Role of Advertising Agencies in Marketing Effectiveness: An Exploratory Study

[1]Pankaj Agarwal, [2]Mr. Kapil Ahallawat, [3]Aditya Halim Perdana Kusuma Putra

[1]Associate Professor, School of Management Studies, Graphic Era Hill University, Dehradun 248002,

[2]Assistant Professor, Department of Management Studies, Graphic Era Deemed to be University, Dehradun, Uttarakhand, India 248002

[3]Department of Management, Faculty of Economic and Business, Universitas Muslim Indonesia, indonesia

Abstract

No product can be sold without effective marketing, which heavily relies on advertisements and promotions. Advertising agencies specialise in creating and executing advertising campaigns for their clients, using various media channels such as television, radio, print, and digital platforms to reach their target audience. They also conduct market research and provide strategic planning to ensure the success of the campaign. These campaigns are the fruitful results of close work with clients to understand their business goals, target market, and unique selling proposition. The list does not stop here. They also track the effectiveness of campaigns, identify areas for improvement, and provide insights that can inform future marketing efforts. Advertising agencies are thus instrumental in maximising the impact of marketing campaigns and helping their clients achieve their business objectives. Their expertise in creative development, media planning and buying, market research, and analytics makes them an essential partner for any company looking to succeed in today's competitive marketplace. This paper aims to explore the role of advertising agencies in marketing effectiveness.

Keywords- Advertising Agencies, marketing effectiveness, media channels, advertising campaigns, marketplace promotions

Introduction

Since the inception of advertising agencies in the late 19th century, they have evolved to take on many roles as the need for product promotion has changed over time. The first advertising agency is generally credited to Volney Palmer, who opened his agency in Philadelphia in 1841. Palmer's agency was focused primarily on newspaper advertising. However, as the industrial revolution took hold and mass production became more common, companies began to recognise the need for more sophisticated advertising strategies. During this period, a number of large advertising agencies were founded, including J. Walter Thompson, which was established in 1864 and is still in operation today. Today, advertising agencies play a critical role in the success of many businesses, and their expertise in developing effective advertising campaigns is essential to reaching and engaging target audiences (Moeran, 2015). Currently, one of the most important functions of advertising agencies is to stay up to date on the latest trends and technologies in the marketing industry. A rapidly evolving market requires innovative ways of grabbing the customers' attention. As can be expected, in the digital era, the advertising agencies are also facing several issues, including managing earnings, struggling to recognise the right channels of advertisement, targeting new industries, using media outlets to their advantage, and coming up with creative solutions to communication or other issues. This has been explored in detail in a case study on "TOUCH IT," a Danish advertising industry that mainly works in the food industry (Freytag & Clarke, 2012).

Ad agencies use several mental models to come up with these effective creative solutions. Some of these have been discussed by Nyilasy, Canniford, & Kreshel (2013). These have been divided into broad categories of development, social, substantive, and effectiveness models. Practitioners use

skill acquisition models and intuitive models to acquire creative expertise through practice. Fear models and guild models focus on the community of advertising practitioners, while substantive models are conceptual innovativeness and artistic craft models. The effectiveness models explain why creative advertising is more effective than non-creative advertising due to risk-taking and creativity. With the question of ad agencies becoming obsolete in the present day when any Tom, Dick, or Harry can pick up his or her mobile phone and start promoting their product through the various social media outlets. This also raises the question of whether a classic book like "The Business of Advertising, by Earnest Elmo Calkins (1915)" considered the bible of marketing literature, is still relevant. This has been explored by Beard (2015); according to him, Calkins' ideas are still relevant in today's advertising landscape, emphasising the importance of research, planning, and strategy. The dynamics of advertising industry requires keen internet of agencies in the social media marketing (Kudeshia and Mittal, 2015) and managing the "Electronic Word of Mouth" (Kudeshia & Mittal, 2016) Advertising professionals should focus on understanding the business objectives of their clients, conducting research to understand the target audience, and developing creative strategies that are grounded in sound business principles. This obviously holds true to this day.

Literature Review

Advertising agencies can have a significant impact on the effectiveness of advertising campaigns, as they bring specialized knowledge, skills, and experience to the table. They can help shape the creative concept of the ad, develop effective messaging strategies, and identify the most appropriate media channels for reaching the target audience (Idowu et al., 2022). Hailing from Nigeria, these authors believe that advertising companies should take the initiative to assume their true place in the world's modern global revolution. Time and again, authors have stressed the importance of managing client-agency relationships. The authors Keegan, Rowley, & Tonge (2017) find collaboration and communication between the advertising agency and the client to play a crucial role in ensuring that the campaign meets the client's objectives and resonates with the target audience. Both parties need to have a clear understanding of each other's objectives, expectations, and limitations to ensure that the advertising campaign achieves its desired outcomes. This is essential for establishing trust and effective communication between the two for guaranteeing that the marketing project is a success.

Creativity knows no bounds, and these ad agencies are using several novel tactics to not only attract new target audiences but also ensure that their marketing campaign is aligned with their work ethos and office environment. Take Australian ad agencies for example, who have turned something as simple as office space architecture to their advantage. They have designed their offices with the aim of impressing clients and creating an image of professionalism and creativity. These tactics may include using expensive furniture, unique artwork, and even installing lavish features such as lounges and coffee bars. Office design can play an important role in shaping a company's brand image and can be a powerful marketing tool. By creating an environment that is both professional and creative, advertising agencies can bring in and retain clients, as well as capture top talent in the industry (Crawford, 2018). German ad agencies, too, have responded to changes such as globalisation, digitalization, and the rise of social media. The industry has maintained a strong

focus on creativity, while also embracing new tools and technologies to deliver more effective campaigns. They embraced an Americanization of their ethos to forget or alienate the mass consumption mindset of the people. They also have a strong belief in owner-run or one-person owned agencies that establish robust entrepreneurial principles. This makes them quite unique against the rest of the world (Hesse & Lurie, 2019).

In an increasingly digitalised world, ad agencies have also witnessed radical change in the roles and positions available within the agency. These new roles include digital strategist, data analyst, user experience designer, creative technologist, and digital designer. These roles are important as they help agencies adapt to the ever-evolving media landscape and increase the effectiveness of digital marketing. Digital strategists help agencies develop digital marketing strategies that consider the latest trends and technologies. Data analysts help agencies make data-driven decisions to improve the effectiveness of their campaigns. User experience designers ensure that the agency's digital assets are user-friendly and accessible. Creative technologists are responsible for creating high-quality content that resonates with the target audience, and digital designers are experts in designing visuals for various digital platforms such as mobile apps, websites, wearables, and kiosks. They have a deep understanding of user interface design standards and cross-platform usability. Additionally, they possess the ability to create responsive designs that are compatible with numerous screens. Overall, these roles help keep the agency relevant in modern times, thereby, ensuring the novelty of marketing strategy (Windels & Stuhlfaut, 2018).

Digitalisation also makes us question the role of AI in advertising agencies and the ease with which it has been adapted into the system. According to the authors Vakratsas & Wang (2020), AI can help advertising agencies in a variety of ways, including automating routine tasks, predicting consumer behaviour, and improving creative decision making. AI algorithms can analyse vast amounts of data to identify patterns and generate insights that can help agencies create more targeted and effective advertising campaigns. This increased precision can lead to higher engagement rates and a better return on investment for advertisers. Additionally, AI can be used to personalise content for individual users, leading to a more positive user experience and increased customer loyalty. Thus, AI has the potential to significantly increase marketing effectiveness and improve the bottom line for advertising agencies. Another perspective is added by Li (2019), who focuses on the personalization and optimization of ad placement. AI can generate targeted ads by analysing consumer data and behaviour. It can also help with ad formats, and messaging based on data insights. Additionally, AI can help automate and streamline certain advertising processes, which can increase efficiency and reduce costs. AI can enhance the role of human creativity, rather than replace it entirely. Therefore, AI is becoming increasingly important for advertisers to stay competitive and improve their advertising effectiveness in today's data-driven and digitally connected world.

To conclude, Bleier & Eisenbeiss (2015) have put it best, consumers are more likely to trust and engage with personalised ads if they believe that their personal information is being handled securely and used for the purpose of providing them with relevant and useful ads. On the other hand, if consumers feel that their personal information is being mishandled or used for purposes other than what was intended, they are less likely to trust the ads and may even avoid engaging with

them. Therefore, it is crucial for advertisers to prioritise the security and proper use of consumer data to build trust and increase the effectiveness of personalised advertising. In summary, advertisers should strive to strike a balance between personalisation and privacy concerns. By being transparent about data collection and usage, and implementing strong security measures, advertisers can build trust with consumers and improve the effectiveness of personalised advertising.

Objective of the Study

To explore the role of advertising agencies in marketing effectiveness

Methodology

The present study is based on a survey conducted with a structured questionnaire. In the analysis, there were 237 participants who took part. To analyse the data, statistical techniques such as mean and t-test were employed. The research employed a convenience sampling method, where participants were selected based on their availability and accessibility.

Table1 Role of Advertising Agencies in Marketing Effectiveness

Serial No.	Statement of Survey	Mean Value	t-Value	Sig.
1.	Advertising agencies have a deep understanding of the digital landscape and can help their clients navigate the complex world of digital marketing.	4.28	10.040	0.000
2.	Advertising agencies may have a deep understanding of the marketing industry.	3.75	3.026	0.001
3.	Advertising agencies play a crucial role in developing a comprehensive marketing strategy for their clients.	4.48	11.570	0.000
4.	Advertising agencies help their clients develop and maintain a strong brand identity that sets them apart from their competitors.	4.29	7.966	0.000
5.	Advertising agencies serve as a strategic partner to their clients, building long-term relationships based on trust and mutual respect.	4.18	7.196	0.000
6.	Advertising agencies have a team of creative professionals who are responsible for developing eye-catching and memorable advertisements.	4.45	11.337	0.000
7.	Advertising agencies may have a deep understanding of the digital landscape.	3.93	5.332	0.000
8.	Advertising agencies conduct market research to gain insights into the preferences, behaviors, and attitudes of their client's target audience.	4.33	11.383	0.000

9.	Advertising agencies help their clients identify the best channels to reach their target audience.	4.39	11.615	0.000
10.	Advertising agencies use data analytics to measure the effectiveness of their campaigns.	4.24	9.719	0.000

Table1 displays the Mean values for statement for the studying "the role of advertising agencies in marketing effectiveness", looking at the mean scores, the highest mean score is gained by the statement "Advertising agencies play a crucial role in developing a comprehensive marketing strategy for their clients", the mean score of 4.48," next statement is "Advertising agencies have a team of creative professionals who are responsible for developing eye-catching and memorable advertisements" has the mean score of 4.45. Advertising agencies are also found to be responsible for Media Planning and Buying as shown in statement "Advertising agencies help their clients identify the best channels to reach their target audience" having the mean value of 4.39. Another advantage of Advertising agencies is, "Advertising agencies conduct market research to gain insights into the preferences, behaviors, and attitudes of their client's target audience" for which the mean score is 4.33, statement "Advertising agencies help their clients develop and maintain a strong brand identity that sets them apart from their competitors" shows the mean value of 4.29, mean value of 4.28 is scored by statement "Advertising agencies have a deep understanding of the digital landscape and can help their clients navigate the complex world of digital marketing". "Advertising agencies use data analytics to measure the effectiveness of their campaigns" mean score is 4.24. The statement "Advertising agencies serve as a strategic partner to their clients, building long-term relationships based on trust and mutual respect" shows the mean value of 4.18. The last two statements are in lowest range, "Advertising agencies may have a deep understanding of the digital landscape" mean value of 3.93, statement "Advertising agencies may have a deep understanding of the marketing industry" has the mean value of 3.75. T-value of every statement in context of the role of advertising agencies in marketing effectiveness is significant, because t-value statements are found to be significance & positive value also less than 0.05.

Conclusion

Contrary to popular belief, effective advertising is extremely difficult to do without help from agencies that specialise in the marketing industry. These agencies have the expertise and resources to create compelling campaigns that resonate with target audiences and drive business results. They also have access to data and insights that can inform advertising strategies and ensure maximum impact. With increased digitalization, newer roles such as data analysts and user experience designers have emerged. A new role of artificial intelligence in advertising and its potential impact on creativity and effectiveness has made advertising agencies adaptive to change in the system. Advertising agencies are now investing in AI-powered tools and technologies to enhance their capabilities and stay ahead of the competition. This has led to the development of new advertising techniques such as programmatic advertising, which uses algorithms to automate ad buying and placement. As the industry continues to evolve, it will be interesting to see how advertising agencies continue to innovate and stay relevant in an increasingly competitive landscape.

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