.705) and collection of data on the strength and weakness of the client (factor loading 0.652). The results of the study emphasize the need for equipping the agency’s professionals to satisfy their client requirements specifically coming under the *factors* identified.

Findings of the Study

- Advertising agencies extend specialized services in advertising and marketing.
- Agencies offer diversified services in product promotion for their clients.
- Advertisers prefer agencies which offer multiple services in product promotion.

Table 5
Factors Extracted

Factors	Variables	Factor Loading	Initial Eigen Values		
			Total	% of variance	Cumulative %
Evaluation	Collection of data on the past success/ failure of client	0.811	4.005	28.608	28.608
	Assistance to develop marketing plans	0.770			
	Evaluation of advertising effectiveness	0.653			
Extension	Identification of the audience of the client's product	0.732	1.806	12.898	41.507
	Providing information on advertising trends	0.714			
	Advising the client on advertising plans	0.601			
Exposure	Assistance in new product launching	0.864	1.604	11.455	52.962
	Assistance in building brand value	0.848			
	Selection of appropriate media	0.587			
Existence	Understanding the present product positioning level of clients	0.739	1.226	8.754	61.716
	Analysis of the clients' present market	0.705			
	Collection of data on client's strength/weakness	0.652			

Source: Primary data

- The result of the study extracted four factors such as *Evaluation*, *Extension*, *Exposure* and *Existence* which determine the client preference in agency selection.
- *Evaluation* factor (4.005) is showing the highest factor value and indicates the necessity of evaluation of the present position of the client before developing a campaign.
- The factor labelled as *Extension* (1.806) indicates the need for additional assistance.
- *Existence* factor is showing the lowest factor value (1.226) establishes the scope of assessment of the present level of operation of client's product.

Suggestions and Recommendations

In the modern competitive era advertising agencies should be smart enough to extent variety of services to satisfy the diversified needs of their clients. Each campaign aims at increasing the market share and hence a comprehensive understanding of the client's current market shares is necessary. Agencies must also provide services encompassing market surveys, data analysis and strategic restructuring. Brand building is the vision of most of the advertisers' and they highly value the expertise of the agencies in suggesting brand names, creating brand logos and executing branding campaigns. Maintaining a comprehensive client database is invaluable for agencies as it provides insights into the background information of the clients and their

products. Research serves as the gateway to innovation and agencies can offer specialized research support to meet the client's needs. The study highly recommends the agencies' role in product positioning and in building brand image. By thoroughly evaluating clients' strengths and weaknesses agencies can propose optimal strategies to enhance strengths and to reduce the weaknesses ultimately fostering competitive advantage to their clients. Clients prefer agencies who can offer pragmatic solutions to their problems. A robust marketing plan is the basis of marketing success and agencies can assist their clients in setting excellent plans. Proper advisory and consultancy services to the clients strengthen the trust and foster long-term partnerships. Identifying the target audience and selecting the appropriate media channels are pivotal factors in advertising decision-making. As advertisers invest significant funds in securing media time or space

agencies must effectively guide their clients in making optimal choices within their budgetary constraints. Maintaining continuous follow-up and feedback assessments on completed assignments are essential strategies to cultivate client loyalty.

Conclusion

In the globalised competitive era business houses are striving hard to capture maximum customer attention through effective advertisements. To meet these needs effectively, advertisers hire the services offered by advertising agencies. In addition to quality service, clients prefer the capability of agencies which can offer diversified services particularly in product promotion. The four factors identified in the study offer valuable insights for agency professionals to keep themselves updated. Advertising agencies must prioritize in expanding their service offerings across the four key factors to attract and retain clients much more effectively.

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