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MARKETING COMMUNICATIONS MANAGEMENT

Analysis, Planning, Implementation

SECOND
EDITION

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5 The Marketing Communications Industry

Introduction

In this chapter the nature and workings of the marketing communications industry are explored. Practitioners' views of what clients want and client-driven change are discussed in relation to what theory offers practice. The management of an organisation's marketing communications programmes (as discussed in Chapter 4 of this book) normally requires the efforts and inputs of a number of individuals both internally and externally so that there are players in agencies or marketing communications companies as well as client organisations. The nature of such players and type of system, whether decentralised or centralised, is discussed in terms of the degree to which agencies are involved with an organisation's strategy and the degree of responsibility for the development of an integrated campaign. The adoption of an in-house function is considered in relation to the advantages of cost savings and control but also the potential lack of experience and objectivity. Agencies are discussed in terms of the various types and structure including full service (one-stop shop), creative boutique, media specialist or 'à la carte'. Agency selection issues, agency operational relationships and remuneration and evaluation of performance are also considered. Other, more specialised agencies and marketing communications companies are discussed so that direct marketing, sales promotion, public relations and interactive communications firms as well as those specialising in elements such as sponsorship or product placement are considered against the backdrop of integration (as discussed in Chapter 1 of this book).

Learning objectives

The chapter seeks to explore and explain the nature and structure of the marketing communications industry. More specifically, after reading this chapter the student will be able to:

- appreciate what clients want from the communication practitioner perspective;
- critically assess client-driven change;
- identify the players involved in marketing communication from both the demand and supply sides;
- evaluate the ways in which client organisations deal with agencies and communications companies and the advantages and disadvantages of varying levels of involvement;
- assess the advantages and disadvantages of an in-house marketing communications function;
- understand the role of advertising agencies and the services they offer as well as key issues such as agency selection and remuneration;
- understand the role of other types of agencies or communication companies and the services they offer as well as key issues such as selection and remuneration;
- examine the use of integrated services and the nature and responsibilities of transnational agencies and communications companies.

PRACTITIONERS' VIEWS OF WHAT CLIENTS WANT

Theory to practice

The theoretical models and frameworks as expressed in Chapter 2 of this book have been used by writers to help students and practitioners understand and manage the various forms of communication – whether mediated or interpersonal – that they are or will be involved with. The simple argument is that theory should inform practice otherwise it is pointless but practice needs some theoretical underpinnings to provide stability. This argument is central to this book since there is concern with practitioners and what they can gain from the theoretical stances taken by writers – whether practitioners themselves or academicians – in order to provide a basis from which to build the desired communications. However, many in the industry feel that marketing communications professionals need to evolve to stay relevant (Farnworth, 2010), but it is how this can and will occur that is crucial. Rethinking ideas and reimagining strategies may be the way forward, in order to avoid stagnation and 'constantly … meet the quickly changing digital landscape' which has 'been underway for more than a decade', and there is a need to keep skills relevant for all in the company who have a 'public-facing role' (Farnworth, 2010), which now requires social media capabilities. This attitude is new in the sense of dealing with relevant media but not so new when the 'what clients want and need' question is looked at more closely across time.

Outsourcing and specialisation

More than two decades ago Sommers (1990) suggested that clients 'pay outside people for things they can't do as well themselves' and that, at the time, the recession and the 'disaggregation of future media patterns suggests that agencies need to become communications consultants, maybe unbundling creative as well as media functions – and earn on a non-billing basis'. This has, of course, come to pass. Sommers highlights the difficulties with longer-term forecasting but maintains that one thing that is predictable is that clients will continue to pay for things that others can do for them better than they can themselves, so that the buying in of relevant consultancy would continue, and this consultancy might be bought in a hierarchical fashion, i.e. from business strategy and

its elements such as 'the building of new factories or new work procedures' through to marketing strategy and its elements such as advertising. For Sommers (1990) the latter was perhaps not best handled by management consultants but by specialists in the field and highlights the problem of not being clear about what is involved, with confusion arising over what communications strategy or advertising strategy is or should be. Here Sommers argues that 'we tend to hobble all the other means of communication … and relegate them to a tactical role'. This fits in with the ethos of IMC in the early 1990s as discussed in Chapter 1 of this book.

The quest for IMC

As Duncan and Everett (1993) suggested, there were numerous pressures at that time to integrate marketing communications. From a client perspective this appeared to be one of the easiest ways an organisation could maximise its return on investment. Yet by the late 1990s some were declaring IMC to be 'dead' and that it had died because of indecision over the selling of advertising and public relations agency services and what 'integrated' actually means, one problem being the existence of separate departments 'arranged in silos' (Drobis, 1997). However, it was not really a case of IMC being 'dead'. Rather, at this point in time (one of increasing globalisation and turbulent environments) organisations had simply not been able to make the concept work. By the late 1990s there was the opportunity to elevate integrative communications to a new status. This would give the function a new meaning (Drobis, 1997).

Clients clearly wanted to make integrated communications work, which meant being able to achieve objectives by identifying targets and developing strategy that provided consistent messages in an efficient and effective manner. However, the technological and media changes (discussed in Chapter 1 of this book) meant that control of such messages had been passed from sender to receiver, and clearly much has changed. It was fairly clear over a decade ago that clients wanted IMC, and indeed integrated communications to include activities at the corporate level. It was also clear that it is easier to say IMC than to achieve IMC, and the IMC concept was not being embraced by marketing communications specialists (Padsetti et al., 1999). It was thought that the effort would be worthwhile since it was 'perceived as having a direct, positive impact on market share – largely by the support it provides for the brand', even though by the end of the 1990s the evidence was still anecdotal (Jeans, 1998).

Rethinking IMC

The drive towards IMC and paying more attention to consumer needs has meant the realisation that linear models of marketing communications and the ways in which communication is received have had to be rethought. Part of this was the need to turn certain things on their heads. For example there was a need to think not what advertising does to consumers but what consumers do to (or with) advertising and other communication elements. There was also recognition of the need to evaluate marketing communications' effects in the best way possible. This meant measurement also of the return on communications investment and measurement of how effective integration had been. Two key reasons are highlighted by Binet (2005) as being: marketing accountability moving up the management agenda, leading to performance measures affecting remuneration; and 'what you measure affects what you do (especially if your bonus is at stake)'. Of course this has to be done in the right way. What clients need, in Binet's view, are things like a good brief, time and money for analysis and evaluation, and the ability to look for effects beyond profit.

Client-driven change in marketing communications

Beyond quantitative data collection

In terms of client-driven change and the client perspective on marketing research generally, Chadwick (2006) suggested that there are different and distinct categories or levels of research need and demand. These, in ascending order, are: knowledge management and business decision support; integration of information and insight generation across multiple data sources; design, analysis, reporting and generation of insights across multiple studies (or a single source); project management, data processing and quality control; and finally primary data collection. Clients, it seems, are increasingly wanting more than mere data collection. There have been calls before now for 'more qualitative, interpretative approaches' (Fletcher, 2003). Chadwick (2006) suggests that some clients are re-arranging their own departments to make room for more involved inputs from research companies as outside consultants in decision making and not just data collection.

Changing media landscape

As has been suggested in Chapter 1 of this book, some of the key drivers of change generally but for marketing communicators particularly lie in the digital arena. The media landscape is clearly radically different at the start of the second decade of the 21st century from what it was at the start of the first. Mass audiences are increasingly a thing of the past but not only that; consumers of all sorts are involved much more and 'user generated content' is now common. 'The current changes in marketing communications are apocalyptic stuff' wrote Saunders (2006) while questioning whether or not the big brands were really changing. Saunders' interviews with senior marketers, agency people, trainers and academics revealed three majors trends that are causing companies to change: *the drivers*. First, the service business driver with quicker, better service that is more flexible, where prices are keen and brand promises are joined up to service delivery through marketing activities. Second, the customer satisfaction driver and the goal of keeping customers happy, where word of mouth and referrals are often part of decision-making and customer problem-solving. This is especially the case in a digital and social networking age where frequency and coverage are part of the old and relationships and customer engagement part of the now; *the enablers*. Interactivity in terms of both traditional and the newer digital forms is being used to enable people, and for co-creation and data capture; *the big ideas*. These are problem solvers and come from brand vision, are part of any communications plan, and are the creative glue in the branding and communications process. There are big ideas essential for organising communications, identifying values, and making execution easier. According to Saunders (2006) research to help marketers reduce risk is changing in line with changing times, with much more innovative observational research being used.

Proven effectiveness

Clients are looking for agencies with 'effectiveness credentials' and as such agencies have to 'live, breathe and practice an "effectiveness culture"'. However, it is 'very difficult for a client to understand what an agency is really effective at' (Thompson, 2008). What the agency is good at could be any number of things or just a few – or even one specialist service. Clients claim they are more interested in results than agencies that win awards. They also want to have people around them that understand the business and who can think beyond today, immerse themselves in the brand and have an external, objective perspective. Agencies need to have energy, provide inspiration, and show rigour have logical and analytical ability (Thompson, 2008). These are qualities and characteristics that have not changed over the years but there is a bigger emphasis on trust than ever before in an increasingly challenging environment. In Thompson's view this requires creative excellence while at the same time

balancing creativity with relevance. A not unreasonable plea for a clear and stimulating brief comes from Baskin (2010) who suggests that clients expect 'agencies to put a lot of time, effort and money into fulfilling the task … so it is only fair and professional'. Others in the advertising industry are more cautious with the client–agency relationship in recessionary times.

Perceptions of competence and other reasons for relationship severance

A perceived lack of competence, a lack of trust about the financial leadership an agency has with its suppliers, and a failure by agencies to articulate the added value to a client through agency involvement, are three reasons given by Baker and Handyside (2010) for why decoupling might happen. The answer might lie in clients working with multi specialists (post the decline of the traditional everything for everybody model) but this is not necessarily what clients want. Although they have been forced to take this route in the long term it could cost them more according to Baker and Handyside, who argue that clients could actually 'reduce overall transaction costs (and potentially improve quality) by working with fewer providers … there is the basis for a strong and proactive value proposition here'. There are some established reasons why agencies lose clients. For example size can be a factor on both sides. If an agency or the client outgrows the other then there may be a natural parting of the ways. There may also be changes to the client's approach that the agency is not equipped to handle, whether this is a move to digital, different media, a more integrated approach, or new business where the agency lacks the necessary creative expertise or knowledge. A fresh creative approach may be sought if sales stagnate and decline. Disagreement over remuneration may arise in relation to performance and a conflict of interest may arise because of acquisitions or changes in the agency client base.

The Snapshot below illustrates the notions of change, globalisation, interactivity, engagement and impact on the communications process. The late 1990s saw technological influence in terms of, for example, digital and mobile technology and the power of retailers such as Wal-Mart and Tesco was clearly visible. The future appears to be in the realms of interactivity but also in the reality of a 24/7/365 world.

> **Snapshot** Marketing and corporate communications professionals' views of the nature of marketing communications
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> Agencies and communications companies have had to change to meet the needs of clients, who in turn have been driven to an extent by changes in customer and consumer behaviour. The latter has changed and continues to do so not least because of the technological and communications landscape that has provided both opportunities and threats to marketers. Engagement and interaction are achievable 'in a timely and cost-effective manner', according to Rooseboom (2010) who has identified a number of trends and tested these out on professionals such as PR, marketing and communications experts, journalists, media people and customers. Companies have become their own media, especially with the advent of social media and networks that allow them to communicate directly with consumers. Control of media, however, is gone
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and flexibility and adaptability count. There has been the rise of the fearless communicator to meet these media changes. When control is relinquished, companies have to meet the challenge of dealing with consumers with more power, especially over brand messages. Internal becomes external when employees are utilised to deliver the brand promise through the whole organisation for a consistent consumer experience. There has been a move to 'B-to-P', i.e. business-to-people rather than the old assumption that a company is B-to-B or B-to-C where lines have blurred, and eventually the model will be people-to-people. Other trends to look out for are digital media, especially mobile phones, which means marketers will need to repackage messages, pay walls and online news provision and unsurprisingly social media and networks.

A study by Swain (2005), on what marketing communications professionals think about interactivity and consumer perception and consumer control, although exploratory using a purposive sample of professionals, recognised the usefulness of measuring impacts but wished to go further and sought insights from such participants. The results suggested that there was an awareness of interactivity and the need to plan for it as well as a necessity to include the Internet. The importance of special events 'when consumer-controlled interactivity dominates' was recognised. However, the participants did not 'envisage an impact on traditional media when consumers can control reception of messages, including the advertising that supports those media'. It was anticipated that advertising and advertising agencies would experience a decline but that public relations and other promotional activities would increase in importance as consumer control grew. It was expected that clients should be prepared to communicate interactively at the consumer's convenience, with reputation and 'fit' increasing in importance. This follows the idea of the increasing significance of the relationship between consumer and brand. The marketing communications mix was expected to change accordingly. However, payment between client and agency (compensation) was still being viewed in the traditional way and not as measures of interactive communications' success, which is clearly an important issue. In a study of Danish firms and advertising agencies, Jensen (2007) looked at the state of play for online marketing communications and where resources might be directed, concluding that 'usage of offline MARCOM is negatively related to the priority of online … and offline and online communications are therefore compensatory'. This agreed with Swain (2005), i.e. as online grows, offline will decline. Jensen argued that this was potentially disintegrative and therefore companies would have to take greater control. There is agreement too that online interactivity will affect the nature of the communications mix with elements such as online games, coupons or competitions needing to be prioritised, and room for improvement in online relationship communication. Fragmentation and other changes are a challenge to companies who have begun to realise that increased interactivity has to be harnessed and managed.

Stop Point

The move towards Integrated Marketing Communications and measurement of return on customer investment has been in place for at least the last two decades but it is the areas of interaction and engagement, brought about through changes in technology and communications, that are the focus of the marketer's attention. Part of this

is the handover of control to the consumer. Undertake the following: 1. Discuss the notion that control has been handed to the consumer and the need for companies to manage this process; 2. Examine the importance of flexibility and the skills required by companies and agencies if they are to equip themselves to get the most out of digital changes and changes in the media, especially the use of the social media and networks but also the many other aspects of the digital frontier.

ROLES AND STRUCTURES IN AGENCIES AND OTHER COMMUNICATIONS COMPANIES

Changing roles and structures

The marketing communications industry is unsurprisingly sensitive to changes in the economic climate. Any downturn is likely to see spend by clients reduced, as has been the case since 2008. However, research on, for example the Australian economy, from IBISWorld forecasts the advertising industry to 'generate revenue of $1.3 billion in 2013–14, which is an increase of 1.9% from the previous year'. This of course is dependent upon a recovering and improving economy and increased consumer confidence: 'During previous years, clients cut advertising budgets amid weaker consumer spending, particularly on highly discretionary and big-ticket items' (PRWeb, 2013). This is coupled with three other key factors; the effects of globalisation, the fragmentation of the media and the advent of digital media, including social media. Globally there has been a consolidation of marketing communications businesses 'as increasing globalisation of clients necessitates the provision of services on a global basis. Further consolidation is expected over the next five years, as the major players acquire emerging digital agencies' (PRWeb, 2013).

Changes to the ways in which consumers view marketing communications and particular advertising messages fuelled by a more interactive environment have meant a fundamental change in audience media consumption habits, the continued development of web-enabled devices, and a shift towards other marketing communications tools (as discussed in more detail in Chapter 10 of this book). This has had a profound effect on the structure of the industry. Even before the development of the Internet during the 1990s the industry had changed with some firms becoming marketing communications companies rather than advertising agencies and, for example, media departments breaking off and becoming independent media brokers and specialists with others becoming digital advertising firms or web development entities: 'Over time, the mid-size independent agency is expected to become rarer, with most firms operating at the extremes of the spectrum. There will be large firms operating under the holding company model, and small firms serving niche and emerging markets' (PRWeb, 2013).

There is a perception that working in marketing and especially advertising is primarily a creative role. In many ways this is not far off the mark, depending upon how creativity is defined, but there are many other roles in advertising and other communications firms that are less creative in the 'creative ideas' sense. Creativity in this sense has recently been re-defined by Andjelic (2010), writing in *Advertising Age* (AdAge Digital), because of the changes that have occurred since digital media began to take hold. According to Andjelic it is the creatives (the 'people who make stuff') who hold sway over strategists (the 'people who talk about stuff') when it comes to 'creative matters'. However, digital is different from analogue. In the latter

world 'creative is typically a static commercial art piece (or a "portfolio" of these). Creativity represented by great copy, an idea that makes a twist on popular culture or "captures the zeitgeist", or as a piece-of-art logo and print ad, may indeed belong to the same era as those media that defined it.' In the digital world, for Andjelic, 'The best creative is the creation of relationships, connections and interactions. It connects tools with behaviors, locations, and objects. It creates networks or systems.' Andjelic argues for strategic creativity now that digital is here and connectivity and networks are all important. There is a need to 'plan for a chain reaction' and for advertising people to go beyond the conventional creative team, but 'advertising's creative class needs strategists in order to find their way in the digital world'.

Advertising agencies

Roles and responsibilities

There are many people who work within or with the marketing communications industry in many countries throughout the world. Some sell advertising space in publications such as newspapers or magazines and others, for example, work in broadcast media or with online media. All in all there are many roles that are fulfilled. Below are just some of the key roles that can be found in advertising agencies.

Creative roles

In advertising agencies there have traditionally been a number of directly creative roles such as designer or copywriter. Creative roles require high-level skills and competencies. For some time this has included computer literacy as well as paper-based skills and competencies, but more specialist areas are in writing copy or making films.

Graphic designer or creative designer The difference between creative design and graphic design is that the former is part of the creative process that involves being original, fresh, imaginative and inventive, and that leads to problem solving. The latter involves a specific, functional skill set that facilitates the solution. A person could be both but graphic designers are not always creative and creatives do not always have a graphic designer's skills.

Illustrator An illustrator has artistic and design creative skills and is essentially a visual storyteller with a message that fulfils the client brief in terms of mood and style. Illustrators may work in a number of areas but from a marketing communications perspective this will include advertising, merchandising (for example calendars or t-shirts), brochures, catalogues and animation. Illustrators will often specialise, as with for example medical illustrations, and many prefer to work as freelancers, working for a variety of clients and not only in advertising or another aspect of marketing communications.

Art director An art director is responsible for the 'look' of a campaign and works with others, such as copywriters or photographers, so as to meet the client's brief. An art director should therefore understand how, for example, photography or typography works.

Producer A producer develops commercials and other forms of marketing for clients in a wide variety of sectors and media such as television, print, radio or online. A producer might get involved with other marketing communication elements such as public relations, perhaps press work such as press releases, or press receptions or conferences. Producers need to be innovative and able to develop strategy for clients, working with a team of people such as graphic designers or photographers.

Director of photography   A director of photography, in advertising as in film, has to collaborate with others, for example a camera crew, costume, hair and make-up and lighting, in order to capture the desired 'look' of a film, and must understand what is required to get to the photographic 'heart' of the piece that is being produced.

Copywriters   Copywriters are responsible for word generation such a straplines, slogans or scripts, some of which accompany visuals. Copywriters need to be able to work with others in a creative team, with clients, and in particular with art directors, to make sure all aspects of a campaign are in place.

Artworker   An artworker produces a print-ready product and needs to understand the printing process and graphic applications. An artworker takes creative design concepts from a designer and finishes the job by fixing whatever needs fixing in terms of, for example, colours or typography. An eye for detail is essential and for design usual. Technical knowledge of hard- and software is essential for consistency across platforms, from advertising materials to brochures and other literature, exhibition stand work to direct marketing and online materials. A creative artworker may also be involved with the mock-up stage of the process as well as other materials.

Management roles

Account director   An account director has full responsibility for a portfolio of clients with the help of a team of people consisting of account managers or executives. Therefore revenue from the portfolio and the performance of the team falls within this responsibility. The account director usually has a small number of clients and therefore has relationships with brand managers or other, more senior managers depending upon the structure of the client organisation. The account director also has relationships with other agencies and specialists who might be brought in because of their expertise in particular areas.

Account executive   The account executive (or account manager or representative) has a key liaison role where the 'account exec' has to be able to translate ideas from client to creative teams and vice versa in an effective way. The role requires a certain skill set, including sales and negotiation (and therefore listening skills), presentation skills and organising and coordinating skills. Traditionally a 'go-between', the account executive has to get to know clients' business and be able to take ideas and issues back to the appropriate people in the agency and vice versa.

Account planner   Account planners gather and use research and information that (insightfully) feed into a client's marketing communications campaign. Account planning therefore helps both the creative and media effort in relation to the creative and media brief and is also part of the feedback when looking at performance.

Media buyer and media planner   Depending upon the size and type of agency those two roles might be separate or combined and rolled into one. The media buyer is essentially involved in obtaining the best media rates and managing the budget whereas the media planner is involved with adjusting media schedules, often in response to changes in a campaign, and therefore also responsible for monitoring the effectiveness of chosen media. The planner needs research skills and ability, and also needs to know the nature of the target audience and the best media that can access that target. The buyer needs negotiating skills and ability and both require interpersonal skills, especially in order to interface with clients and creatives.

The full service agency

As the name suggests a full service agency can provide clients with a full range of services necessary to marketing communications campaigns, and may even offer services that go beyond the usual elements of creative inputs or media selection such as a requirement for help with marketing strategy formulation and execution. Certainly marketing research is a necessary offering from the full service agency. Marketing research (for example copy testing or the pre-testing of packaging) is a necessary part of the marketing communications planning process (as discussed in Chapter 4 of this book) and features strongly in each of the marketing communications elements (as discussed in Chapter 17 of this book). Freeland (2010) discusses why clients need a full service agency, suggesting that they do so because such agencies have become trusted strategic partners and not merely suppliers. The full service agency may then work with other specialist agencies such as the direct marketing, sales promotion, digital or PR agency, with strict demarcation lines. Freeland cites Unilever having worked this way successfully in the past. However, Freeland goes on to argue that such working in a silo-type way has become increasingly difficult to manage in leaner times and 'It's also potentially blinkering clients by pushing them to decide up front which route to take and therefore which specialist agencies they need to employ'. The answer lies in the advent of the full service communications agency that can embrace 'the opportunities offered by both long-established and new media channels' and achieve 'joined up thinking' and 'a true culture of continuous learning and improvement and ultimately maximise your return on investment'.

Agency remuneration   Agency remuneration has seen varying trends over time but it is the advent and rise of digital communications that have shaped the latest changes. Marketing communications campaigns are more sophisticated than in the past because of digital impact with more and different types of media available that provide opportunities to help break through the clutter that exists in an ever-changing business and marketing environment. Media choice can be quickly reviewed and changed, much more so than in the past, which underlines the need for clarity in the client–agency relationship.

In the best practice guide on how to pay agencies, the Institute of Practitioners in Advertising (IPA) guide (IPA, 2012) suggests the first edition guide of 2005 'reflected the trend from commission to fee-based remuneration with some development of payment by results'. There are now, however, 'more complex and sophisticated remuneration models as agencies and clients seek to provide for more value-based efficient relationships'. The IPA document argues that such trends are a result of slimmer budgets and that remuneration models will continue to evolve, and offers a ten-point checklist of best practice remuneration agreements and eight principal payment systems. The checklist consists of the following:

1. Simple to understand and easy to administer and execute.
2. Fair to both client and agency with equitable remuneration, including fair and transparent profit.
3. Aligning client and agency interests, priorities and needs.
4. Finalised before agency resources are committed.
5. Recorded in a ratified client–agency written contract that provides reassurance and clarity over time and a basis for dispute resolution.
6. Flexible enough to accommodate possible changes to many things, for example, services, new products or corporate objectives.
7. The involvement of senior management stewardship whereby principles are clearly communicated to both parties so that understanding of the mechanics is established and conflict is avoided.
8. Capable of enduring over time and robust enough to survive change.

9. Based on agreed and understood terms and definitions whereby everyone is talking the same language.
10. Specified tracking and review dates should be part of a formal review and evaluation process and ideally every six months, but for a newly formed relationship a review should be completed after the first quarter.

The IPA (2012) guide suggests that fees of various types account for 90 per cent of all creative agencies agreements with the rest being hybrid agreements that might include a commission element. The eight IPA principal payment systems are listed below.

Retainer fees were introduced when media and planning functions were split so as to remunerate creative agencies. Such fees are agreed in advance for a period of time and are based on estimates of staff costs, overheads and an appropriate level of profit, having followed a detailed plan that includes a work schedule for those involved. This is usually billed on a monthly basis but can be reviewed over time and there is usually a guaranteed minimum and an element of pay by results (PBR). The advantages for both client and agency are numerous according to the IPA guide. The agency has knowledge of its income and can therefore plan for costs and cash flow. The client can budget for the advertising and agency cost and any other third party (net) costs including production. There are no ties to specific media or commission making it media-neutral. On the down side the scope of the assignment has to be accurate otherwise it will not work, it is less accountable because it is input- rather than output-based, and it is not based on performance so might then not encourage the agency to be proactive. It is also time-consuming to negotiate and administer and increases overhead costs.

Project fees are often used in conjunction with retainer fees and usually applied as a one-off or ad-hoc cost for a particular project, as the name suggests, and are also often used to pay for supplementary services such as direct marketing, PR or sales promotion. There is no notice period, money up-front or financial security as there is with retainers so that this attracts a premium and thus is ideal as a top-up. There is ease of control and flexibility when dealing with client needs and it can fit in with integrated or niche approaches. On the down side it is a short-term rather than long-term relationship in nature and not for brand building, there is less confidence than with longer-term approaches, and performance incentives are difficult to build in to the agency's output.

Variable fees are based on actual time spent and is used in marketing communications services such as sales promotions rather than in creative advertising. This is a charge-out, cost-plus rate for staff services and is based on staff salary, overheads and profit and not estimated cost as with retainers: it is paid after the event. Although this is easy to administer, is flexible, reflects client need and is a clearly defined process of delivery and payment, there is no way of knowing or predicting the cost in advance. The client cannot budget and the agency staff cannot act with confidence, and according to the IPA guide there is a perception of an accountability problem and no direct incentive for efficiency. If the agency spends more time on a task they will be paid more unless an agreement is reached or a cap set.

Scale fees and bonuses are likened by the IPA to a 'salary' that is a fixed percentage of either sales or the annual marketing budget. With the case of a scale fee based on sales the bonus is built in. This can be either a matched percentage of sales increase or a scale fee pegged on the marketing budget. This is a bonus based on results, calculated on a mix of subjective and objective elements. The advantages are that it is good for companies seeking sales as a key performance indicator, as with fmcg companies. It is linked to client success rather than man hours whereby if the clients sales increase so does the agency's pay, and if based on the marketing budget the agency benefits according to increases in the volume of activity but is media neutral. On the down side this system does not appeal where sales

are not the main determinant of success, it is less accountable, not being based on scope of work and spend level, and it is potentially unfair on the agency since sales are affected by many other things such as the economy and change and the fact that some marketing communications services are not related directly to sales.

Consultancy and concept fees are agreed one-off fees that cover the cost of developing the creative concept of a campaign, based on the estimated value of an idea to the client's business. This system will work when work is needed beyond the existing remit and is usually priced at a premium due to the short-term nature of the assignment. The concept is retained by its creator who is either paid some form of royalty, licence fee if used again or outright purchase. This system has the advantage of a client being able to buy into a first-class concept that will enhance the brand but there are problems with this system. The value of the idea can be the only determinant of the fee and this can become contentious because it is outside of the agreement.

Licensing fees are different to the concept fee in that there is a lower rate but no client ownership of the concept since a licence fee is paid, and this system is useful with online advertising. Agencies are incentivised to produce ideas that are big, flexible and long term to build the brand, the up-front costs are minimised, and the concept can be retained by the agency yet work well for clients in other markets, which can be negotiated when needed, and this avoids a dispute over extended rights. On the down side copyright does not apply to idea-only and straplines cannot be protected by copyright and must be registered as trademarks.

Output or off-the-shelf rate fees are a fixed price per unit, like pay per click, for commoditised output. It is simple and reflects what the client is buying in terms of a standardised purchase but clearly is not suitable if the desired output is not standardised or commoditised but is in fact tailored to client need.

Commission fees come from media owners and are still in place. This system of basing the agency's remuneration on the commission earned from the media owner (15 per cent gross of media spend) is still the basis for many media agreements despite much speculation about its demise over the last 10 years or so. The IPA guide, however, suggests that it is almost extinct as the sole means to agency remuneration because of the changes to the industry and especially the split between media and creative functions. The IPA guide also suggests that 84 per cent of media agreements are with independent media agencies. It is simple and easy to administer in mainstream advertising cases, the rate can be negotiated depending upon level of service and both parties can forget price and concentrate on service quality. It is, however, a system that does not take output into account as it relies purely on media spend and because of the dependency on volume it is not suitable for digital contexts and it is not media neutral. This can lead to a situation whereby agencies are suspected of promoting media expenditure rather than finding solutions to marketing communications problems. On the other hand spend cancellations can affect agency revenue.

The IPA (2012) guide suggests that a mixture of remuneration types might be fairest. For example, retainers can be used with a project fee but such hybrid systems still need to be guided and mutually agreed.

Payment by results (PBR) schemes

Such schemes are incentive-based and involve key performance indicators (KPIs) that are used by nearly 70 per cent of agencies in the UK (IPA, 2012). PBR schemes are structured to wrap around a particular remuneration scheme with the intention to be mutually beneficial and win-win by providing the client with measurable outcomes while the agency potentially gets a higher return. Stable, long-term relationships work best and enable measurement of goals whether based on subjective (relationship) or objective (actual results such as sales or market share) criteria. The PBR scheme has the advantage as accountability in

terms of performance and delivery and the long-term nature of such schemes allow agencies to demonstrate their contribution. On the other hand it may be difficult to calculate one agency's contribution when other factors are at play in a complex and complicated situation. This can lead to relationship damage so that care needs to be taken over the budgeting and finance and that the scheme is properly set up.

Value-based remuneration

This system works by putting a valuation on agency results whereby a client sets a base fee to cover the cost of producing outputs and then a mark-up is added (rather than a discretionary bonus) based on actual performance. This fee is based on mutually agreed criteria so that reward is based on agreed performance and delivery and has the advantage of clarity and accountability, but may not work as well for the agency if the mark-up affects profit adversely. It is complex and resource-heavy to manage and performance criteria are a significant qualitative element.

Evaluation of agency performance

Monitoring and evaluation in general are a good idea. As suggested in Chapter 4 of this book, this is a fundamental part of the marketing communications management process. It is a different kind of evaluation that sees clients evaluating the actual performance of their advertising agency. For example, Leggatt (2009) reports on a survey by the American Association of National Advertisers (ANA) which suggests that 'the majority of marketers regularly conduct formal agency performance evaluations'. In fact from the sample of 117 marketers, 82 per cent said they did just this as part of an emphasis on accountability. The aim is to improve relationships rather than simply find under-performing elements whereby the evaluation can lead to constructive dialogue and the support of collaborations within integrated marketing communications and brand-building activities. The kinds of criteria looked at are innovation, strategy, implementation and follow through, fiscal stewardship and ideas.

Specialist agencies or communication companies

Direct marketing companies

Direct marketing, discussed more fully in Chapter 12 of this book, is a method of selling products or services direct to customers rather than through an intermediary, there being direct communication between the two parties. The original direct marketing effort may be created in-house by the manufacturer or service provider or this organisation may become a client of a direct marketing company. In many cases the direct marketing company may have been subcontracted to do the work by another communications company or agency. Direct marketing relies heavily on measurement of response rates, whether this be in a direct mail or other direct sales method such as telemarketing, newspaper inserts or online. Direct marketing also relies heavily on customer lists and databases. The direct marketing company therefore has to have this kind of expertise but may also specialise, for example on direct mail services.

Many direct marketing companies offer outsource fulfilment services, integrated digital campaign management, database management, or some form of testing such as A/B (a simple comparison) or multivariate (a more complex) testing. For example A/B testing can be used very simply online by producing two versions of a web page and is therefore a method of validating a new design over an older version. It is a form of measurement rather than guesswork as to which design will produce the best results but regular testing will ensure the best design is in place to optimise results. Multivariate testing in the same

example would compare many more design variables of the web page. These tests can be used in all forms of media to compare, for example, copy, images, or even the method of delivery. The UK Direct Marketing Association (DMA, www.dma.org.uk/) and the Institute of Direct Marketing (IDM, www.theidm.com/) are two bodies that compete for attention in the direct marketing arena in the UK. The DMA in the UK is part of the US parent DMA (http://thedma.org/) whereas the IDM is a UK home-grown industry body.

Sales promotion agencies

Sales promotion, discussed at length in Chapter 11 of this book, is the marketing communications element that adds value to a brand and actively promotes sales increases, product usage or trial. There are a wide number of techniques that can be employed to achieve these objectives, the commonest still being coupons of one sort or another. Sales promotion agencies exist to help clients create tools that will successfully impact directly on sales with better conversion of intent to actual purchase and higher returns. The dilemma for brand owners when employing sales promotions is the warnings often received about brand damage caused by the over-use of sales promotions that are perceived as short-term solutions, while at the same time the results of sales promotions are much easier to quantify than other forms of marketing communication as the results are usually much more tangible and attributable to the sales promotion variable. Sales promotions can produce quick results, which makes these techniques attractive for short-term sales objective achievement. However, longer-term brand strategy will dictate that brand image is an important commodity and brand damage needs to be avoided whereby too many and frequent sales promotion offers can cheapen the brand.

The range of people involved in sales promotion agencies is not dissimilar to those in advertising agencies. There is usually an account management function that includes, for example, a sales promotion account executive who is involved in all of the stages of the process but who reports to an account manager or director. A sales promotion campaign involves devising, developing and implementing sales promotion ideas that may be new to a particular context but not new as a sales promotion technique since, after all, a competition is a competition and a free sample is a free sample. The account executive classically acts as a liaison between the client and the rest of the agency and external suppliers of goods and services. Briefing other agency staff, such as the creative team, the production department or administrative staff, is part of this role. The Institute of Promotional Marketers (IPM) (www.theipm.org.uk/Home.aspx), formerly the Institute of Sales Promotion, is a key UK professional body in the sales promotion area.

Public relations firms

Public relations (PR) as an element of marketing communications is discussed more fully in Chapter 13 of this book where the differences between advertising and PR are explained. These differences are reflected in the nature of the PR sector of the marketing communications industry. The overall job of PR agencies or firms is to create positive relations between an organisation and its publics, including of course its customers where customers are considered to be a key public.

Typical jobs in PR firms include working on media, community and employee relations, and special events, or helping a charity client with fundraising activities. The PR executive will act on behalf of a client and gather facts and figures and other relevant data that will help track public concerns and relevant trends in the client's sphere of operations and relevant publics. The work involves creating PR events to gain awareness or achieve other

client goals by the employment of tools such as press releases or press receptions. The PR account executive needs skills such as imagination, communication and writing and must be able to have the confidence to deal not only with clients, the media and journalists but also other staff including the account manager or director. A degree of diplomacy is required but so also are organising, planning and managing skills. Many people who start or work in PR firms do so after experience in journalism. The professional body in the UK for PR is the Chartered Institute of Public Relations (CIPR, www.cipr.co.uk/), formerly the Institute of Public Relations.

Digital/interactive agencies

The trend towards interactivity, enabled not least through digital technology developments, is said to enhance the ability of companies to get brands closer to customers. Digital experiences help to build online audiences and communities and often it is design that is at the heart of the online experience. Online promotional materials include tools such as brochures and display materials. These days in the wired yet wireless 24/7/365 world, a client's website as well as other interactive services such as mobile applications, e-mail or search engine marketing often drive e-commerce because of the ability to target digital audiences. Many agencies claim to offer website designs that are search engine friendly. They do so because search engine marketing is such an important part of marketing for many organisations. Many digital agencies offer a full service across marketing communications functions. For example PR involves blogs and social networks that cannot be ignored. The rationale is that it is better to be involved than to ignore what is going on with social media and online in forums so that activities include proactive brand monitoring and listening to what customers are talking about.

Digital media planning and buying is often offered by digital agencies. Clearly the days of a limited, simple choice of television and radio stations that could be put together with outdoor or press are over. There are many variations of online display, pay per click (PPC) advertising words such as Google AdWords, pay-per-post blogs, iAds from Apple, and many other online forms of conventional marketing communications elements such as product placement or sponsorship. The kinds of jobs to be found in digital agencies are similar and often the same as traditional advertising agencies and in practice an agency may deal with both traditional and digital work. For example in the digital agency or that part of an agency that deals with digital work, an account director will need experience of leading, managing and of integrated marketing communications thinking across traditional and digital communications. This role requires account handling experience and the ability to have strong relationships with clients. An example of more specific digital roles is that of the digital designer of rich media advertising solutions for clients. This could involve a range of digital advertising from banners to mobile advertisements using desktop, mobile phones or tablets, and requiring experience of, for example, Flash design. If this role is senior in nature then the usual qualities of leadership and maturity would also be required. Other specialist digital roles are in the areas of, for example, search engine optimisation (SEO), mobile advertising or social media.

In-house communications function

The main motivations of cost and control drive some organisations to set up an in-house communications function. The scale, however, is an important consideration and the difference between having a communications or advertising manager or even a department rather than an independent entity within the organisation. One organisation that has achieved this latter position is Benetton with its in-house Fabrica agency (see the Snapshot immediately

below). This is not to say that everything will be done in-house but certainly control and co-ordination will, though with liaison and effective communication critical to success. Outsourcing of services generally is not an uncommon occurrence so it should come as no surprise that this would happen with an in-house communications function. As discussed earlier in this chapter, the marketing communications industry has changed radically, especially since the development of digital communications. Media specialists in particular are sought after by companies who are happy to outsource media and to an extent creative services.

The control advantage of an in-house function is created from a number of sources, for example the greater stability of personnel that comes from continuity in staff, time controls, knowledge of products/services and markets or better access to top management and decision makers. It may also help with consistency of brand image, especially internationally where the number of partnerships with outside bodies is reduced. On the down side of having an in-house facility are issues such as internal conflict, the danger of an inward-looking focus, or less access to creative talent than on the open market where a fresh set of ideas may lie. A key issue is a lack of objectivity, with the in-house facility being perhaps too familiar or too close to the company's offerings. There is also the issue of the skilled specialists who may be required, but these can be bought and used in conjunction with in-house and there is greater flexibility when there is an ability to hire and fire if not satisfied.

The Snapshot below discusses fashion brand Benetton's 'unhate' campaign that was created by its in-house agency Fabrica, and the fast-rising Amsterdam and Los Angeles-based agency 72andSunny, with a theme of peace and tolerance that has ignited the 'cultural conversation' for Benetton yet again.

Snapshot   In-house and the external agency – Benetton's 'unhate' campaign by in-house agency Fabrica and external agency 72andSunny

In 2011 Benetton's 'unhate' campaign saw the withdrawal of an advertisement that showed a fake picture of Pope Benedict XVI kissing Muslim Grand Sheik and Egyptian Imam Mohammad Ahmed el-Tayeb. The Vatican called the touched-up Photoshop image unacceptable. It was part of a global campaign that used similarly faked images of world leaders in a similar embrace. So presidents Barack Obama of the USA and Hugo Chavez of Venezuela, Mahmoud Abbas of Palestine and Benjamin Netanyahu of Israel, Angela Merkel of Germany and Nicolas Sarkozy of France, were all portrayed in similar fake poses. The advertising according to United Colors of Benetton Executive Deputy Chairman Alessandro Benetton was created to promote the concept of 'unhate'. The 'unhate' campaign could be construed as a 'peace and love one world harmony' campaign, making it not so much a new concept but a continuation of Benetton's long-running creative concept. Benetton was reported in the press as saying that these are very strong images in order to send a strong message, without being disrespectful of the various world leaders. It would seem the images are seen by Benetton as 'conception figures' that represent 'brotherhood' sealed with a kiss. According to *The Huffington Post* (2011) reactions to the images were fierce with, for example, Whitehouse spokesman Eric Schultz telling *The Huffington Post* that 'The White House has a longstanding policy disapproving of the use of the president's name and likeness for commercial purposes.'

However, according to Cassidy (2012), while UK agencies 'put in a stronger showing in the Press category this year … the Grand Prix went to a controversial Benetton ad from Italy featuring world leaders kissing'. The Benetton campaign was created by in-house agency Fabrica and it was 'roundly praised by the jury for prompting a global debate as well as instigating a comeback for Benetton, which has a history of controversial advertising'. Cassidy quotes, according to Tham Khai Meng, Ogilvy & Mather Worldwide chief creative officer and president of the Press jury, that the advertising campaign was 'above the others by a million miles'. However, Fabrica was aided and abetted by 72andSunny, which describes itself as a modern full-service design and advertising company with offices in Los Angeles and Amsterdam. This agency was founded in 2004, born out of 'Frustration that our industry was slow to adapt to the changing technology landscape and excitement for all the new ways we can connect with people and a desire to explore that power"'(72andSunny, 2013). The agency's clients have included Samsung and Nike.

It was the Amsterdam arm of 72andSunny that worked on the Grand Prix winning campaign. However, the credit for the top prize went to Fabrica at the client's request. The Press Lions competition honoured three executions in particular – US president Barack Obama and Venezuelan president Hugo Chavez, Palestinian president Mahmoud Abbas and Israeli prime minister Benjamin Netanyahu, and German chancellor Angela Merkel and former French president Nicolas Sarkozy: 'Notably absent was the campaign's most incendiary image – a photo of Pope Benedict XVI kissing a senior Egyptian imam. Benetton pulled that particular ad almost immediately after the campaign broke last November' (Nudd, 2012). It is argued by Parekh (2012) that 72andSunny, as intended for the client, sparked debate, and even outrage, among world leaders in Washington and Rome and beyond. More importantly they 'also reversed a trend of dwindling relevance for Benetton, which has built its brand on espousing ideals like peace and tolerance, and got people talking about the Italian retailer again'. Quoting Matt Jarvis, partner and chief strategy officer at Los Angeles-based 72andSunny, Parekh highlights that 'The most valuable thing you can do in marketing is get your clients and brands into a cultural conversation' and 'We're not the only people doing it, but I think we're particularly good at it.' Other clients, according to Parekh, agree. For example the work they do is 'unignorable' (Eric Hirshberg, CEO of video-game giant Activision) and 'The guiding principles for the brand they developed years ago are so relevant, and we still use them … They really built our global brand with us' (Madeleen Klaasen, chief marketing officer at Bugaboo, the Dutch mobility company).

Stop Point

Benetton has a long history of controversy in its advertising. The 2011 'unhate' campaign is clearly in that same vein. The role of an outside company like 72andSunny is an interesting move on Benetton's part. Undertake the following: 1. Discuss the reasons why Benetton would wish to buy-in the help of 72andSunny when they already have Fabrica; 2. Consider and explain what Benetton might look out for in terms of Fabrica personnel's morale.

ROLES AND STRUCTURES IN CLIENT ORGANISATIONS

Structures

A client can have a centralised or decentralised structure. A centralised structure is one that offers greater authority on making decisions and there is consequently less internal conflict. Within marketing communications, the functional activities such as budgeting, creation and production of promotional materials, media planning and scheduling or marketing research, might all be controlled by one function (and even one person) that coordinates all such activities, including liaison with outside agencies and services.

Generally speaking, as an organisation grows larger it becomes more difficult to maintain a centralised structure, mainly because decision making becomes difficult. A decentralised structure offers the advantages of flexibility and faster problem solving where attention can be focused on matters at hand. The 'brand man' that became the brand manager position came from such growth in Procter and Gamble (P&G) in the early 1930s and heralded a decentralised structure for corporations such as P&G and Unilever. Brand (or product) mangers became responsible for all aspects of the brand or product range in their charge.

Brand manager

Brand management, which began in the 1930s (with Proctor and Gamble, P&G), persists today, with the role involving the usual elements of a planning and managing system as discussed in Chapter 4 of this book, such as dealing with targets or budgeting. The brand manager has to work closely with whoever is dealing with marketing communications whether internal or external. The brand manager role, however, has had to evolve to survive, principally because of the shift towards the more interactive consumer as digital platforms were developed in the wake of media fragmentation. A common argument is that brand managers may spend too much time on internally focused skill sets such as setting and revising budgets and are too focused on short-term planning and administrative tasks, which results in their neglecting the development of long-term plans, often because they must compete for the attention of senior management in order to access resources, but also for career development, perhaps reflecting a lack of authority over brand development. These were the kinds of reason why P&G decided to abandon brand management for category management in the 1980s and then adopt a cohort strategy in 2000.

Category manager

Category management is an additional layer of management above that of the brand manager that enables the coordination of brand manager efforts so that brand and other managers, such as advertising managers, come under a category manager for a whole product category. It is a strategic role devised to help build brands and profit and market share. During the initial years of the new millennium, P&G introduced its new brand management strategy that grouped brands together to appeal to consumers with similar attitudes and needs. This was labelled cohort management but it is in effect a system of bundling brands together that are aimed at similar consumer groups. This was contrary to P&G's previous practice of category management, which is the grouping of brands according to similar product categories.

Marketing services manager

Some organisations group marketing services together under a marketing services manager who oversees all aspects of marketing communications management, but also marketing research and any other marketing activity that does not fall into these two broad functions. In this way the former's support services would include PR, sales promotions, packaging design, merchandising or sponsorship, and with the latter all aspects of secondary and primary marketing research, including a marketing information system, would come under the marketing services manager's remit.

Advertising, promotions or marketing communications manager

Many organisations have a management function where the advertising, promotions or marketing communications manager would liaise with brand managers. These managers would most likely operate under the overall leadership of a marketing director. The duties of these managers will depend upon the size of the organisation but usually a marketing communications manager is responsible for all communications activities except sales, which may operate separately under a sales director. The advertising, promotions or marketing communications manager would therefore coordinate the work of the various agencies employed.

Public relations officer or manager

The PR professional working for an organisation that is not-for-profit usually has the title PRO (public relations officer) but in other organisations may have the title PR manager. The job entails managing the organisation's image and reputation. The PRO or manager needs to have excellent communication skills. Good time management is essential as is the desire and ability to work with lots of different kinds of people. The job might be in-house within a PR department or stand-alone but with agency connections. It involves planning and managing PR campaigns and therefore building strategies, monitoring public and media opinion and, depending upon the size of the organisation, writing and editing brochures, press releases, newsletters, websites or social media activities. It might also involve arranging press receptions or conferences, organising exhibitions or open days, and being involved with sponsored events. Other stakeholders might involve professionals at conferences, charities or community leaders. The job title might be communications, media relations or press officer.

The Snapshot below discusses the client–agency relationship and some of the differing perspectives from both sides of this particular coin.

Snapshot   Rethinking the client–agency relationship – differing perspectives from either side

Liu (2013) comments from client advertising experience that whether it is 'briefing the agency, running a pitch process, or managing a creative project, client-side marketers all have their own styles when it comes to managing the client/agency relationship'. As Liu suggests and has been common knowledge for some time,

(Continued)

(Continued)

the client–agency relationship is central to what marketers do. This relationship is critical to the success of marketing communication campaigns. As Liu says, such a partnership needs 'thoughtful management, transparency, and effective ways of working that all parties respect'. The corollary to this is that there are ways of working that are not effective and these, of course, have to be avoided otherwise damage to this critical relationship will ensue. This, for Liu, would affect creative output since there is a need for innovative solutions to creative challenges. Liu admits that as a client he is 'sometimes guilty of thinking quite linearly', the danger being a presumption of having the answers. The advice is not to 'draw a solid line between the client team and the agency team' but rather, as a client/agency team, the work should be jointly owned, presented and the accountability for outcomes jointly held. Liu reckons that it is sheer folly for the client to try to 'squeeze as much work as you can out of them, to dictate exactly what you want', but rather that the view should be that 'you can disagree without being disagreeable' and that 'you can be clear about your expectations while also being collaborative' with '100 per cent candour in both directions'.

Benady (2013), recognising the subjective nature of the client–agency issue within a PR context, asked senior agency and client-side people for views on agency–client relationships because agencies 'fret constantly about the quality of their association. They pick it over and seem to want to talk about it all the time. Like an insecure lover, they live in constant fear of being dumped.' Benady suggests that there is a 'serious gulf between agencies and clients in what they feel matters most in their relationships', and reports that as part of its 2013 In-House Benchmarking report, the PRCA (Public Relations Consultants Association) asked both agencies and clients to list ingredients for a successful relationship. The response included:

Personal chemistry – only half of the agency respondents held this to be a key ingredient and only about one fifth of client respondents thought this.

Regularity of communication – less than a fifth of agency respondents thought this mattered and only 6 per cent of client respondents did. Apparently there is a fundamental difference in that 'agencies think they are having a relationship, while clients think they are having a transaction'.

Effectiveness – almost half of those from agencies believed that demonstrating ROI was key but in contrast only about one third of clients thought this.

Value for money – less than one third of agencies thought value for money was key while more than one third of clients thought this.

Overall, Benady says that the report suggests that 'there was surprisingly little consensus on the issues that really matter in client–agency relationships'.

Stop Point

The client–agency relationship has been talked about for decades and yet there still appear to be some differences between the perspectives of clients and agencies.

Undertake the following: 1. Compare and contrast the views of Liu and Benady as expressed above; 2. Discuss the similarities and differences that might be found in the client–agency relationship in advertising agencies and PR consultancies.

Assignment

Write a 2,000-word report that illustrates how management might benefit from the installation of an in-house communication function for both internal and external communication purposes. Take into consideration the fact that such a function does not preclude the use of external agencies, experts and specialists.

Summary of Key Points

- The nature and workings of the marketing communications industry involve what clients want and client-driven change.
- Marketing communications professionals know they need to continually evolve to stay relevant.
- Marketing communications professionals need to rethink ideas and reimagine strategies in the knowledge that clients will pay for things they cannot do as well themselves.
- Management of an organisation's marketing communications programmes normally requires the efforts and inputs of a number of individuals both internally and externally. There are, therefore, players in agencies or marketing communications companies as well as client organisations.
- Agencies now need, more than ever before, effectiveness credentials.
- The nature of such players and type of system, whether decentralised or centralised, involves the agencies in an organisation's strategy with varying degrees of responsibility when developing an integrated campaign.
- The adoption of an in-house function is a consideration in relation to the advantages of cost savings and control against the potential lack of experience and loss of objectivity.
- Agencies are structured in varying ways including full service (one-stop shop), creative boutique, media specialist or 'à la carte'.
- Agency selection issues, agency operational relationships and remuneration and evaluation of performance are important issues that need to be considered.
- There is a need to rethink the notion of communications doing things to consumers and to think about what consumers do in terms of interactivity.
- Specialised agencies and marketing communications companies exist to service client need, such as direct marketing, sales promotion, public relations and interactive communications firms as well as those specialising in elements such as sponsorship or product placement.

Discussion Questions

1. Players in the marketing communications industry's agencies and firms need to address what clients want and client-driven change. Discuss this notion using examples to illustrate.

2. Marketing communications professionals know they need to continually evolve to stay relevant. They also need to rethink ideas and reimagine strategies in the knowledge that clients will pay for things they cannot do as well themselves. Discuss the challenges agencies face in negotiating compensation.

3. The management of an organisation's marketing communications programmes normally requires the efforts and inputs of a number of individuals both internally and externally. Discuss the changing role of the account executive in advertising or other agencies. Include in your discussion a reference to the idea that this role might become obsolete.

4. Explain why agencies now need, more than ever before, effectiveness credentials. Include in your discussion examples where agencies have lost accounts and the reasons why.

5. Discuss the brand management and its relationship with marketing communication campaigns using examples to illustrate.

6. Discuss why the adoption of an in-house function is a consideration in choosing and using communications agencies or companies.

7. Explain the role of the media specialist company and suggest reasons why a client might choose such a company to handle media buying and planning.

8. Agency selection issues include relationships, remuneration and the evaluation of performance. Discuss agency selection criteria in the context of an industry or sector of your choice using examples to illustrate.

9. Explain why there is a need to rethink the notion of communications doing things to consumers and to think about what consumers do in terms of interactivity.

10. Specialised agencies and marketing communications companies exist to service client need yet there is a desire to have a campaign that is fully integrated. Discuss the use of specialists in the marketing communications industry in the light of integrated marketing communication.

Further Reading

Chalaby, J.K. (2008) 'Advertising in the Golden Age: transnational campaigns and pan-European television channels', *Global Media and Communication*, 4 (2): 139–56. http://gmc.sagepub.com/content/4/2/139
The change that has taken place with regard to pan-regional advertising campaigns by companies operating in Europe is discussed in the article, which suggests that there

were too few companies wanting to go pan-European leading the stations concerned into financial difficulties. As the number of companies with an interest in meeting the globalisation challenge grew, the advertising industry was restructured. The article discusses the role of media buying agencies with the knowledge to facilitate such campaigns, essentially 'glocal', i.e. as the authors put it, a mix of local and global objectives met by 'flexible local advertising' and 'integrated communication solutions involving cross-format and cross-platform opportunities'.

Deuze, M. (2007) 'Converging Culture in the Creative Industries', *International Journal of Cultural Studies*, 10 (2): 243–63. http://ics.sagepub.com/content/10/2/243.full.pdf+html
This article looks at emerging practices in the media professions, including advertising and public relations as part of marketing communications, in response to the changing global environment that is now technology-led where interactivity is at the centre. The article looks at the key trends such as upstream marketing and citizen journalism that are part of culture convergence and media production and consumption. Deuze looks through a lens of a combination of individual creativity and mass production, known as 'creative industries'.

Johnson, M. and Tennens, M. (2005) 'The Challenges of Implementing a Marketing Strategy: a practitioner's view', *Journal of Medical Marketing*, 5 (1): 44–56. http://mmj.sagepub.com/content/5/1/44.full.pdf+html
This article is concerned with marketing campaigns that are linked to bottom line results and driven by strategic objectives, and as such is a case study of a pharmacy business that for many years did not consciously use marketing tools and techniques. Written by the Chief Operating Officer of the business and the MD of the marketing agency specialising in the design and implementation of marketing communications programmes, the article discusses the implementation of a programme that includes research, telemarketing, brand image, collateral development, public relations and customer relations management. The resultant marketing strategy, integrated with sales strategy and the development of the people in the business, is explained.

Miller, R. (2002) 'A Prototype Audit for Marketing Communications Professionals', *Marketing Theory*, 2 (4): 41928. http://mtq.sagepub.com/content/2/4/419.full.pdf+html
Identifying and measuring the functional marketing skills organisations need in the marketing communications area is advocated in this article, which is concerned with job design, recruitment, training and outsourcing. The author provides a framework for skills definition and measurement in planning their careers in the knowledge that a better understanding of the marketing communications expertise required enables educators to offer courses in relevant applied marketing communications.

Sinclair, J. (2009) 'The Advertising Industry in Latin America: a comparative study', *The International Communication Gazette*, 71 (8): 713–33. http://gaz.sagepub.com/content/71/8/713
The author collaborates with several others from four Latin American locations (Brazil, Mexico, Argentina and Chile) and discusses economic and cultural globalisation. Beginning with the great debate about the cultural imperialism of earlier decades whereby the rich countries of North America and Europe tended to dominate 'third world' countries and moving on to the neglected area of the advertising industry, Sinclair suggests that the article presents a 'detailed empirical account' of the modes in which the advertising industry now binds the four countries of the study economically and culturally.

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