Optimizing the client-agency relationship

The question of greater agency involvement

Katharina Boden
INHOLLAND Hogeschool Rotterdam
Lecturer S. Palser
27.05.2009
# Table of Contents

Table of Contents .................................................................................................................................... 2

1 Introduction ...................................................................................................................................... 4  
   1.1 Background ............................................................................................................................................... 4  
   1.2 Problem ...................................................................................................................................................... 5  
   1.3 Disposition ................................................................................................................................................ 6  

2 Theoretical framework ................................................................................................................. 8  
   2.1 The nature of a client-agency relationship .................................................................................. 8  
       2.1.2 The client-agency lifecycle ........................................................................................................................... 9  
   2.2 The agency’s performance ................................................................................................................ 15  
       2.2.1 Critical factors in client-agency relations .......................................................................................... 15  
       2.2.2 Key drivers of successful agency performance ................................................................................ 17  
   2.3 Dimensions of proactivity ................................................................................................................ 20  
       2.3.1 Adaptation ....................................................................................................................................................... 20  
       2.3.2 Proactivity ....................................................................................................................................................... 22  
   2.4 Theoretical conclusion and author’s reflection ......................................................................... 24  
   2.5 Research questions .............................................................................................................................. 25  

3 Method ............................................................................................................................................. 26  
   3.1 Data collection ...................................................................................................................................... 26  
   3.2 Research method .................................................................................................................................. 27  
       3.2.1 Qualitative research methods .................................................................................................................. 28  
       3.2.2 Selection of account managers and clients ......................................................................................... 29  
       3.2.3 Qualitative interviews ................................................................................................................................. 29  
       3.2.4 Participation observation .......................................................................................................................... 30  
       3.2.5 Verification of data ...................................................................................................................................... 31  

4 Empirical findings ........................................................................................................................ 34  
   4.1 Agency ....................................................................................................................................................... 34  
       4.1.1 Relationship factor ....................................................................................................................................... 34  
       4.1.2 Relationship evaluation .............................................................................................................................. 36  
       4.1.3 The client as a strategic partner .............................................................................................................. 37  
   4.2 Client ......................................................................................................................................................... 39  
       4.2.1 Relationship factors ...................................................................................................................................... 39
4.2.2 Relationship evaluation ................................................................. 41
4.2.3 The agency as a strategic partner .................................................. 42

5 Analysis ........................................................................................................ 43
5.1 What are the motives if a company hires an advertising agency? .......... 43
5.2 What are the factors that influence the success or failure of an advertising agency-client relationship? .................................................. 45
5.3 What extent of involvement is wished from both sides? ...................... 47

6 Conclusion .................................................................................................... 49
6.1 How best for advertising agencies to manage the relationship with their client to effect renewal? .......................................................... 49

Appendix 1 – Interview guides ................................................................. 51
Appendix 2 – Evaluation report (Graduation Project) ............................... 53
Bibliography ................................................................................................. 68
1 Introduction

In the first chapter the author will introduce the reader to the background and problem of the purpose of the thesis. The topic came into existence because of the personal interest as well as professional experience of the author. The author has gained some working experiences in the field of advertising over the previous years and has a strong interest for the agency branch. She has worked at agencies of the BBDO and Publicis network. Thereby the author always found that there are unnecessary difficulties in the communication between the advertising agency and its client. The author concluded that there have to be possibilities to arrange a better communication and thus improve the working conditions for both sides.

1.1 Background

The global business environment today is very complex and has become even tougher due to the economical crisis, which started to arise in summer 2008. Now it is even more hazardous for a company to exist in isolation, ignore the actions of its competitors or prevent being affected by the business of its cooperation partners. In the past, uniqueness and the ability to distinguish from the market usually led to success. At the present time building up a satisfied relationship to customers seems to be more essential than ever. A strong weight has been brought on customer retention more than on gaining new customers. Since companies more and more are involved in internal and external operations, which can be seen as marketing efforts there has been an increased focus on customer relationship economies. As a result there has been a shift towards relationship marketing.

The literature of relationship marketing mainly gives attention to the business-to-business relationship. While the business-to-customer relationship is characterized by business’s actions and customer’s reaction the business-to-business relationship concentrates on the interaction (Ford, 1998). The increased focus on business relationships could be an ideal environment for the advertising agency branch. However many clients state that their expectations of agency performances are not met.

Especially global network agencies are hit hard by the economic crisis. While the volume of the client’s spending has decreased the financial expectation of the network stays the same. In general advertising agencies have a high need for differentiation and customization but currently the proactive role of agencies was promoted is an essential idea for the client-agency relationship. Even though advertising agencies should be experts in business-to-business
relationship building the public opinion differentiates from that statement. Research in the past has shown that a business relationship is built on trust and confidence. However research results also suggested that agencies taking the initiative are more successful and their proactivity is being highly rated by clients. However, Beverland, Farellly, & Woodhatch, 2007 state that there is just a little known about the meaning of proactivity within a client-agency relationship and why clients value it.

1.2 Problem

The value of keeping a long-term relationship has increased even though research has shown that the durations of client-agency relationships tend to decrease. In times of the economical crisis a contract renewal is more important than ever. According to Anderson, Jain & Chintagunta (1993) the concept of value has progressed our understanding of a good business relationship. It is important to offer superior value to the customer to create and maintain a long-term relationship. However it is also essential to measure the effect of agency work and that again raises pressure. Studies of Wackmann, C.T. Salmon and C.C. Salmon (1987) said that the termination by clients is in all likelihood related to dissatisfaction with the work performance of an agency in creating ads and managing account.

Business-to-business relationship has primarily focused on a client who requested change. Good interpersonal relationship with the key contact persons on both sides many times guaranteed a contract renewal. However a contract termination can occur despite a close relationship. There are considerable costs combined with such termination entail. Many have suggested that a regular review of the agency by the client might be helpful. Furthermore there should be brought more emphasis on the initial selection of an agency. Unfortunately the best match does not always work since a relationship is developmental (Wackmann, C.T. Salmon and C.C. Salmon, 1987). Nowadays proactivity may be essential for a relationship renewal as well as the involvement in the client’s business. As a result many agencies are seeking to become strategic partners with their clients and try to build up an entrepreneurial orientation towards key relationship partners. In addition agencies try to re-position themselves and build up the image of an “ideas company” or a “solutions company” rather than a simple “advertising agency” (Beverland, Farellly, & Woodhatch, 2007).

For example:
Brett Shevack, a vice-chairman at BBDO New York, embraces "brand initiatives," in which agencies become "business partners with their clients, not just advertising agents to their
clients." Ogilvy & Mather's C.E.O., Shelly Lazarus, recounts how her firm spurred Hershey to enter the retail business. When her marketers were looking for a billboard site for the client, they noticed an empty space at Forty-eighth and Broadway. Better than a billboard, they said, would be a Hershey store. The last time she looked, she says, that store was "the highest-grossing-per-square-foot retail space in the country." She adds, "Twenty-five years ago, we would just have done a billboard." (Auletta, 2005, p. 39)

Proactivity is a central point in the approach to act entrepreneurial. Now it would be interesting to see how clients involve external partners meaning agencies to achieve new relationship strategies, which last long and work successful and include a proactive agency. Proactive behaviour entails "purposeful enactment [where] the environment is viewed as an opportunity horizon where the marketer attempts to redefine external conditions in ways that reduce uncertainty and lessen the firm's dependency and vulnerability. The marketer strives to expand the opportunity horizon beyond that dictated by current customers, products and business boundaries, in the process 'escaping the tyranny of the served market'" (Morris, Schindehutte, and LaForge 2002, p. 6).

With this in mind, the present study explores how best for advertising agencies to manage the relationship with their client to effect renewal. Hereby attention is given to the role of an advertising agency as the proactive part of a client-agency relationship. First, the author reviews research on the theory of client-agency relationship. This is followed by the presentation of the author’s methods, the empirical findings and a final conclusion.

1.3 Disposition

Chapter 1: Introduction: The background that leads to the definition of the problem is presented in this chapter and shortly explains the purpose of the thesis.

Chapter 2: Theoretical framework: In this chapter the author introduces the reader to a detailed review of literature. The author presents a good basis of theories which will be discussed to broaden the readers understanding for the problem. Furthermore the theoretical framework will start to narrow down to result in a direct connection to the purpose of the thesis. In the end the research questions will be introduced which will help the author to come to eventually come to a conclusion.

Chapter 3: Methodology: The methods hat have been chosen to examine the research is presented and the motivation for using them explained.
Chapter 4: Empirical Finding: Here the findings of the study will be presented and summarized.

Chapter 5: Analysis: In this chapter the author will analyze the findings and answer the research question which will lead to a final conclusion in Chapter 6.

Chapter 6: Conclusion: The final conclusion is presented inform of an answer for the final research question. Besides, the author gives a small outlook on the future of the client-agency relationship.
2 Theoretical framework

2.1 The nature of a client-agency relationship

Relationships influence every aspect of our lives both personal and business. Usually it is a long-term association between two or more entities. Business relationships may be based on likings or regular business interaction. However some relationships are good ones and others are poor ones. Some are being looked forward to and others are simply tolerated or accepted. In the advertising industry a business-to-business relationship is defined as an association between an advertising agency and its client, the advertiser. According to the Bedford Group (2002) a client-agency relationship is one of the most complex forms of business associations. They are in need of a good cooperation to be effective and achieve sufficient outcomes for both sides. Businesses invest millions of Euros every year to this very fragile relationship. “The agency/ client relationship is the subject of entirely too much mystique. At the bottom line, it’s hard-headed, result-oriented marriage intended to produce specific, measurable results” (E. P. DiMingo, 2004, p.2) Agency-client relationships are not just a mystique they can be very costly as well.

The tenure trend has increased quite significantly over the previous years. In 1984 an average agency-client relationship lasted for 7, 2 years. By 1997, it descended to 5,3 years. Trend expectations say that by 2010 a company needs to look for a new company every 4 years. (Bedford Group, 2002).

Figure 1: Bedford Group, 2002, p.2

All in all, companies take high financial, emotional and strategic risks if they regularly shift relationships.

The partnership between both players is the key to a successful advertising creation. Therefore it is more than important for an agency to manage its client account properly and guarantee a smooth operation on its behalf. Basically the agency needs to make sure that it promotes the product or service of the client profitably. In the end it all comes down to keep the paying client. However to realize this fact it is necessary for the agency to understand the basics of a
relationship. It is always important to constantly work on a relationship to build up trust and confidence. In business a lot of times it is easy to start an association but many underestimate the effort which is essential to keep the relationship going. Many agencies make the mistake that they rather concentrate on acquiring new clients than on satisfying current clients and work on the cooperation with them. Especially the aspect that acquiring a new customer is more costly, time consuming and nerving than the work with present clients makes it easy to understand why customer relationship building is one of the key points in an advertising agency. The development of a relationship with a new client can lead to several issues, which cannot be very efficient for an agency’s economy. It can result in high pitching costs that certainly do not guarantee a new contract. Once the pitch is won it can still appear a delay of the agency’s current work because it is always time-consuming to acquire new knowledge and understanding of a fresh company. Besides statistics say switching an agency can take up to two years to achieve the same state like with the previous agency. Other than the time effect, this is impressive when it comes to relationship development, the agency as well as the client need to pay attention to their reputation. In the case that an agency keeps loosing their clients it might have a negative impression on prospects. Even if the agency might have achieved impressive creative results in the past many companies take heed of interpersonal relationship skills of the key contact persons at an agency. Nowadays companies and agencies realize that an inner consistency of their work brings forth better result for their customers.

David S. Waller’s (2004) study found the following:
“Bernard Flu, general manager of Sovirel, the French arm of Conrning, said “ Rather than good or bad agencies, there are good or bad relationships between advertisers and advertising agencies, relationships which condition the advertising value” (p.96)

Eventually, loosing clients also emerges in a lack of confidence with existing clients. Besides it is well know that a good client-agency relationship also makes better advertising. In all industries including advertising it is understood that both parties always want a good relationship. However this is not always the case. To study the development of a business relationship in advertising it is important to understand the client-agency lifecycle. Literature observation shows that there are three stages but additional conclusions have appeared in the past as well.

2.1.2 The client-agency lifecycle
Reviewing the literature of client-agency relationships shows that the roots of theory began in 1960s and had its peak development in the 1980s (David S. Waller, 2004)
Wackman, C.T. Salmon and C.C. Salmon (1987) presented the agency-client lifecycle with three phases: the pre-relationship phase, the development and maintenance phase and the termination phase (see Figure 2).

James R. Willis (1992) suggested three keys for advertising agencies to winning a new business. First of all, there has to be an advocate client to suggest the agency to prospects. Then an agency needs to have great presentation skills to convince new clients and guarantee a success with pitching and last but not least the agency should have a networking and new business specialist who is agile to build up a strong relationship with the top executives of potential clients.

Also Douglas C. West and Stanley J. Pliwoda (1996) divided the client agency theory into three factors, which can be easily related to the stages and phases of Wackman et al. (1987) and Willis (1992). The first factor is concerned about the ideals of a client-agency relationship. Both clients and agencies value certain key attributes like positive recommendation or agencies' creativity. Another of the three factors is the client dissatisfaction that is affected by internal as well as external reasons. The third factor deals with the termination of agencies that often has its roots in performance issues.

And finally Jonathan M. Lace (1998) also divided academic research on client-agency relationships in three factors that include the selection of an agency, the performance of an agency and the factors, which were crucial to switch the agency.

According to David S. Waller (2004) the main themes of the three factors theory are the main stages of a client-agency lifecycle: Agency evaluation/selection, Relationship development and maintenance and Agency review/termination. The definition of the three stages of D.S. Waller (2004) will help to explain the idea and stages of the client-agency relationship lifecycle.
Stage 1: Agency evaluation and selection

In the first phase of a client-agency lifecycle a client is seeking for an agency that helps promoting or advertising an activity. It is possible that the client already has its agency with which the client used to work in the past. However sometimes it happens that the client wants to re-evaluate the agency again and therefore can ask for a competitive pitch or presentation of new ideas. In case that the client is looking for a completely new agency there are several attributes that are important for the selection process. Regarding the agency there are also several possibilities to attract new clients and convince them of its good work. But in the end it is always the client’s task to evaluate the agency.

The client’s selection process

When a company selects a new agency it is evaluating the agency’s capabilities. This can be very time-consuming, costly and nervy. The agency search can be done because of structural changes within the company, which require a new agency. The simple dissatisfaction of the client with its current agency can be added as another reason. It is certainly the case that a client pays great attention to the people factors concerning a prospective relationship with a new agency. That again means that advertising is a service that highly depends on the key contact person and the team that provides the service. Wackman et al. (1987) stated that clients do not always thoroughly selected agencies by its competences but by mirroring its personality.

According to Jonathan M. Lace (1998) there are task competencies in each functional role of an employee of an advertising agency, which influence the client’s perception. Sometimes first impressions cannot be changed and therefore advertising agencies should pay attention to its presentation of their functional roles. Even though most competencies will be realized and evaluated during the relationship development and maintenance phase first feelings of the clients are essential for an agency’s selection.

Jonathan M. Lace (1998) gave examples of the most important roles:

(1) The Agency Management should always be accessible for the client. It is important that the management keeps regular contact with the client to discuss financial issue or staffing needs.

(2) The Account Management should be able to show that they know the client’s business products and market.

(3) And the creative wins the client with showing that they understand the target market and their ability to produce executions.
As the diagram in Figure 3 illustrates Wackman et al. (1987) expressed the factors that can influence the success of a client-agency relationship.

(1) The work product are the advertising plans and the advertising itself
(2) The work pattern present the day-to-day activities between the client and the agency
(3) The Organizational factors include the personal factors such as competence and experience and corporate and agency policies.
(4) Its all sums up to the relationship climate which is simply understood as the chemistry and has a major impact on the quality of work product.

Elements of Agency-Client Relationships

<table>
<thead>
<tr>
<th>Work Product</th>
<th>Work Pattern</th>
<th>Organizational Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creative strategy</td>
<td>Authority structure</td>
<td>Corporate policy</td>
</tr>
<tr>
<td>Creative execution</td>
<td>Approval process</td>
<td>Organization structure</td>
</tr>
<tr>
<td>Media planning</td>
<td>Deadlines and timing</td>
<td>Organizational politics</td>
</tr>
<tr>
<td>Media buying</td>
<td>Productivity of meetings</td>
<td>Marketing strategy</td>
</tr>
<tr>
<td>Research</td>
<td>Quality of communication</td>
<td>Personnel factors:</td>
</tr>
<tr>
<td>Marketing strategy</td>
<td></td>
<td>competence, experience</td>
</tr>
<tr>
<td>(sometimes)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 3: Wackman et al., 1987

Wackman et al. (1987) summed up that “the agency-client relationship is a system in which the climate of a relationship is central, both influencing and being influenced by the ways agency and advertisers personnel work together and the quality of the work they produce.”(p.24).

Rather than activities of a client to select an agency there is also the possibility for an agency to
The agencies process of attracting new businesses

Willis (1992) suggests a number of techniques which advertising agencies use to develop a new business.

1. Personal contact with top management
2. Positive recommendation of satisfied clients
3. Publicity on recent successful campaigns
4. Responding to request for new-business presentation
5. Trade advertising
6. Direct Mail
7. Unsolicited speculative-proposal
8. Sales calls new-business development staff

Of these, positive recommendation of satisfied clients was rated the highest by the agencies as well as clients. Personal contact with the top Management as West and Pliwoda (1996) defined as one of the best strategies to attract new client was rated as the second highest by agencies. According to Douglas C. West and Stanley J. Pliwoda (1996) noted that agencies should narrow the channels of communication with perspective clients to senior managers and marketers to guarantee an effective communication. The top management usually has the main responsibility over advertising. If too many parties are involved it can happen that other management level evaluate the work improperly as they are not involved in the campaigns process. Waller et al. (2000) confirmed the “the importance of personal relationships (or the “people factor”) in the agency-client relationship with “Personal contact with top Management” being perceived as the most important activity used to generate new business.” (as cited in David S.Waller’s, 2004, p.99)

Stage 2: Relationship development and maintenance

Once the client has selected an agency or continues working with its current one it is important that both parties successfully develop and maintain the relationship. Wackman et al. (1987) divided the development and maintenance phase into two categories. On the one hand there are the factors that make a relationship productive or unproductive. On the other hand there is the role of agency reviews and audits that maintain a client-agency satisfaction.
There is no single factor that influences the work activity but there are always many factors. It is often the case that if dissatisfaction evolves that tendentially the other partner is blamed. Statistics state that agencies are usually more critical of their clients than on themselves. In general trouble in a client-agency relationship has little to do with the capabilities of an advertising agency but with the lack of maintaining a performance system. There are several factors which are identified if a client is appraising an advertising agency: the method of evaluation needs to be simple, the environment needs to be calm and objective, appraise regularly and make the agency a partner in the appraisal effort (David S. Waller, 2004). It is important to keep the communication flow going and have regular contact between the agency and its client. There arise a lot of problems due to a lack of communication. The more experience both parties have with playing the game of client-agency relationships the better the outcome. However agencies are usually in a poor situation concerning the money and job security factor. Once a company decides to switch the agency, money gets lost by the existing agency and chances increase that people have to go as well. The same issue happens when a client suffers because of economical conditions like it currently happens with the economical crisis of 2008 and 2009. Many times the agency depends too much on its clients and this is not a good psychological factor considering a healthy relationship. Nonetheless there are situations where agencies did not renew a client’s contract. This can occur because the agency wants to win a new client who is a direct competitor of its existing client. Or the agency has not enough resources anymore to satisfy all clients and is better of to decrease the number of clients or change to more ‘valuable’ clients. So in the end it is not all about playing the game but about trust, confidence and honesty. Hotz et al. (1982) imagined that better compensation, morale and resources can reduce problems within the client-agency relationship. Another important factor of the maintenance phase is the performance issue. If a client does not define the agency’s competencies and tasks it is difficult for an agency to satisfy the client. Apart from the general performance issue, the problem of bad briefing is present at all agencies. If a client does not brief an agency correctly on new activities it is most likely that the agency will fail its task. Sometimes it is the case that the agency and its client have different attitudes. Analysing these differences can be used to define and eventually solve the conflict. In the end the development and maintenance phase is successful for both the agency and the client if communication is kept running and expectations are defined in the beginning.

Stage 3: Agency review and termination
The final stage of a client-agency lifecycle is a review of the agency’s performance which either results in a contract renewal or in a termination. A termination of the client-agency relationship is
when the client is dissatisfied with the agency and that again leads to an end of the cooperation. The agency has two options now. Either is gives the agency a new try and invite tenders for pitch where the existing agency can proof its capabilities in a competitive presentation. Or the client directly changes the agency and does not allow the existing agency to participate in a new pitch. Literature about the client-agency relationship states that a regular performance appraisal could decrease problems right away and would save both parties a lot of money and time in comparison to finding a new agency. Wackman at al. (1987) found out that especially dissatisfaction with several aspects of agency performance were primary the reasons for termination. Whereas according to Waller, D. S. (2004), ex-agencies rated changes in client policy as one of the main reasons for termination. Besides he researched that agencies were less sensitive to signals of dissatisfaction on clients’ side. However it is often said that agency termination is rather based on personal conflicts than on performance issues. It seems to be more than essential to develop a good relationship between the two contact key persons on client’s as well as on agency’s side. Interpersonal issues such as the attitude towards arrogance, inability to listen, and preoccupation with landing new accounts, preoccupation with more important accounts and simply a problem in chemistry can make or break the relationship. Henke (1995) summarized that the criteria for finding and selecting an agency differ from the ones for thinking about renewal or termination. That again brings back the fact that relationships are developmental and changes can occur quickly, for example an external change because of a crisis or the controversy of a campaign. Wackmen at al. (1987) figured out that agencies got fired just as often as sales increased as when sales were decreasing. This concludes that accounts get lost mainly for personal and also for political reasons than for agency performance. If that is the case agencies should thoroughly prioritise those factors that really drive client’s satisfaction.

2.2 The agency’s performance

2.2.1 Critical factors in client-agency relations

The termination of a client-agency relationship can be a major event for the agency as well as for the client. The agency may loose an important account and the chances are high that profit will be reduced. For agencies to understand the reasons why they get fired it is necessary to establish a program to help reduce the client turnover. As stated in Chapter 1, clients will tend to switch their agencies every two to three years in the near future. Regarding the short amount of time agencies need to make sure that they start to develop a long-term relationship from the beginning on. However to guarantee a good relationship reasons and factors, which lead to a
termination need to be examined.

One of the major studies by Allen Booz and Hamilton Booz (1965) states that there are two major problems that were identified: First of all there is the poor communication between the two key contact persons, the Account Manager of an agency and the Marketing Manager on client side. This problem is rather paradoxical considering that the core business of a client-agency relationship is communicating a message. Secondly, slow processes due to several assassinations of the advertising can weaken the overall creative strategy. In general, clients continue to cite the same reasons for terminating the relationship with agencies. The Bedford Group (2002) listed the most common reasons:
Turnover-new marketing director, lack of interest/understanding of client’s business, strategy and creative linkage unhinged, outgrown the agency, understaffing and inexperienced personnel, changes at the top, research scores consistently below norms, creative intransigence and arrogance, mandate consolidation, and last but not least loose attention to budget. DiMingo (2004) summarized ‘10 deadly sins in Agency/ client relationships’ whereof a few can be added to The Badford Group list being the sin of overselling and the sin of broken promises. Paul C. N. Michell, Harold Cataquet and Stephen Hague (1992) argued that dissatisfaction with agency performance was always ranked first by clients in several studies (see Figure X). Changes in client policy, changes in client management, changes in agency management and changes in agency policy following.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reasons for account switch</td>
<td>Rank</td>
<td>Mean</td>
<td>Rank</td>
</tr>
<tr>
<td>Dissatisfaction with agency performance</td>
<td>1</td>
<td>1.8</td>
<td>1</td>
</tr>
<tr>
<td>Changes in client policy</td>
<td>2</td>
<td>2.6</td>
<td>2</td>
</tr>
<tr>
<td>Changes in client management</td>
<td>3</td>
<td>3.2</td>
<td>3</td>
</tr>
<tr>
<td>Changes in agency management</td>
<td>4</td>
<td>3.4</td>
<td>4</td>
</tr>
<tr>
<td>Changes in agency policy</td>
<td>5</td>
<td>4.1</td>
<td>5</td>
</tr>
</tbody>
</table>

Figure X: Paul C. N. Michell, Harold Cataquet and Stephen Hague, 1992, p.43

The process of relationship development can also be described in events which can suddenly occur. There are major and minor events but most important there can be critical events which can be decisive for the client-agency relationship. Aino Halinen (1996) researched that critical events can increase the uncertainty regarding relationship continuation but they can also decrease it. Aino Halinen summarized that factors which lead to termination and translated them into events. Agency performance and particularly the standard of creative work as well as the
different concepts of creativity lead to disagreement. If an agency does not want to understand
the creative concept of the client it either has the capabilities to convince the client of a new
perspective or it simply adjusts to the clients needs. Especially the change of marketing
strategies can put the agency through a challenge. Usually the client re-evaluates its agency
again to see if the new strategy still fits the agency’s qualifications. The agency itself is often
connected to the old and eventually failed marketing strategy. The agency needs to ray out
confidence to convince the client of a contract renewal. Declining sales and the lack of
compensation is also a critical event, which can lead to termination. Declining sales do not
necessarily need to be based on the advertising but the client could easily connect these two
factors with each other. It is a central issue for the advertising company to encourage the client
to stay with the agency’s work. It is also the agency’s task to show the client that it is trustworthy.
In times of the economical crisis many agencies fear to loose profit because major clients reduce
media spending. If advertising agencies want to think in long-term it might be strategically smart
to stay with the client, give advice and find appropriate compensation. For that reason fair
compensation is a big issue in a business relationship even if there is no crisis. If one of the two
parties does not feel reasonably treated the dilemma is bound to occur. In general, macro-
environmental trends may function as evaluation or even as driving forces. Rapidly changing
market trends can lead to a new marketing strategy and that again to a re-evaluation of the
client-agency relationship.
Changes in the account management team or in the client’s personnel are also critical events for
a relationship. Relationships are developmental and the longer they last the stronger they get.
Especially attributes such as confidence, trust and honesty grew along with a good relationship
development. Breaking the social bonds results in uncertainty and sapping of trust. However,
sometimes the change of personnel in the agency or the client’s company can be helpful to
improve the interaction. Certain skills like learning to know new people and changing established
patterns of behavior are required. Aino Halinen (1996) pointed out another critical event, which
has not been mentioned yet. It describes that changes in the agency network can bring up new
issues. Agency merger can lead to account conflicts but it can also profit from a fresh start that
brings more resources and a more flexible competencies network.

2.2.2 Key drivers of successful agency performance
There is a lot of literature about reasons why agencies cannot satisfy their clients and eventually
fail. The research is rather hypothetical and the many attributes, which ads up to a good agency
service are rather confusing than that they help agencies to provide a better service to their
clients. Academic research on client-agency relationships has been directed to identify the
factors, which were crucial to not decide for a relationship renewal. It is important to know the reason why clients get satisfied and what they would have expected for the agencies. However it is even more important for agencies to understand how they can drive current client satisfaction. Most research has identified factors that drive client satisfaction with agency performance but failed to offer solutions.

Jonathan M. Lace (1998) published a significant research evaluating clients’ perception about the value for money and quality of service provided by the agency. Lace identified a total of five key points that measure the agency’s performance.

1. Agency contribution to the achievement of client marketing objectives
2. Agency contribution to the standing of client’s product(s), services or brand(s)
3. Agency delivery of excellent creative output
4. Agency delivery of excellent value for money
5. Agency delivery of excellent service quality

Lace concluded that it is important for an agency to change the client’s perception if necessary to build trust. There are multiple drivers of client satisfaction such as the regular involvement of agency management and the quality and profundity of thinking including intellectual power, judgement and experience to deliver high quality strategic and creative ideas. Furthermore the agency management should head off serious service problems since clients do appreciate a sense of perfection, which is reflected in service deliveries like on time, on budget, right time first and no errors.

Mark Davies and Mel Prince (1999) put a different perspective on the topic of performance success and argued that the age of a client-agency relationship affects the likelihood of account relationship failure. Agencies that are characterized as having older relationships can better adapt and sustain the client’s expectations of their clients. Furthermore they are more trusted by their clients and therefore these agencies are more likely to offer additional resources, a greater learning experience and strengthen the bonding by attracting new investments.

Additional resources are usually offered by big agencies, which are part of a network. Clients will have the impressions that these agencies can offer a wider range of services.

“For example, a change in the client's environment that brings in a new management team might lead to the concern that creativity is institutionalized. Large agencies can overcome this concern with a greater abundance of creative talent from which to switch account teams.”(Mark Davies and Mel Prince, 1999, p.79)
The learning experience explains the ability of an agency to adapt quickly to new roles if it comes to macro-environmental changes. Especially big agencies seem to be protected from a rapidly changing environment. Network agencies can learn from the experience of their stakeholders and react quickly to client’s demanding.

Wackman et al. (1987) investigated the relative importance of factors that influence the success of a client-agency relationship. Hereby the study was divided into two parts ‘predictors of satisfaction’ and predictors of ‘good’ creative work. Even though most studies have the position that interpersonal aspects have a great impact on the client-agency relationship, the actual quality of work should not be forgotten. In the study of Wackman at al. (1987) evaluation items were given to the respondents and used in predicting the perceptions on the quality of the agency’s work. And again, several relationship factors such as ‘1. Agency shows strong leadership’ and ‘2. Good relationships with agency creative people’ were ranked the highest.

The study also shows that work product-related factors tend to be positively evaluated by clients whereas relationship and work pattern factors tend to be mentioned as weaknesses of the current agency. That again means that agencies must invest in the relationship with their clients for example by training personnel in relationship building and developing a regular system of monitoring the chemistry of the client-agency relationship. The author developed an example of an evaluation tool which helps to monitor and analyze the client’s satisfaction of its advertising relationship. A production report which was created for the client-agency relationship of Publicis and Hewlett-Packard can be found in Appendix 2.

Bruce Buchanan and Paul C. Michell (1991) investigated if certain structural factors in a relationship tell something about its stability. First of all, bigger accounts have higher chances to prevent failure. Even new accounts tend to be less fragile to a relationship fiasco. In the case of an agency that is frequently changing accounts chances are high that this tendency will continue. There are even industries of clients that predict a high-risk of failure. With 62.9% of Buchanan and Michell’s representative study charities and the education sectors are indicators of high risk relationships followed by leisure equipment, office equipment and publishing. The food, tobacco and toilet/cosmetic industries were rated as low risk relationships. Not surprising is that the client spending depends on the stability of the client-agency relationship as well. The higher the spending the less chances that it comes to a termination. And the more accounts an agency has the more is being spend on the agency and again the higher the chances that it will achieve a contract renewal.
2.3 Dimensions of proactivity

2.3.1 Adaptation

Extant research has focused on reacting to changes in client’s environments as well as the perception of the agency’s work. Mark Davies and Mel Prince (1999) suggested that adaptation within a client-agency relationship was the key to assure client’s satisfaction and eventually contract renewal. Effective adaptation to environmental changes contributes to a long-term relationship. Davies and Prince (1999) defined adaptations as “the altering of processes or items of exchange to accommodate another party” (p.77). For example if it comes to an economical crisis agencies are best off if they demonstrate their willingness to adapt to the new circumstances. That impression can be achieved by offer more perceived value or economize with their client’s spending. Davies and Prince differ between effective adaptation and maladaptation. Effective adaptation is described as the agencies ability to continuously adapt to the client’s need. The best environment of an effective adaptation consists of a high quantity of resources, the skills to convince peers and attract approval and the motivation for personal relationships. If clients assess agencies they judge the perception and expectation of the future performance of an agency. In summary it can be said, that a client is always evaluating the trust that it has in an agency. Trust is typically defined as the joint belief in the ability of an agency and it should be an agency’s motivation to sustain the perception or expectation of a client. In other words, adaptation is instrumental in how clients perceive performance. Once the client invests highly in an agency, it encourages the agency to early commitment. Therefore the agency tends to adapt more easily. If the agency can guarantee appropriate commitment and trust it is more likely that conflicts and problems can be resolved before they terminate a relationship.

Nancy Salz (1983) takes the discussion of adaptation further by stating that if a client thinks of its agency as another supplier the result will be generally poor advertising.

Bob Lamons (1994) described another situation why many agencies tend to adapt to their clients needs very quickly. Oft-times creative agencies cannot do an exceptional job because they rather adapt to the clients instructions. “The point is that agency couldn’t do outstanding work for me in that situation because I wouldn’t let it.”(p.16) Lamons explained.

There are two different kinds of adaptation. First of all, there is the adaptation where an agency does exactly what the client demands without contributing own ideas. Many times this is not even possible due to anxious, constantly controlling or powerful clients. Sometimes a company’s Corporate Identity can also be very restricted for the agency’s creativity. On the other side there is the kind of adaptation, which lives from appreciation. Clients who make it clear what they
expect can look forward to great creative results. Lamons reflected a scenario from his own past: “Little comments can have a huge impact. For example: […] Well, you guys are the experts, I’m sure you’ll come up with something magnificent to help us achieve our goal.”

**Maladaptation**

According to Davies and Prince (1999) Maladaptation on the other side is defined as the agency’s default to be motivated to perform in the client’s favour. Maladaptation can weaken the social bond in a client-agency relationship because the client feels misunderstood or even dissatisfied. If trust works dysfunctional, it can result in the client seeking for a new agency. Maladaptation can emerge from *unjustified changes* of the agency, *conservatism* of the client and *opportunism* in relationship.

*Unjustified changes* are made if clients demand too many changes too quickly or vice versa. Even if changes are judged unacceptable by the agency or the other way around it is a clear sign for incompatible values in the client-agency relationship. Creative energies become replaced by conflict resolving.

“A general agency criticism is that clients seek premature creative changes before the existing ideas have been fully commercially exploited. Such dogma can emerge from disagreement over campaign objectives, clients’ dislike of ads, and how much the advertising contributes to marketing success “ (Davies and Prince, 2005, p.18)

It can happen that agencies interpret the intolerance of its client as offensive. A client that does not appreciate an agency’s work or have no trust in the competence and ability of an agency’s core business will risk an incompatible relationship.

*Conservatism* basically reflects the client’s tolerance for accepting risks. Either the client principally refuses to place its trust in an agency or it has a low preference for accepting risks. However this behaviour can inhibit creativity and can even raise the level of inactivity in response to competition. In an established relationship a client’s conservatism can also inhibit learning, which can be very destructive for a client-agency relationship. Usually a partnership shares similar value. An incompatible relationship is being created if the values of both parties diverge. Ideally an incompatibility issue should be realized at the very beginning of a client-agency relationship. If a client wants to protect the brand’s traditional market position whereas the agency has a radical creative preference the confrontation is certain. The client might get the perception that the agency is only working for itself. In the advertising business this can actually happen when agency’s work for gold ideas. Then they are looking for clients who offer their
company’s brand to the agency to reproduce its creative idea. The so-called gold ideas will be handed in for different creative awards. And that is good for an agency’s reputation. Nevertheless it can also be the case that a client influences an agency’s tendency to take risks. That again is shown in account teams that become to fearful of failure and work close to familiar ideas rather than to test something completely new and think out of the box. The bigger the investment of a client is the lower the risk tolerance for an agency’s mistake. In general a company is attached to one single business. However, an agency has several accounts and less to loose than its client.

**Opportunism** by agency is taken when clients have a high trust and therefore have a low motivation to control the agency. However there through the temptation of agency opportunism is higher and there is the risk of the agency violating the client’s expectations and eventually weakening clients trust. Opportunism by clients is taken when the agency has a high trust in its client and delivers service beyond the client’s expectation but the client fails to show appropriate commitment for its agency.

### 2.3.2 Proactivity

Present research has focused on the adaptation related issues but little has been done to understand the role of proactivity in a client-agency relationship. According to Beverland, Farelly, & Woodhatch (2007) the agency’s ability to anticipate or to take the initiative were rated very highly with clients. Furthermore LaBahn and Kohli (1997) found out that assertiveness does not increase conflicts. A good willingness that offers a viewpoint to which the client may disagree can improve creative quality.

Judy Harris and Kimberly Taylow (2003) concluded that many companies indicated that the client-agency relationship should be a partnership. Different from early research where the agency was just seen as another supplier or the institution with colourful picture recent results confirm that the advertising agency is a vital important part of the client’s team. Even though a strategic partnership between the client and its agency might be desired it is relatively difficult to achieve. Over time many agencies start getting less efficient which leads to client dissatisfaction.

Lamons (1994) suggested that the agency should be held accountable for getting the biggest return. Thus the agency will take the responsibility for ushering the client away from low profit project or short-term income. Another possibility as recommended by Davies and Prince (1999) is the merger or acquisition to increase service, which can be offered to clients such as the ability to help clients set appropriate and effective budgets. In general, the agency participation in budgeting can result in a greater agency involvement. However, most of the times the agency has no or just a little input in the budgeting decisions. Some marketing managers let the agency...
help to ensure that the budget is set appropriately to achieve the client’s objective. But why do some agencies have a greater input on their client’s decision processes than other? Judy Harris and Kimberly Taylow (2003) identified seven factors that may play a role in the extent of the agency’s role in client decision-making processes. The *industry factors* differentiate between slow, moderate and very fast moving industries. Both the slow and very fast moving industries do not demand any agency involvement. The slow moving industry does not need any partnership at all since the agency does its job usually once. Additionally the agency cannot keep up with the fast moving industry such as high technology and it is easier for the client firm to maintain its business. However agencies become a very crucial part of businesses where it comes from brand personality and brand image. The *organizational structure of a firm* plays an important factor for the agency involvement as well. If a company maintains a centralized structure decisions are made at the highest level and agencies are just treated as vendors. However if the company does planning and budgeting in bottom up process an agency is much likely to have an input for example in choosing the kind of media that are used. The power of the marketing department plays an essential role in the firm’s *politics*. The greater the marketing department’s power the higher can be the advertising agency’s budget. However the traditions of a firm have a big influence on the client-agency relationship, too. Since agencies never had a proactive role in the decision making process of a firm, there is no reason to include them now. There might be the possibility that agencies like acting within establishes and traditional roles. However since new times demand new ways of thinking it makes sense to concentrate expertise within the agencies. The compensation system, the trust and the length of relationship are further factors that are affecting the role of the agency. Despite the many institutional and political barriers both clients and the agencies would benefit from a greater agency involvement. As said by Judy Harris and Kimberly Taylow (2003) “The bad news regarding participation is that fewer and fewer clients seem to be willing to form an attitude of partnership. In though economic times, there is more pressure on agencies to cut costs and […] a greater tendency to treat advertising service as commodities.”(p.351). Furthermore recent development shows that firms put a strong emphasis on pitches which lead to tough competition and price war. Under these circumstances it is better for an agency to add greater value to the client-agency relationship. Agencies need to learn to develop skills and resources that are necessary to aid its clients.

Beverland, Farelly, & Woodhatch (2007) explored the notion of proactivity within the agency-client relationship. Hereby they identified four characteristics, which can improve agency’s proactive capabilities: *Credibility*, *multiple communication channels*, *relationship commitment* and *resource support*.

Building *Credibility* is defined as “grounding the suggested ideas in externally verifiable data,
placing the solution in the context of the client’s business and, and being proactive regularly” (Beverland, Farely, & Woodhatch, 2007, p.56). Agencies can suggest new approaches or ideas but due to the power balance in a client-agency relationship the agency cannot enforce them without client approval. Besides sometimes clients are not aware of ideas which can help solving their problem. If the agency gives a possible solution clients often hesitate and show resistance. As a result, agencies could fall back into the status of adaptation. However some agencies try to adapt a number of traditional strategies to win approval for new ideas suggested by them. It is important to have an ongoing commitment to taking the initiative and stay proactive. It is not helpful for the proactive client-agency relationship to only become proactive when the contract is up for renewal.

The strategy of using *multiple communication channels* includes using formal and informal ways of building strong ties between the agency and the client. Regular informal communication between the staff members and marketing managers can provide an early warning system to client problems and relationship problems ahead of time.

Client’s *relationship commitment* supports an agency’s proactive effort and enhances the relationship resulting in clients being more open towards new ideas. It is important to maintain the relationship and constantly search for new ways to improve the client’s business. That again can have the positive effect that the client is decreasing resistance to new initiatives. Several *resources support* the client-agency relationship such as time for communication with clients, thinking about client’s problems and maintaining the relationship. There are agencies that invest their own staff in the client’s company to guarantee a smoother communication and working process. Further investment is made into research that identifies new opportunities for clients.

All the factors help decrease the chance of termination and great client satisfaction. Agency staff needs to pay attention to client’s signals regarding desired proactivity.

### 2.4 Theoretical conclusion and author’s reflection

Relationships are an essential part of our lives. From the very beginning people start building up relationships, maintaining and working on them and sometimes people break up relationships. The reasons might vary but there is always one factor that influences termination. Communication.

In today’s business a relationship is not just emotionally precious but can be very valuable in terms of money. In the advertising industry it goes even beyond the financial factor up to commitment and reputation. The client-agency relationship is a phenomenon. On the one hand
there is no other business-to-business relationship, which has been practised more often. But on the other side there is no other business-to-business relationship that has the future tendency to fail even more than now.

Usually a client-agency relationship is being narrowed down to the creative aspect. The competition in the advertising world is fierce and hard. There are several big agency networks and dozens of independent agency groups. Some have a good reputation for online art, some are good in media planning and others are excellent with classical campaigns. But there is no advertising agency known for having superior relationship skills.

Eventually it is not the creativity that makes or breaks a client-agency relationship. Research has shown that especially the personal factors meaning the interpersonal bindings decide over the success or failure of a relationship.

The marketing literatures goes even further by stating that a successful client-agency relationship includes some level of involvement and best case scenario even a good dimension of proactivity.

2.5 Research questions

What are the motives if a company hires an advertising agency?
What are the factors that influence the success or failure of an advertising agency-client relationship?
What extent of involvement is wished from both sides?
How best for advertising agencies to manage the relationship with their client to effect renewal?
3 Method

In this chapter the author will name and describe the choice of method, which has been used to carry out the research. Furthermore the author will explain why this chosen method is accurate for the topic.

By explaining the research method, which was chosen it is guaranteed that the research that has been carried out is in a scientific and reliable way. Besides it gives another group of people or another person the possibility to repeat the investigation under similar conditions. The choice of research can certainly give an explanation about the result and the conclusion of the investigation. However the lack of methodological analysis can also reduce the reliability of the report.

3.1 Data collection

According to Robson (2002) there are two types of data collection, the primary and the secondary.

In the primary data collection the researcher collects the data using methods such as interviews and questionnaires. The key point here is that the data is unique for the researcher and the researcher’s work. That again means until the research work is published no one else has access to it. Primary data collection is necessary when the researcher cannot find the data in secondary sources. The advantages of primary data collection can be seen in the various methods, which the researcher can use to collect data like interviews, telephone surveys, questionnaires, focus groups etc.. It can also be collected across local boarders through emails and posts. Therefore it can include a large population and wide geographic coverage if necessary. Besides it can be relatively cheap and depending on the method no prior arrangements are required. Last but not least primary data are current and can give the research an up-to-date view about a topic.

The disadvantages of primary data deal with the design of survey because that process can lead to problems. First of all, the questions need to be designed understandable. It can also happen that respondent do not give responses on time. Sometimes the respondent may give false or social acceptable answers or hand in an incomplete questionnaire, which can give a negative impact on research as well.

Secondary data is data that has been already collected by somebody else for a different purpose and therefore it should be treated with care. Secondary data is usually gathered from primary data to create new research. Common sources for secondary data include large surveys and
organizational records. The advantage of secondary data is that it saves time and money that would be spent on collecting new data. In addition, it can provide a larger data basis than what would be possible to collect from the research. However, there is the big disadvantage that the researcher cannot check on the result and therefore the reliability of the data is always in question. The importance of being critical to what has been written should be stressed at this point. The questions to keep in mind when evaluating sources are: ‘where’ and ‘when’ the information has been collected and especially ‘why’. Besides, it might also be difficult to find the exact data needed for one’s survey. Many times researcher need to adjust their questions to fit them to the secondary data. (Robson, 2002)

For this study, the author used primary data in terms of interviews to observe first-hand results. The author did not choose secondary data collection because there is little research done about the topic and the author preferred to analyse the research questions from different points of view. Since the topic is also dealing with human behaviour, the author chose to collect the data directly from the respondents. (Robson, 2002)

### 3.2 Research method

There are many methodical ways to carry out a research; two very important are the qualitative and quantitative method.

The qualitative research involves analysis of data such as words from interviews or pictures and videos or objects. The qualitative approach is a way to gain the meaning of the whole by exploring the richness, depth and complexity of issues. The underlying assumption of qualitative research is that the whole needs to be examined to understand the topic. Basically, it means that qualitative research aims a complete and detailed description. The purpose is not to explain a topic but to describe it and create an understanding for it. The researcher is the data-gathering instrument and therefore the researcher tends to become subjectively involved in the subject. Usually, the research design emerges as the study unfolds. In general, qualitative data is more time-consuming and hard to be generalized. However, it is more ‘rich’ in terms of the subjective aspects such as the individual interpretation of events or the in-depth interviews. Unlike quantitative research, there is no framework that instructs how research should be conducted. (Robson, 2002)

Quantitative research is aimed to classify features, count them and construct statistical models. The attempt is to explain what is observed. The researcher usually knows exactly in advance
what is being looked for. All aspects of the study are carefully designed before data is collected. In contrast to qualitative research, researcher that conduct quantitative research use tools, such as questionnaires or equipment to collect numerical data that are in the form of numbers and statistics. Also compared with qualitative data quantitative research is objective and seeks precise measurements and analysis of target groups. Even though quantitative data is more efficient in testing hypotheses it may miss contextual details. (Robson, 2002)

The author chose the qualitative method because this method provides deeper answers, which are more relevant to understand the context of the issues. The nature of the study’s topic is related to human behaviour and for that reason exploring the richness and depth for the respondent’s answers is essential. Using the qualitative approach also indicates that the study is limited to the amount of respondent. However the respondents were well chosen and have a high impact on the economy and on B2B-related issues such as the client-agency relationship. The respondents are highly relevant for the purpose and will contribute accurate results.

3.2.1 Qualitative research methods

There are three most common qualitative research methods, which are participant observation, in-depth interviews and focus groups.

Participant observation aims to gain a close familiarity with a given group of individuals and their practise with a certain topic.

In-depth interviews are optimal on collecting data on individuals’ perspective and experiences, especially when sensitive problems are being explored. Usually one or two persons are interviewed at the same time.

Focus group is a form of qualitative research where a group of people is asked about their attitude towards a concept or an idea. Questions are asked in an interactive group where participants are free to talk with other members. (Robson, 2002)

The author decided to use a mixture of participant’s observation and in-depth interviews. Since the author is currently immersed into a group of agency members who have to deal with client relationships on a daily basis the author is able to participate in it, yet simultaneously noting how things work and parties interact. Nonetheless the Participation observation will just be included in small parts in the survey. The in-depth interviews with the agency and the clients are essential to get a complex overview of the topic and to prevent only investigating on the agency’s side.
3.2.2 Selection of account managers and clients

Account Managers and clients were asked to evaluate their client-agency relationship to guarantee a multi-perspective analysis of the study's topic. Only involving either an agency or just clients would not have given a representative and valid research. The agency, which is participating in the study, is based in Frankfurt in Germany. The reason why the agency was chosen is because the author has personal contact to the management and that made it easier to build up contact and have trust in the respondent’s answers, which again leads to more reliable results. The author conducted interviews with account managers who are in charge of clients who have a similar size and impact on their industry. Consequently the author was able to draw a better and more valuable comparison. The clients were chosen on the same selection criteria like the agency accounts. They are based in and close to Munich in Germany. The author had already developed first contact with the key contact person of every firm before the conduct of the study.

3.2.3 Qualitative interviews

According to Patton (1990) there are three types of qualitative interviews for research: the informal conversational interview, the interview guide approach and the standardized open-end interview. Even though the structure of questioning might be different all there types have in common that the responses can be open-ended and are not restricted to any choices provided like in questionnaires.

The informal conversational interview may occur spontaneously and the respondent may not know that an interview is taking place. The wording of the questions is not fixed and questions emerge from the immediate conversation. As a result the interview is highly individualized. The interviewer needs to be very knowledgeable on the topic area to be able to direct the interview. Since this kind of interview is not systematic it can be very difficult to analyze data.

The interview guide approach is the most widely used format for qualitative interviewing. The interviewer has an outline of issues which need to be covered but is free to vary the wording. As a result the data are more systematic than the one from the informal conversational interviewing. However the tone of the interview remains informal and the topic areas are the same in every interview. A disadvantage of the interview guide approach may be that the interviewer has little flexibility and has to stick to the outlined issue and cannot discuss problems being raised by the respondent.

The standardized open-ended interview sticks to a strict script and there is no flexibility is possible at all. This kind of interview method is the most structured and efficient kind. It is suitable when interviewers are less experienced or when it is important to be able to compare
For this study the author will use data collected by three agency account managers and two companies. There will be no connection between all five parties to prevent statements that could be influenced by the fact that the parties work with each other. The answer of the client as well as of the account managers could result differently because something is said in favour or because of liking the other one.

Since the purpose of the study is to investigate the client-agency relationship, which derives from the human behaviour a structured interview might be the best option. Thus the author used the standardized open-end interview to be able to compare the results at the end more easily. Since the author is not an experienced interviewer the standardized open-ended interview reduces bias and gives more reliable results.

As a side note it can be mentioned that the author did not ask the respondents for any personal data like gender and age because it does not have any influence on the analysis. Besides, there is no information given about the length of the client-agency relationship by any respondent. This factor is not important for the analysis and would be a distraction or influence for the analysis.

The length of the relationship was not a discussion factor in the literature review and therefore also does not play a role in the research analysis.

There was a short introduction text and the interview questions sent to the interviewee three days in advance. Some interviews were conducted by phone and the others were conducted face-to-face. The average length per interview took 30-40 minutes. The author noted that all parties were very cooperative.

3.2.4 Participation observation

The participation observation involves a range of methods: informal interviews, direct observation and participation in the life of the group and self-analysis. Participant observation data consists of detailed field notes, which are typically textual. In general, participant observation is used with other qualitative methods like interviews. (Robson, 2002)

The author has spent a great deal of time, in total 2,5 months to secure and maintain relationships with people of the agency. The author examined the daily relationship between the agency and its client by counting the daily contact with the client, noting the method of contacting and analyzing the content.
In this study the method of participation observation is used to improve the design of the in-depth interview method. It helps to ensure that the relevance of the interviews is completely given. Additionally the participation observation also provides a context for understanding the data that are collected through the interviews and adds content to the analysis to get a full understanding of the study. However the participation observation simply presents a small part of the study.

3.2.5 Verification of data

In traditional research data is being verified. This happens to examine whether the research topic is really being studied and whether it measures are consistent.

Reliability
Reliability is the extent to which a measuring procedure yields the same results no matter how many times it was applied to random members of the target group. In the commercial sphere reliability makes sure that research and investigative questions are consistent in meaning across all members of the target group. (Robson, 2002)

In order to create a reliable study the author has picked both agencies and companies with a similar background. Furthermore the author was always able to double-check the respondent’s answers at any time after the interview. Besides, the author decided not to name the agency’s and company’s names to state that their presentation in the findings is limited.

Validity
Validity determines whether the research truly measure and explains what it was intended to measure and explain. That includes dealing with the appropriateness of the method to the research questions, which was discussed in chapters’ 3.2.3 and 3.2.4.

A second way of validating the data is addressing the validity of the interpretation of the data. It is important to constantly show that the interpretations of the results are the product of conscious analysis. (Robson, 2002)

The author has kept that in mind and was involved in a constant justification of the interpretation and a relentless internal evaluation of the motives of interpretation.
Generalisation
A part of the verification process is how the result of an investigation can be generalized or not. In order to do accurate research the use of every possible variation of an independent variable is necessary. However in the majority of cases this is not feasibly. Therefore a representative group is chosen to reflect the whole population. (Robson, 2002)

The study examines simply five parties but the author made sure that the sample group is truly representative. The respondents at the agency have already worked several years in the advertising business and have sufficient experiences with client relations. The respondents of the companies have also worked closely with agencies for some time and can integrate their expertise of marketing in the investigation. Besides the author recently conducted the interviews and consequently the investigation is till up-to-date.

Account Manager A
Account Manager A works for a multinational advertising agency with offices in more than 80 countries. The office of the interviewee is located in Frankfurt, Germany. The interviewee is Account Director for an international company with headquarter in France.

Account Manager B
Account Manager B works for a multinational advertising agency with offices in more than 80 countries. The office of the interviewee is located in Frankfurt, Germany. The interviewee is Account Manager for an international company with headquarter in the USA.

Account Manager C
Account Manager C works for a multinational advertising agency with offices in more than 80 countries. The office of the interviewee is located in Frankfurt, Germany. The interviewee is Brand Director for an international company with headquarter in the USA.

Client A
Client A is a Marketing Manager of a multinational company with over 80,000 employees worldwide and has its headquarter in the USA. The office of the interviewee is located in Munich, Germany. The interviewee has no contact to Account Manager A, B and neither C but to an anonymous agency, which will not be examined in this study.
Client B
Client B is Project Manager of a multinational company with over 80,000 employees worldwide and has its headquarter in the USA. The office of the interviewee is located in Munich, Germany. The interviewee has no contact to Account Manager A, B and neither to C but to an anonymous agency, which will not be examined in this study.
4 Empirical findings

The representatives of the study are advertising agencies as well as companies that are constantly involved in client-agency relationships. The actors of the study will be referred to as Account Manager A, B & C and Client A and B. The questions of the interview guide for the agency are divided in 3 topic parts. Every part gives a detailed summary of all 3 Account Manager interviews. The questions of the interview guide for the clients are also divided in 3 topic parts and give a detailed summary of the 2 client interviews. In addition the results of the participation observation will be integrated to complete statements or question opinions.

4.1 Agency

4.1.1 Relationship factor

When discussing the essential factors of a good as well as bad relationship all three Account Manager had the same consents.

Account Manager A stated that a high involvement and a deep understanding of the client’s need and the client’s markets are necessary to attract new ones and build up a solid relationship. Furthermore the experience from current or past clients and their accounts can always help to convince new clients of the benefits of a new relationship with the agency. Last but not least the specialities of an agency’s communication skills as well as a worldwide network can be very attractive for potential clients.

Account Manager B is convinced that good value for money, the reputation of an agency and its employees and the creative work can be used to attract new clients.

Account Manager B also believes that previous success stories can be helpful to win new clients. Account Manager B also adds that a clear and differentiating position plus the fact that the agency can present best-in-class cases might acquire clients. A good customer insight is very important as well.

However according to Account Manager C developing and providing innovative tools which are demanded from the market such as excellences in digital, retail or the public sector make potential clients aware of the agency.

Once the client could be convinced Account Manager A stated that a good relationship is always based on reliability, consistency and success.

In addition Account Manager B sees values such as trust and professional competence as a
basis for a good relationship. Account Manager C believes that the interpersonal level is very important to build up a good client agency relationship.

Account Manager C states that managers on both sides need to get along with each other, they need to like to work with each other and a working-friendly environment should surround them. There has to be an open and fair exchange of thoughts and ideas from both sides. However the agency still should not forget that it needs to deliver and that both parties need to achieve the set goals.

The goals of a client-agency relationship are usually very similar and often narrowed down to the basic values of a client-agency relationship. Account Manager A believes that aiming a long-term partnership is one goal of a client-agency relationship. However to achieve that status the agency has to learn every detail about the client, the client’s products and the market. In the end it is always the agency’s attention to increase business, sales and income of the client but also of the agency.

Account Manager B also states that an agency as well as the client profit from a long-term relationship where professional competences and experiences can be mutually exchanged. Delivering successful campaigns for clients as well as the agency is another goal for a good client-agency relationship.

Account Manager C goes even further when saying that it is an agency’s responsibility to help the client in a difficult situation and become an essential partner rather than a supplier to deliver something. The client should have trust in the pro-active recommendation, responsiveness and the tactical initiatives of its agency.

According to Account Manager A the agency’s responsibility in a successful client-agency relationship contains the execution of client’s wishes and strategy. Furthermore it needs to make sure to deliver detailed and enough information to make a fair recommendation on next steps and new ideas. That also includes a good value for money, high quality and a sense of time, which could be reflected in following the timeline.

Account Manager B also underlines that the agency should concentrate on doing its job. However for the agency to take the full responsibility for all outcomes it is important that the client treats the agency as an equated partner and takes the responsibility for own mistakes.
4.1.2 Relationship evaluation

In the following section the Account Managers discussed the evaluative factors of a client-agency relationship whereas examples were given from own experiences and current relationships to clients.

According to Account Manager A the theory of a good client-agency relationship does not always go with the reality. Even though the agency should take the full responsibility and flexibility of its competences the client tends to deliver insufficient information in briefings and constantly put the agency under timing and cost pressure. Account Manager A states that even though the client pays for the marketing and communications skills of an agency, many times it does not follow any recommendation, or the client is even changing the concept. Theoretically the client should benefit from the agency that works with different clients. As a result the agency can profit by the know-how of different markets and expand its expertise in its communication disciplines. The longer the relationship lasts the better the understanding of each other. A long-term relationship can profit by insight knowledge of the client’s business. If the client realizes that this learning can get lost with a change it is more likely that the client will renew the contract with the agency.

Account Manager B manages a satisfied and long-term client-agency relationship that is open and trustable. Both sides accept and understand the working procedure of each other and know the expectations and requirements of each other. It is the agency’s task to consult the client and make sure that the positive routine is not disturbed by any external circumstances.

Account Manager C names several indicators that present the pros of a client relationship. People and skills, the attitude and the understanding of the business were highly rated and are important for the client to benefit from the relationship with its agency. Oft-times money related issues rise up serious problems in a client-agency relationship. If the agency does not make sure that the client perceives good value for money the client will feel a strong dissatisfaction and that again can lead to a termination of the contract. Account Manager C has always made the experience that especially long-term relationships are more secure of contract renewal than young relationships. Account Manager C works for a global player and knows that big companies hesitate to cancel the contract with its agency because a lot of knowledge can get lost. However this all still depends on the perfect account and project management as well as outstanding and successful work and last but not least on the client relationship itself. The creative does not necessarily play an important role in the client’s evaluation process but hitting the needs of the client and supporting the marketing goals is defiantly an important evaluation factor if a contract renewal is considered.
Account Manager A considers the evaluation process as a way towards more efficiency. Especially the processes of a relationship between the client and its agency should be analysed continuously to optimize process and save money and time.

Account Manager B also thinks that the evaluation is important to review the relationship, to question the relationship and eventually improve weak points. It is difficult to integrate evaluation processes into the daily business but time should be used to do so because the client gets the confirmation that the agency actually cares about the client’s opinion.

Account Manager C highlights that an evaluation is indispensible. There has to be a neutral evaluation, which is conducted by the agency but also by the client. This evaluation should be worked on together to be sure that the same goals of an evaluation are followed. Finger pointing is definitely not appropriate. According to Account Manager C if the relationship can be improved so should be the professional performance. However to improve a relationship the evaluation factors first need to be defined.

When an evaluation survey is conducted Account Manager A wants to check if the responsibility of every person is sufficiently performed. The overall question is if the right person does the right job and consequently if the right person has the right job. If an agency employee is not able to make the right decision this needs to be changed immediately. Another evaluation factor is the cost efficiency, which measures the financial outcome of the client-agency relationship.

Account Manager B questions the work of the agency and the cooperation with the client. Does the agency do its job like it is demanded from the client? How does it accomplish the job? How does the client behave during the cooperation? Does the client cooperate or put obstacles in the agency’s way? Furthermore Account Manager B wants to see professional and personal competences being evaluated as well as the interpersonal relationship with the client.

Account Manager C separates the work of the agency in different excellences like the Production, Account Management, Creative and Planning, Strategy, Research. For every excellence there has to be an evaluation which assess the following key indicators: People and Skills, Attitude, Effort, Understanding of the client’s business, Trust and Advocacy, Process and Delivery, Effectiveness of Output, International network, Quality of Creative Output, Actionable Insight, Leveraging Learning and last but not least value for money. Account Manager C also adds that both parties, the agency and the client should be involved in the evaluation process.

4.1.3 The client as a strategic partner

The section ‘The client as a strategic partner’ gives an overview on how the Account Managers reflect on their role as a pro-active part of the client-agency relationship.
The client of Account Manager A works on different regional levels. The overall marketing strategy is created by the worldwide level and then transcreated to regional designation such as EMEA, APJ and LATAM. Afterwards EMEA transcreates the marketing strategy into the local level, which in case of Account Manager A would be Germany, Austria and Switzerland. Account Manager A and its agency are involved in all three levels. It is essential to create the right marketing mix for every country and therefore the local competences are also needed on the worldwide level.

Account Manager B receives the final marketing strategy and has no or just little input. According to the contract with the client the agency can have an involvement in the marketing strategy but the client does not often use this offer.

Most of the clients of Account Manager C allow agency’s involvement in the marketing strategy. Sometimes the agency is actually involved in the development of the marketing strategy but the marketing strategy is regularly presented to the agency and discussed with the agency.

Account Manager A asserts that the agency is a strategic partner of the client due to the long-term relationship, which already exists for more than 15 years. During that time period the agency was able to get the deepest insights of the client’s market and the client. The agency regularly conducts worldwide research for the client to make sure that it hits the client’s needs and wants. The new results plus the long-term know how can be used for new marketing strategies.

Account Manager B already stated that the agency has no or little impact on the marketing strategy of the client. Therefore Account Manager B does not define the agency as a strategic partner.

Account Manager C unleashes a pure Yes. It is the agency’s goal to be and to stay a strategic partner of the client. An agency should not only deliver and produce ideas and communication material but it should be at eye level with the client.

Being a strategic partner is one thing but getting involved in the relationship with the client is even a step further. Account Manager A tries to overtake some of the client’s in-house responsibilities by looking for alternative and new tools of communication. The agency always has to keep the market at its sight to be able to react to new market trends.

Account Manager B is daily involved in the client’s business and busy with doing the job right and delivering what the client is demanding. There is not a lot of pro-activity required by the client. According to Account Manager B there is also no need for pro-activity either.
Account Manager C states that pro-activity is defiantly essential in a good client-agency relationship and will be the trend for the future.

Account Manager A links the agency’s role in a client-agency relationship in the future to the current relationship. Based on the fact that the agency and the client already have a long-term relationship, which is very valuable, there will be no new trends coming. The opposite might be the case. Due to the long-term relationship it can be difficult for the client to get off the relationship with the agency because too much know-how might get lost. Account Manager B states that the agency will always stay service provider. However the agency also constantly needs to invest in the relationship to improve it. Account Manager B believes that the interpersonal factors of a relationship will become even more important since there are so many agencies on the market. The competition of the professional competences might not be as tough as an agency’s reputation for good employees who are concerned about the client’s business.

4.2 Client

4.2.1 Relationship factors

In the following section the clients discuss the benefits along with problems and goals of a client-agency relationship.

Client A summaries the benefits of hiring an agency as the following: The client’s company wants to have access to external sources of creativity since the internal competence to manage creative projects is not always given. Agencies usually have a good network, which includes institutes for different competences like event planning, advertising or PR consulting. The company likes to draw on the network and to outsource responsibility.

Client B specifies the external view as a benefit of an agency. The company expects the agency to neutrally consult and stresses on trust and honesty even though it might be inconvenient for the company. Furthermore Client B profits from the pure execution of projects, which do not need to be done internally. Besides the agency has a good overview and can control the costs, which is another important benefit.

As per Client A once the agency got hired it has to be reliable in terms of budget and timing. The agency should be able to intensively discuss about the products and wishes of the client. Furthermore the agency needs to have a distinctive sense of service.
Client B expects a pro-active behaviour of a good agency. The agency should not tell the client what they want to hear but confront the client with new ideas. If the agency does not challenge the client and the product fails it will also be the agency’s responsibility. The agency has the task to consult the client and be its counterpart at the same time. Any good interpersonal client-agency relationship does not have any value if the agency fails to openly discuss the content of a campaign.

Client A summarizes the goal of a client-agency relationship as the fast execution of projects. Agencies tend to react faster and therefore are more likely to proceed the project quicker and better.

Client B names the successful external perspective as a definite goal of a good client-agency relationship. The agency needs to make sure that it shows flexibility and variability that bring about an ever-changing external perspective. Client B suggests that the agency team always need to consist of an absolute term and unknown quantity. The absolute term is a long-term employee and guarantees a constant working process. The variable is a position, which gets staffed by new employees every now and then. The new employees bring new ideas and new spirit to the agency as well as to the client.

According to Client A the aspects of a good client-agency relationship are professional working including following the timeline and staying within the budget frame. Furthermore a fair and partner-like relationship is necessary to guarantee a good cooperation. The agency needs to intensively care about the client and its products and technologies.

Client B believes that a good client-agency relationship is purpose-build and based on trust, loyalty and reliability.

Client A assesses the agency’s responsibility for and in a successful relationship with the satisfaction of the client. The client has to be satisfied with the project and success metrics need to be highly rated. Furthermore an agency needs to make reliable statements about the timing and the budget.

Client B links the success of a client-agency relationship to the people of the agency. It is important that projects get executed as demanded and in doing so the brand of the agency does not play any role. Moreover the individual is responsible to answer the expectations of a client. In addition the agency needs to make reliable promises.
4.2.2 Relationship evaluation

In the following section the clients give a short insight of current relationship with agencies and describe the importance of evaluation.

When pointing out the problems and benefits of cooperation with an agency Client A states that agencies lack an interest for the company itself. The problem is that the contact person of the agency often does not understand the client’s needs and therefore cannot implement the projects satisfactory.

Client B gives the same problems as Client A by stating that most agencies tend to be blind when it comes to the client’s internal processes. The agency has no understanding of the client’s business neither does it know the products or the value of it. However if the agency seriously does not understand the message of a product the client can class the agency as a realistic end-customers. In that case the company probably might need to rethink its strategy again.

Despite all problems, renewing the contract with the agency is very likely for Client A. The agency is a long-term partner and has a contract with the worldwide network of the company. It is quite unusual to change the lead-agency because that would involve a lot of costs and time.

Client B depends the decision on renewing the contract of the agency with hard facts. If the agency does not achieve the goal the contract can be cancelled. Factors such as the financial measurement and the overall satisfaction of the client play an important role in the decision making process.

Any good client-agency relationship needs to be evaluated every now and then. Client A notes that an evaluation process is extremely important because without any measurement of success, the best relationship will struggle some day. There are several questions, which need to be asked for evaluation: How did the projects go? How was it executed? Did the agency stick to the budget and did it finish the project on time? How successful was the project? How was the project managed by the agency? And how was the communication between the agency and the client?

Client A realizes that setting the goals of a relationship at the beginning comes along with an evaluation process. Client A makes use of a score card which has to be fulfilled and includes evaluation factors such as achievement of objectives, sales, budget, improvement of reputation of the company and increase of brand awareness. Many times the agency needs to work against market studies. Even though evaluation is important Client B hesitates to overdue evaluation
that can lead to confusion. It is important to stick to a few fixed factors and evaluation metrics which should be evaluated to its fullest.

4.2.3 The agency as a strategic partner

*While discussing the strategic part of a relationship the clients give a clear statement of their opinion in the next part.*

Budget decisions are a very confidential part of a relationship. According to Client A the budget of a campaign or project rather depends on the project itself than on the agency. Usually the upper management level decides how much money a business unit gets. Client B depends the agency spending on the project as well. However if the campaign is very convincing Client B prefers to invest in good ideas and strategic input rather than to stay in the set budget frame, which was given by the upper management.

Client A defines a strategic partner as somebody who finds the right tools and possibilities to translate projects into success and achieve the sales and marketing goals. In accordance with Client A the agency is a very important strategic partner.

Client B does not think that the agency can have a strategic partnership with the client. Client B defines a strategic partner as an institute that is on a level with the client’s company. The agency gets paid and has the role of a service provider. A strategic partner needs to be independent of the client who does not apply for the agency.

Client A classifies the agency as a strategic partner who can get involved pro-actively in the relationship if the proactivity is not charged. Client A is more concerned about the reliable service and a good cooperation but sees proactive acting of the agency as a part of the relationship.

Client B hesitates to support proactivity because the agency needs to carefully think about any proactive step first. If the client gets the feeling that the agency just wants to make money and does not act in favour of the client this can result in an unpleasant situation. Pursuant to the statement of Client B the agency needs to take the full responsibility for its proactive acting. The agency has to understand the client’s company and the products before any new suggestion can be made. The agency needs to show that it has the expertise and knows what it talks about. If the idea fails the agency takes the risk that the client might get a bad impression even though the relationship was fine before.
5 Analysis

In this chapter the result of the empirical findings will be analysed. The research questions of this study will function as guidance support to discuss the theory in combination with the empirical finding.

5.1 What are the motives if a company hires an advertising agency?

Generally, clients seem to have the ambition to hire agencies to clear themselves of the charge. Stressing the reputation of an agency to be more than just an executive medium is shown to be common among all interviewed Account Manager.

All three interviewed Account Managers claim that a good reputation of the agency’s work help to convince the client. However the answers vary when it comes to the interpersonal aspect of a prospectus relationship. Account Manager C clearly states that the character of an agency employee has the same value for new clients like the quality of work and the agency’s reputation. This is in line with the argument of Wackman et al. (1987) who states that clients do not always thoroughly selected agencies by its competences but by mirroring its personality. Account Manager A and C also support the opinion that presenting a personality and showing the characteristics of an agency and its employees can be essential to attract new client. Account Manager A believes that a high understanding of the client’s market is the first step to convince a client. Account Manager C adds that an agency needs to have a clear and differentiating position, which can be achieved through the creative work but also through motivated employees.

An interesting aspect is that clients prefer good agency partners but the external consultancy is definitely the core benefit of hiring an agency. Client A as well as Client B agree that agencies have the advantage to give the company an external review. They are hired because internal resources are not capable or qualified enough to do certain jobs such as advertising. All interviewed clients left the impression that the task of an agency is to make less work for the client. Client A stated that the extent of work and the responsibility could be outsourced. Client B supported that it is the agency’s responsibility to take and execute an order and consult if the agency was asked.
As shown in Figure X by Aino Halinen (1996) the inter-firm network of an agency can be quite impressive. The author indeed agrees when saying that an agency has to clear the client of charges. The agency should make use of its network which is able to supply the agency and the client with all necessary competences to accomplish a project. The author observed that once cooperation is agreed upon, the net of an advertising agency grows enormously due to the client relationship. It should be the agency’s responsibility to make proper use of the new responsibilities and achieve a suitable benefit for the client as well.

However the statements about the agency’s reputation still differ significantly. The agency has the goal to convince the client of its strong communication skills and best-in-class competences. The agency desires to shine with new innovative tools and valuable experience. On the other sides stands the client who does appreciates the external viewpoint of an agency but the extent is very limited as described in the following sections.

As stated by the Bedford Group, 2002 client-agency relationships are very mystic. The author was given the impression that both sides, the agency and its client, are seeking for something different. The cooperation between an agency and a client might follow the same goals and their
ways might cross every now and then. But there is more than one way to skin the cat and the agency and the client definitely are not coming the same one.

According to Douglas C. West and Stanley J. Pliwoda (1996) agencies should narrow the channels of communication with perspective clients to guarantee an effective communication. As noticed from the participation observation the agency always pays attention to the number and the roles of the contact persons. Setting up a team for a prospective client can speak a clear message. It all depends on the reputation of the client and on the amount of budget. The more ‘valuable’ the client, the better-qualified people are selected for the contact team. Client B clearly supports this approach by stating that big players always need to be treated special by agencies. Theory and reality seem to be in line with each other but this incident seems to be an exception.

What is the dilemma of a client-agency relationship? Comparing the statements of all Account Managers led to a simple conclusion. The agency wants to persuade the client that it offers more than just a service that delivers whatever is demanded. The agency wants to act as an individual who has its own thoughts and ideas. It wants to actively contribute to the client’s business and take unlimited responsibility. It wants to be part of the marketing strategy, the creative idea phase as well as for the implementation and production of communication tools. The agency does not claim itself as a pure ‘production’ agency. As learned from the participation observation an agency always has the ambition to be within the strategy as well as creativity. The agency approach is to integrate a company’s goal and identity in all marketing communication activities to achieve the best performance. In contradiction to rumours it is the agency’s goal to realize the best results possible for its client. In contrast after interviewing the clients the author got the feeling that the clients do not desire the agency’s ambition in a client-agency relationship.

The author is given the impression that open communication and clear role definition before or in the beginning of a client-agency relationship would agencies make realize why clients are so hesitant of them being too involved. And clients might realize the intention of an agency and make better use of an agency’s competences.

5.2 What are the factors that influence the success or failure of an advertising agency-client relationship?

What really determines the success or failure of a relationship? To what extent do hard facts play a role? And how important are interpersonal factors? The author will try to identify a number of success factors by analysing the theoretical framework and empirical finding.
Most of the theoretical framework proves that there is no single factor that influences the work activity. The results of the empirical finding plug into this idea. An interesting observation is that the Account Manager as well as the clients mentioned soft skills as the most important factors that influence the success but also the failure of a client-agency relationship. The top of the list is lead by reliability and loyalty. Hard facts such as success and outcome of the creative work are certainly mentioned by the Account Managers and clients but are in the back seat. Account Manager C believes that a good relationship is based on the people. A positive chemistry generated between the key-personnel is a good platform to work on and easier to achieve set goals.

Lace concluded there are multiple drivers of client satisfaction such as the quality and profundity of thinking including intellectual power, judgement and experience to deliver high quality strategic and creative ideas. This is in line with the arguments that were made by all Account Managers. Account Manager C stresses that the agency is an essential business partner for the client whose responsibility it is to come up with new ideas and creative input to help the client in every situation. Account Manager A append that the agency can always go back to experiences with previous clients and their cases and use the know-how to judgementally support the client.

Mark Davies and Mel Prince (1999) put a different perspective on the topic of performance success and argued that the age of a client-agency relationship affects the likelihood of account relationship failure. In accordance with Account Manager A and B aiming a long-term relationship should be the goal of every client-agency relationship. In case that the relationship already lasts for several years it is based on a trustworthy foundation, which is usually a result of success stories. Account Manager A manages a client relationship for more than 15 years and concludes that at one point the agency and the client depend on each other. Changing the agency would bring up high costs and would be very time-consuming.

Reflecting upon the agency’s view on success and failure factors of a client-agency relationship it is interesting to realize that the agency usually replicates it experiences in a positive way. It seems that the agency does not see any problems and always concentrates on the advantages. It is certainly aware of potential trouble that might arise in case of dissatisfaction of the client. However it is very convinced that it put a lot of effort into the relationship to guarantee a pleased client. When the clients had to describe a current relationship with an agency most comments
were touched negatively. The clients mainly focused on current but also on potential problems that made the client-agency relationship less enjoyable.

The author also noticed that the clients had high expectations and were very critical of the agency’s work. Jonathan M. Lace (1998) summarized that clients always appreciate a sense of perfection. But how does this go along with the creativity of an agency? Even though goals can be set and working procedures can be defined the author realizes that basic expectations and assumptions are often times not a factor of evaluation or early discussion.

The lack of ongoing evaluation during a client-agency relationship is also a common reason of the failure of cooperation. All Account Managers and clients agreed that an evaluation process is essential in a client-agency relationship. However Account Manager C pointed out the problem by understanding that evaluation processes do not belong to the daily business and oft-times get forgotten.

In general, the Account Managers agreed on the same factors that needed to be evaluated such as the relationship and interpersonal factors as well as the professional outcomes. The author noticed that the agency put more emphasis on the soft factors of an evaluation such as the potential of agency employees or the relationship between the agency and the client. The client however mainly pointed out the importance of hard fact evaluation factors such as the achievements of financial goals and market scores. Whereas client A mentioned the interpersonal relationship as an evaluation factor client B only stressed on professional evaluation metrics and sales numbers.

The reputation of an agency as a service provider is still in the head of many clients. However the thinking of agencies took a new development. All Account Managers present themselves as a strategic partner of the client and are convinced that the strategic role will even become more important in the future.

5.3 What extent of involvement is wished from both sides?

The radical opinion of Client B reflects many attitudes of clients: A partnership with an agency is not possible because it is not on the same eye level with the client’s company and therefore is just a medium which supplies its service. As long as the client pays the agency it cannot be a partner who is involved in strategic decisions. Client A rather prefers adaptation as suggested by Mark Davies and Mel Prince (1999). They proposed that adaptation was the key to assure client’s satisfaction. Client A seems to be more liberal when it comes to the agency’s
involvement in the client’s business. Nonetheless the Client A still differs between involvement that is done within the budget frame and involvement that is done voluntary by the agency. It seems to be like a statement of the good conscious when Client A first answered the question about the likeness of proactivity by the agency with yes. And then added conditions, which actually limited the proactivity and seized it down to the usual business of an agency. In theory the clients are fond of the idea of more involvement but in reality they are afraid to face new problems.

Maladaptation as a strike against adaptation is not an option for any of the interviewed Account Managers even though feedback of clients can sometimes weaken the self-consciousness of an agency. The author observed that the agency wants to be presented professionally and does not need to act against the client. Usually the agency examines a potential client before it makes any offer. It is a common thought that clients have a better standing because agencies depend on them, money-wise and job-wise. However, depending on the size of an agency it happens quite often that the agency picks the client that it is interested in. That again explains the confidence of the agency when it comes to evaluating client relationships. All Account Managers work for a big agency network which has only global players as clients. Once the agency has a good reputation it is the client who seeks for a good service and not necessarily the agency for a job.

The author realizes that the agency has not yet tapped the full potential of proactivity. Account Manager C states that the agency is sometimes involved in the creation of the client’s marketing strategy. The statement of Account Manager C that ‘Proactivity is a must-do’ stays in contrast to that and reflects perfectly the dilemma.

The client expects the agency to have a showdown with its marketing strategy and completely understands the products. On the other side the client does not allow the agency to contribute content-wise to its marketing and advertising projects. However, how can one fully understand a situation if there was no involvement from the beginning on. Sometimes it even happens that the agency does not even understand the client’s marketing thinking. In that case the client usually is adamant that the agency simply converts the marketing strategy into advertising. The outcomes of these actions can be dissatisfaction of the agency and the client plus a lack of the agency’s confidence.
6 Conclusion

6.1 How best for advertising agencies to manage the relationship with their client to effect renewal?

Before the research was conducted the author hoped to get results, which state that proactivity and a high level of involvement is wished and supported by the agency as well as the client. However while the agency certainly has some ambitions to act proactive the client accepted more involvement just to a very low level.

The reasons might vary from client to client but in general can be summarized to the following. The research as well as the theoretical framework have constantly pointed out that clients want agencies to put more attention to their individual needs and be able to understand their products. Every client has different expectation of a client-agency relationship. Therefore the agency would be better of to offer tailor made solutions. By viewing the agency’s standpoint the author also realized that agencies sometimes can be very motivated to help out the client and try to come up with new and innovative ideas. Nevertheless clients first want to get done the jobs as requested in its standard procedure and implemented with care and effort. Once the standard goals are achieved clients are occasionally determined to listen to new and innovative ideas.

The author also discovered that agencies and clients do not just have different opinions on the ‘How’ to execute a job. Moreover the personal and professional view on an agency’s general objective and its reputation still seem to differ a lot. The client still sees the agency as a service deliver who takes orders and accomplishes them. The agency wants to be more than a deliver. As a result it stresses on the role of a strategic partner who is involved in the client’s daily marketing business to achieve the best results for the clients. In contrast to the client, the core business of the agency is marketing and that is what the agency knows best. However the reputation of marketing was not always as good as it is now and it is still not perfect. The author believes that clients will realize an increase in importance of marketing and necessity of the agency in the future.

In times of the economical crisis there is always the question of how to improve business and stay on the market. Many companies have realized that advertising and marketing is one way to keep the dialog going with their customers. Especially industries that are hidden hard by the crisis are in favour of new and innovative input. That is the point when the new reputation of
agencies comes into play. In the end the client knows best about their business and the agency knows best about marketing and advertising. The author believes that the time has come for companies to accept that an advertising agency can give valuable contributions to their businesses. Meanwhile the companies can focus on their own businesses.

The company of client A and B is a giant multi-national company which is not yet influenced by difficult economical circumstances. There are other international corporate groups though that advancing in great strides toward a new client-agency relationship as shown by the Siemens and Bosh case:

“In an unusual step, during the second round of the pitch the Saatchi & Saatchi management team was invited to sit in on a global equity study of Siemens and Bosch, and have direct interaction with the Global brand directors of both brands. ‘We found the process very refreshing,’ said Pully Chau, CEO of Saatchi & Saatchi Guangzhou & Shanghai. ‘It is a two-way inspiration - the fastest way to learn about the brand equities is from the direct owners, and it also enabled the clients to interact with the agency team, from creative directors and planner through to CEO. Nothing can be more honest and beneficial than really having a working session from day one to ensure we share the dream of building Siemens into a Lovemark, so it was truly well-run agency selection process by Siemens’ China marketing team.’”(Saatchi & Saatchi, 2009)

Agencies are often failing in establishing a basic client-agency relationship that is build upon trust, satisfaction and a good communication. The author advises, once the foundation is achieved the agency should go beyond the usual and start being proactive.
Interview agency guide

How can agencies attract more clients?
What makes a good client-agency relationship? Name 3 aspects.
What is the goal of a client-agency relationship? Give 3 objectives.
How do you evaluate the client’s responsibility in a successful client-agency relationship? Give 3 examples.
View a current relationship with your client. What is the nature?
What are the benefits and problems of these relationships?
How likely is it that the client will renew the relationship? Why?
How important is it for clients and agencies to have an evaluation process to see how the partnership is going?
What are some of the things that should be evaluated?
Are you actually involved in the client’s marketing strategy? Why or why not?
Would you consider yourself as a strategic partner of your client? Why?
To what extent do you integrate yourself proactively in the relationship with your client?
How do you estimate the agency’s role in a client-agency relationship in future?
Interview client guide

What are the benefits of hiring an agency?
What makes a good client-agency relationship? Name 3 aspects.
What is the goal of a client-agency relationship? Give 3 objectives.
How do you evaluate the agency’s responsibility in a successful client-agency relationship? Give 3 examples.
How is the marketing budget set? Is it linked to sales, targets, vision or strategy? And how much influence does the agency have on the budget? Why?
Please describe the co-operation with your current advertising agency. What are the benefits and what are the problems?
How likely is it that the relationship will be renewed? Why?
How does the perfect agency look like? Give 3 attributes.
How important is it for clients and agencies to have an evaluation process to see how the partnership is going?
What are some of the things that should be evaluated?
Do you consider your agency as a strategic partner? Why?
To what extent do you accept an agency’s proactivity? Explain shortly.
Appendix 2 – Evaluation report (Graduation Project)

Production report

Goal and objectives of the Graduation Project

The graduation project aims to develop an evaluation form, which assesses the client relationships of Publicis Frankfurt, an international network agency. Hereby the student Katharina Boden will give a short theoretical background of the importance of evaluation processes in a client-agency relationship. The theoretical framework will be based on a literature review as well as on interviews with three different Account Managers from Publicis. As a product the student will develop a method of evaluation including an actual evaluation survey and a description of the evaluation procedure. In the end the student will give an outlook on the reliability and the predictable success of the evaluation method. In addition the student will offer possible suggestions for an evaluation procedure of an owner-managed agency in comparison to a network agency.

Description of the organisation

Publicis Frankfurt belongs to the Publicis Groupe, which is a French multinational advertising and communication company. It belongs to the 4 most important and biggest advertising holdings in the world. In Europe the Publicis Groupe even owns the biggest communication network. The Publicis Groupe is featured on 196 cities and 104 countries with 44,000 employees. There are several main subsidiary companies that are part of the Publicis Groupe such as Leo Burnett, Saatchi & Saatchi, Bartle Bogle Hegarty and Publicis. Publicis is the founding basis and the largest agency network of Publicis Groupe. Publicis has 8,900 employees in 251 offices in 82 countries.

Publicis Frankfurt was founded in 1959 and the biggest of 5 German locations with more than 300 employees. Publicis Frankfurt is positioned as the consumer-oriented agency of the German network. It is in charge of companies that are firmly fixed in the consumer’s daily life such as Renault, HP, Garnier, Procter and Gamble and Germont. These brands are important for the commerce and bank on popular campaigns with mass impact.

The student Katharina Boden works for the team, which is in charge of HP. The team consists of an Account Manager, an Account Director, a HP Brand Director, several creatives and controlling employees.

The client HP is not just managed by Publicis Frankfurt but also in parts by Publicis Hamburg. As seen in Figure 1 the workflow is divided between Hamburg and Frankfurt according to their...
competencies. The local HP Hub in Germany is situated in Boeblingen, which is more than 200 km distanced from Frankfurt and almost 670 km off Hamburg. Frankfurt has the worldwide responsibility for the Technology Solutions Group (TSG). Besides it also manages the local responsibility for the Imaging Printing Group (PSG) for Commercials.

As shown in Figure 2 there is a clear communication procedure between HP and Publicis. The basic principle is to never cross the box. As a result a local Publicis agency should not contact the worldwide HP office to demand any material or communicate new changes. In other respect there would be a total chaos after a short time.

The communication strategy of the HP-Publicis relationship is important for the evaluation process. For the reason, that the evaluation survey will be developed and created for the local HP and Publicis Hub only with concentration to the IPG business.

**Theoretical Approach**

**Evaluation of client-agency relationship**

The business of advertising has changed significantly over the past decade. Clients are getting more and more frustrated with the levels of agency competence in strategy, in creativity and in effectiveness measurement. There are problems with interpersonal relations and creative
arrogance. But most important, there are complaints that describe the lack of agency’s understanding of the client’s business. Undoubtedly there are many pressures like should an agency cut costs in times of the financial crisis? Or should it offer a better value for money? However how can an agency improve a relationship and the quality of work if resources are taken away? Therefore it is more than essential to introduce clear objectives and goals in the beginning and guarantee that processes and milestones get evaluated through the relationship. Once an advertiser has selected the agency, the well-being of an advertising agency is very much dependant on the relationship to its client. The agency and the client have to work together to successfully develop and maintain the relationship. As soon as problems can be noticed it is important to find the factors that cause dissatisfaction and evaluating them. However it is also crucial to evaluate factors of satisfaction to be able to stress on positive points of a client-agency relationship.

There is no single factor that influences the work activity but there are always many factors. It is often the case that if dissatisfaction evolves that tendentially the other partner is blamed. However According to Account Manager C evaluation processes are not about finger-pointing but to improve the performance of the agency as well as the client.

In general, trouble in a client-agency relationship has little to do with the capabilities of an advertising agency but with the lack of maintaining a performance system. There are several factors which are identified if a client is appraising an advertising agency: method of evaluation needs to be simple, environment needs to be calm and objective, appraise regularly and make the agency a partner in the appraisal effort. (David S.Waller’s, 2004) This fact is also confirmed by Account Manager C who says that is inevitable to conduct an evaluation for both the agency but also the client.

It is important to keep the communication flow going and have regular contact between the agency and its client. There arise a lot of problems because of a lack of communication. The more experience both parties have with playing in a client-agency relationship the better the outcome.

According to Account Manager A a long-lasting relationship to a client can give a better insight of the client’s business and its working procedures. That again can prevent mistakes, which are done by new agencies.

Wackman et al. (1987) investigated the relative importance of factors that influence the success of a client-agency relationship. Hereby the study was divided into two parts ‘predictors of satisfaction’ and predictors of ‘good’ creative work. Even though most studies have the position that interpersonal aspects have a great impact on the client-agency relationship, the actual quality of work should not be forgotten. In the study of Wackman at al. (1987) evaluation items
were given to the respondents and used in predicting the perceptions on the quality of the agency’s work. And again, several relationship factors such as ‘1. Agency shows strong leadership’ and ‘2. Good relationships with agency creative people’ were ranked the highest. The study also shows that work products factors tend to be positively evaluated by clients whereas relationship and work pattern factors tend to be mentioned as weaknesses of the current agency. That again means that agencies must invest in the relationship with their clients for example by training personnel in relationship building and developing a regular system of monitoring the chemistry of the client-agency relationship. Account Manager A states that an evaluation helps to optimize processes, which results in more efficiency in daily business.

Bruce Buchanan and Paul C. Michell (1991) investigated if certain structural factors in a relationship tell something about its stability. First of all, bigger accounts have higher chance to prevent failure. Even new accounts tend to be less fragile to a relationship fiasco. In the case of an agency that is frequently changing accounts chances are high that this tendency will continue. There are even industries that predict a high-risk of failure. With 62.9% of Buchanan and Michell’s representative study charities and the education sectors are indicators of high risk relationships followed by leisure equipment, office equipment and publishing. The food, tobacco and toilet/cosmetic industries were rated as low risk relationships. Not surprising is that the client spending depends on the stability of the client-agency relationship as well. The higher the spending the less chances that it comes to a termination. And the more accounts and agency has the more is being spend on the agency and again the higher the chances that it will achieve a contract renewal.

In accordance to Account Manager B the evaluation is important to review the relationship, to question the relationship and eventually improve weak points. It is difficult to integrate evaluation processes into the daily business but time should be used to do so because the client gets the confirmation that the agency actually cares about the client’s opinion.

**Evaluation Plan**

**Identify objectives**

To develop an evaluation plan the goals and objectives of the collaborators need to be indentified. The associates need to find a reasonable level of agreement on goals, strategies and outcomes. When goals are developed they need to be reflected in broad statements that generally describes the desired outcomes. When objectives are developed they need to be presented as measurable statements about outcomes that are expected to be accomplished in a given time frame. It does not make any sense if a survey is conducted and the outcomes
evaluated but no next steps taken. The objectives require details and should include a target group, a description of the activities, a time frame and a target performance.

**Identify project outcomes**
In order to identify relevant and important project results the outcomes need to be divided in 3 groups, the short-term outcomes, intermediate outcomes and long-term outcomes. Short-term outcomes typically involve learning objectives such as awareness, knowledge, attitude and skills. Intermediate outcomes are engaged with action such as behaviour, practise and policies. The long-term outcomes involve social, economic, civic and environmental conditions. Even tough long-term outcomes might have a stronger effect and input, short-term and intermediate outcomes can usually be completed within the grant period.

**Select outcome indicators**
Each identified outcome needs to be translated into indicators that state what is to be measured. Hereby it is important to keep in mind that each indicator measures some important aspect of the outcome and starts with a numerical designation. Furthermore unspecific wording needs to be avoided to prevent confusion and a clear structure of the evaluation needs to be shown. Last but not least the feasibility and the costs need to be checked before the evaluation can be conducted.

**Collect data**
In the last step data sources and data collection procedures need to be identified. Hereby the research design plays an important role. There are several possibilities such as a performance assessment, a survey, observer ratings and interview data.
Even though the target group was already chosen in the beginning the issue of who to consider a participant still needs to be defined. Last but not least the question of who will collect data and how will the data be analyzed are last point which need to be clarified.

**The product**
In the following section the product will be described and presented in form of a process in which the client evaluates the agency.
**Evaluation Plan**

**Goals and objectives**
The collaborators of the evaluation survey are the advertising agency Publicis Frankfurt and the company Hewlett-Packard. Both parties are facing a client-agency relationship which needs to be evaluated. The expectation of the evaluation is to state the current status of the client-agency relationship.

**Goal**
Analyse the status quo of the HP-Publicis relationship and find weak indicators of the client-agency relationship. The final goal is to improve the relationship and guarantee a strong satisfaction of the relationship for the client as well as the agency.

**Objectives**
Investigate the relative importance of factors that influence the success of the HP-Publicis relationship to achieve a better short-term and intermediate outcome of the relationship.

**Target Group**
In this case, the company HP represents the client. Even though HP is a worldwide company the evaluation will be conducted with the local HP client, which is situated in Boeblingen, Germany. The reason for that result is the fact that Publicis Frankfurt and HP Boeblingen work on a same cultural level. That again means that the survey will be created to evaluate the relationship of two western European partners. The client-agency relationship is already a complex field of study. In case that the cultural differences have to be taken into consideration like it would happen in an Asian-European partnership the survey has to be structured differently. However to be able to focus on only one issue the survey will concentrate on the pure client-agency relationship only and therefore two culturally equal partners have to be chosen.

**Outcomes**
The short-term outcomes will help to make Publicis and HP aware of the current situation and they will stress on problems and positive issues. As soon as there is the knowledge about the weak components of the relationship the intermediate outcomes make sure that the employees of Publicis and HP change their behaviour, attitude and work style to improve the relationship. Long-term outcomes could be taken into consideration but are not necessary for this study. Since the client-agency relationship is usually of short time and the daily business very intense it makes more sense to concentrate on intermediate outcomes to assure a realistic success of the goals.
Measurement
The author decided to conduct a questionnaire, which contains a mixture of open-ended and items designed to assess the importance of various factors influencing the client’s satisfaction with their advertising agency.

The first section includes four items that give details about the characteristics of the company. In the next section respondents are asked to evaluate the agency’s key performance on a series of 6 items. The third and fourth part assesses the predictors of overall satisfaction with the agency account management and the agency creative work. In addition respondents were asked to describe their level of satisfaction with their present advertising agency. This step was included to give respondents the chance to add more content and evaluate the agency outside the metric system.

The evaluation procedure
The letter
A letter will be send in advance to HP employees having the closest contact with Publicis. In this letter the reason of contact will be mentioned and the purpose of the evaluation will be described. There will be a clear explanation of how the data will be used and analyzed. Furthermore the point of contact at HP will be stated to give respondents the change to ask any further questions. In the end the letter will call attention that the survey is completely voluntary but that the participation will be very much appreciated.

The course of survey
The survey will be sent in a package including a webcam with an integrated USB Stick and a short welcome letter with instruction for installing the webcam. Once the webcam and USB is attached to the computer a new browser window will open to show an introduction and instruction movie to the respondent. The viewer will be guided through the movie by Volker Selle, the CEO of Publicis Frankfurt, to make the whole experience very personal and the purpose of the survey more reliable (see Figure 3).
The movie will include the following elements:
In the first section the respondents will learn why the survey is conducted and what the goals are. The information will be given that a summary of the survey will be sent to everybody after completion. In the second section the respondents will get to know the procedure of the evaluation survey, which is explained step by step with little animations and movies. After the movie is finished the respondents is asked to install the program, which will conduct the evaluation survey. Once the respondent completed the survey it will be sent automatically to an external database which collects all the results. As a thank you the respondent is allowed to keep the webcam and the usb-stick that also includes several eBooks.

The moment that all data are evaluated and analyzed by the system the Account Manager or the Account Managers who are in charge of the respondents HP jobs will by informed by email about the outcome (see Figure 4). This will be done in form of a traffic-light system, which symbolises the status of satisfaction of the client. A green light means that everything is perfectly fine but the Account Manager still has to have a look at the weak points to foresee upcoming problems.
Amber light means that the HP client tends to dissatisfaction. Therefore the Account Manager has to have a meeting with the team manager to discuss, analyze and make suggestions for improvement.

The red light means that the HP client is dissatisfied. In this case the Account Manager, the Team leader and one of the managing directors will have a talk to discuss, analyze and make suggestions for improvement. Afterwards at least the Account Manager but ideally all three agency managers will meet up with the client to present their ideas that hopefully can help to improve the current situation. The ideas will be discussed with the client and suggestion will also be taken into consideration afterwards.

The evaluation process will be done once every year. As a result every survey can be compared to last year results and a statistical tendency can be drawn to evaluate client’s satisfaction over the years. The agency is able to see if there has been any improvement compared to the last years and if the taken steps to improve a certain client relationship was effective.

**The survey’s content**
The survey will consist of four sections whereof one sections will include open-ended questions. The first section contains three items where the respondent gives details about the characteristics of the company: the position of the respondent in the company, the years of...
experience with client-advertising relationships and information about the advertising budget that the client or the client’s department has available.

In the next section respondents are asked to evaluate the agency’s key performance on a series of 6 items. The respondents have 5 evaluation levels on hand which are accompanied by the colours of a traffic light. This is done to make the decision and opinion of the client visual and can ideally substitute any reading of the evaluation phrases in order to save time. Often evaluations are not conducted because the respondents are strongly involved in the daily business process and lack time for the evaluation. A visual system can simply save time. The assessment levels for the second section are named: Must Improve, Could be Better, On Target, Very Good and Excellent (see Figure 5).

![Figure 5](image-url)

The respondent simply needs to tick on the appropriate field which will be marked by a red circle. Once the respondent is done with section two the third section can be entered by pressing the ‘Next’ button. The third and fourth part assesses the predictors of overall satisfaction with the agency account.
management and the agency creative work. The 14 evaluative items of the section ‘Satisfaction of Agency Account Management’ as shown in Figure 7 & 8 will be used to predict respondents’ overall satisfaction with Publicis Frankfurt and are defined as the following:

- Relationship to agency personnel
- Interaction with client
- Agency personnel is experienced
- Agency willingness to learn client’s business
- Assignment of responsibility is clear
- Easy to get in touch with account executives and other essential people
- Agreement about goals and objectives
- Agency operates within the agreed-upon strategy
- Agency meetings are productive
- Agency reacts quickly
- Agency makes deadlines
- Agency not burdened with too many levels of approval
- Price of service

![Figure 7: Satisfaction with Agency Account Management](image-url)
The 14 evaluation items of the section ‘Satisfaction of Agency Creative Work’ will have the same approach and predict the perception of the quality of the agency’s creative work.

- Relationship to creative people
- Agency shows strong leadership
- Agency personnel is experienced
- Good use of research
- Assignment of responsibility is clear
- Easy to get in touch with creative executives and other essential people
- Range of service offered
- Agency operates within the agreed-upon strategy
- Agency meetings are productive
- Agency reacts quickly
- Agency makes deadlines
- Agency not burdened with too many levels of approval
- Agency stays within budget limitation
According to literature about client-agency relationships there are two values that indicate the satisfaction of a relationship, the interpersonal correspondence and the creative work. In addition to the Account Management and the Creative Work it would be possible to further split up the areas of competences in Production, Direct Marketing and Planning, Strategy and Research. However, in this study the goal is to evaluate the overall performance of an agency and therefore too many section could be confusing and too time-consuming for the HP respondents. In the last and fifth section the respondents get the change to openly describe their level of satisfaction with their present advertising agency by answering the following question: ‘Name the greatest strengths & weaknesses of your current agency’.

This step was included to give respondents the chance to add more content and evaluate the agency outside the metric system. This will be done by recording the client via webcam as shown in Figure 9.

![Figure 9](image)

The method of videotaping has several advantages. First of all, the client saves time which would be used for making notes if the section had to be answered in a written form. Secondly, the agency is able to watch the client’s emotions while reporting about the level of satisfaction. In a telephonic interview this would not have been possible. And last but not least a webcam is more cost-conscious than travel expenses for a face-to-face interview. Besides the webcam is a
nice gimmick to surprise and put the respondents in favour of the evaluation procedure.

In case that some HP respondents forgot to fill in the survey, reminders will be send out to ask everyone to take part at the survey to improve working processes and interpersonal bonds between HP and Publicis.
At the very end of the evaluation process a short summary will be send to the respondents thanking them for their participation.

**Outlook**

**Reliability**
The survey analysis is done in a form of psychological testing which is also called Psychometrics. It is concerned with quantification of human characteristics. In this study behaviour and performance are measured. The reliability of a survey analysis is can be based on its reproducibility. Reproducibility describes the outcome of an experiment carried out in varying conditions. The study is created to be repeated under different circumstances like different items per section or another focus in the areas of competence.
Furthermore the number of attributes that are given to answer a question also measures reliability. Attitude questions that have a higher number of possibilities to response also have a better reliability. Generally, it is said that respondents should chose between an unequal number of options being either three or five. In this survey the author decided for five assessment levels with the background of guaranteeing higher reliability at the end.
More extensive verbal and visual labelling of numbered respond options were found to be more reliable. In Section two to four the author labelled the respond option with characteristic colours and precise words instead of numbers. The respond option ‘I don’t know’ was not given at any point because it is more likely to be less reliable. With a number of 14 items per evaluation section there is not a lot of room left for uncertainty or ignorance. And a reliable evaluation outcome is always based on a complete survey.

**Success**
The success of a survey evaluating the client-agency relationship is very likely to be high. According to the interviewed Account Managers evaluation processes are a must-do in every agency and company. The agency does not fear any critics in contrast they appreciate and value any feedback that helps to improve working processes, the creative work and the interpersonal relationships to assure a satisfied client who will renew the contract again. And also client like
HP are grateful for an evaluation because it might result in optimized processes which save money and time. Furthermore every employee is interested in a friendly and efficient relationship with its partners.

The survey illustrates a simple structure which is easy to follow. The amount of work is manageable and straightforward. The webcam is an appropriate gift to show appreciation for HP employees who fill in the survey.

**Network vs. owner-managed agency**

In general, there are two different types of agencies, the network agency and the owner-managed agency. Publicis is part of an international network agency. As a result, advantages are usually connected to the variety of possibilities which are due to the size of a network, its different partners and international locations. If an agency is part of a network it can always rely on the other partners in case it needs professional competencies which are not covered by the agency itself. Furthermore those agencies can always pick a location that is the closest to the client’s headquarter. That again saves costs and time. However network agencies also have their disadvantages. The hierarchy of the network and levels of approval can sometimes be disturbing for a smooth business flow. Whereas the client should not have too many problems contacting any account executives or people from the upper management of an owner-managed agency it can be quite difficult for clients of a network agency to get a hold on the upper management. Owner-managed agencies are often more cost-conscious than network agencies and have the gift to show a stronger individual interest for the client.

In general, it can be said that the content of an evaluation form of a network and an owner-managed agency should not necessarily be different. However the differences probably can be seen in the outcomes. Clients who have to evaluate a network agency most likely will weight down items such as contact with upper management and approval processes. This has to be taken into consideration when interpreting and analyzing the outcomes. On the other hand clients who have to evaluate owner-managed agencies might rate down the range and variety of service offered.

Nonetheless predicted weak points are no excuse. Both agency forms still need to make sure to completely satisfy the customer.
Bibliography


