CHAPTER - II

Research Design

2.1 Sampling procedure
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CHAPTER - II

RESEARCH DESIGN

This chapter presents the methodology adopted to identify the advertising agencies and the advertisers from the population considered for the study.

2.1 SAMPLING PROCEDURE

The sample frame for the present study includes the advertising agencies and the advertisers at Chennai City in Tamilnadu. Two separate samples were required from the two groups studied. The samples were drawn in the following manner.

Adverting Agencies

In the first phase, it was decided to identify and select the advertising agencies registered with the Advertising Club, Chennai and located within the Chennai City limits. For the purpose of identifying the advertising agencies, the researcher approached the Advertising club, Chennai and from its directory of members, listed out the 70 advertising agencies. In the second phase, the investigator made a personal visit to these advertising agencies to identify the specific advertising agencies to be contacted for researching. On meeting the top executive of the agency, the researcher detailed the extent of co-operation needed from the agencies. Out of the 70 agencies contacted the top executives of 60 agencies agreed to co-operate and participate in the research.

In the third phase, the researcher once again visited these 60 advertising agencies and administered the instruments of study to elicit the data needed.
The advertisers

The study includes all the advertisers having their registered office at Chennai City, in Tamil Nadu State and employing the services of an advertising agency registered with the Advertising Club, Chennai. Stratified random sampling technique was adopted to identify and include the eligible advertisers in the sample for the present investigation.

In the first phase, it was decided to identify and select the advertising agencies from the Chennai City. For the purpose of identifying the advertising agencies, the investigator approached the Advertising club, Chennai and from its directory of members, short-listed the advertising agencies. In the second phase, the researcher made a personal visit to these advertising agencies located at various parts of the Chennai City to identify the specific advertising agencies to be contacted for researching. On meeting the top executive of the agency, the researcher detailed the extent of co-operation needed from the agencies to identify the advertisers who could be included in the sample for the present study. Out of the 70 agencies contacted, 60 agencies agreed to help the researcher by providing the addresses of their clients (advertisers). Having identified the individual advertising agencies to be included in the sample.

The list of advertising agencies were classified into 4 strata (see table) on the basis of the number of advertisers/clients they possessed/serviced. The list of advertisers (clients) were obtained from each advertising agency and using random sampling technique 25% of advertisers were identified from each strata and included in the sample for the present research. The size of the sample selected was 300.
Table 1
Agency classification

<table>
<thead>
<tr>
<th>Strata (No. of clients)</th>
<th>Population</th>
<th>Sample selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 – 14</td>
<td>90</td>
<td>22</td>
</tr>
<tr>
<td>15 – 19</td>
<td>150</td>
<td>38</td>
</tr>
<tr>
<td>20 – 24</td>
<td>360</td>
<td>90</td>
</tr>
<tr>
<td>25 – 29</td>
<td>600</td>
<td>150</td>
</tr>
<tr>
<td>Total</td>
<td>1,200</td>
<td>300</td>
</tr>
</tbody>
</table>

The researcher visited the individual advertisers included in the sample and administered the instruments of study individually to elicit the data needed.

2.2 THE INSTRUMENT

Several steps were taken to develop suitable measures for the general factors examined in this study. Initially, in-depth interviews were conducted with advertising agencies and client executives to establish the nature and importance of the factors considered for this study. Many researchers have considered many variables. Variables for the present study have been considered in the line of Verbeke[1988], Wackman et.al.,[1986-87], Weilbacher[1989]. Finally, drafts of the questionnaires were developed and then scrutinized by three academic researchers, five client executives, and five agency executives.

Advertiser Questionnaire

The client questionnaire contained a mixture of ticking the appropriate, open-ended and Likert items designed to assess the importance of various attributes in influencing clients satisfaction with their advertising agency. The first eight items concerned characteristics of the organisation and the respondent, including name of the organisation, the respondent’s designation, nature of the company, type of product manufactured/service rendered, method
employed to evolve the advertisement budget, ad-spend as a percentage of company's turnover, number and types of advertising agencies servicing and duration of agency service.

In the next section, respondents were asked to evaluate their agency on a series of 12 items.

The next part of the structured questionnaire sought to identify the significant reasons for the successful maintenance of advertiser-agency relationships, using 5 factors and 80 variables. Respondents were asked to rate the level of influence of each variable on a 5 point Likert scale (1 - do not influence to 5-very high influence). Finally, a number of open questions were used to address how the advertiser-agency relationship was conducted.

The following factors were measured in the study:

1. Factors considered in selecting a new agency - here the respondents were asked to rate the level of influence of 15 variables in the selection of a new agency.

   a. Credit worthiness and financial standing
   b. Reputation of the agency
   c. Quality of services rendered
   d. Ability to offer full-services
   e. Size of the agency in terms of billings
   f. Agency’s success with other brands
   g. Ability in media buying
   h. Specialized skills in various fields
   i. Effectiveness of presentation made
   j. Period of credit extended
   k. Branches in major towns
   l. Special terms of business
   m. Agency’s previous experience in similar or related product category
   n. Agency that wins maximum awards
   o. Collaboration with a reputed agency
2. The factors influencing the quality of advertiser-agency relationship - here each agency respondent was asked to rate the level of influence of 15 variables on the quality of advertiser-agency relationship.

  a. Ability to turnout successful Ad. Campaigns
  b. Nature of services received
  c. Number of services received
  d. Quality of services received
  e. Over-all satisfaction with the agency
  f. Size of the agency
  g. Ability to identify / forecast your marketing and promotional needs
  h. Relationship with advertisers top management
  i. Reputation of Agency
  j. Agency’s track record for results
  k. Charges for services rendered
  l. Size of your account relative to agency’s other accounts
  m. Number of awards won by the agency
  n. Controlling staff-turnover
  o. Period of credit extended

3. The factors leading to advertiser-agency loyalty - here the respondents were asked to rate the level of influence of 17 variables leading to advertiser-agency loyalty.

  a. Professionalism in functioning
  b. Agency fulfils full-service needs
  c. Agency’s track record for results
  d. Reputation of the agency
  e. Compatible objectives between the client and agency
  f. Prompt servicing
  g. Personal affinity with the agency
  h. Trust worthiness
  i. No conflicting accounts
  j. Agency maintains good creative standards
  k. Common goals and interests
  l. Providing marketing inputs
  m. Special terms of business
  n. Stable business environment
  o. Economy in operations
  p. Personnel continuity
  p. Availability of specialized services
4. Factors used in evaluating agency performance - here each respondent was asked to rate the level of influence of 14 variables used in evaluating the performance of the advertising agency.

   a. Successful Ad. Campaigns in past
   b. Good creative skills
   c. Good marketing skills
   d. Effective media planning / buying skills
   e. Good strategic planning capabilities
   f. Good Research skills
   g. Full-service capabilities
   h. Personnel continuity
   i. Good direct-marketing capabilities
   j. Good public-relations capabilities
   k. Ability to forecast marketing / promotional needs
   l. Winning awards for their work
   m. Service response time
   n. Help build a brand

5. Factors leading to agency switch - here the respondents were asked to rate the level of influence of 19 variables that may lead to agency switch.

   a. Drop-in service standards
   b. Poor creative work
   c. Poor media skills
   d. Size of the clients' account relative to agency’s other accounts
   e. Agency’s in-ability to win awards
   f. Non-availability of full-services
   g. Changes in agency creative personnel
   h. Development of conflicting accounts in agency
   i. Relative weakness of Ad. Campaigns
   j. Agency-client personality conflict
   k. Changes in agency account management
   l. Agency not close enough to clients' business
   m. Changes in clients marketing policies
   n. Time for a change
   o. Changes in top agency personnel
   p. Changes in client product management / advertising personnel
   q. Changes in clients' top management
   r. Agency involved in merger / acquisition
   q. Poor standard in agency’s marketing advise

   In trying to measure the above, the respondents were also provided with a “No opinion” option.
The questionnaire was pretested using a random sample of 30 advertisers from the original sample frame of advertisers. There were only minor changes required in the instrument. Pretested respondents were judged usable and included in the data set. To obtain a high response rate each questionnaire contained a carefully worded covering letter assuring confidentiality.

Agency Questionnaire

The agency questionnaire contained a mixture of choosing and ticking the appropriate, open-ended and Likert items designed to assess the importance of various attributes in influencing clients' satisfaction with their advertising agency.

The first five questions were concerned with the characteristics of the agency and the respondent, including the agency's name, designation of the respondent, number of clients, type of agency and nature of majority of clients serviced.

The next part of the structured questionnaire sought to identify agency perceptions towards successful maintenance of advertiser-agency relationships, using the same 5 factors and 80 variables that were evolved to measure the perceptions of the advertisers. The agency respondents were asked to rate the level of influence of each variable on a 5 point Likert scale [1- do not influence to 5-very high influence].

In trying to measure the above, the respondents were also provided with a "No opinion" option.

The questionnaire was pre-tested using a random sample of 5 agencies from the original sample frame of agencies. There were only minor changes required in the instrument. Pre-tested respondents were judged usable and
included in the data set. To obtain a high response rate each questionnaire contained a carefully worded covering letter assuring confidentiality.

As an incentive for completing the questionnaire, all advertisers were promised with an executive summary of the findings. The higher number of responses from the agency group may be attributed to the general level of agency interest in the study.

The response rate for agencies was - 60. The response rate for clients was – 300.

The questions arrived at for use in the final questionnaires are listed in Table 1a and 1b in the appendix.

2.3 DATA COLLECTION PROCEDURE

The questionnaire was directed to the senior executive in each advertiser organisation with direct responsibility for the account and also with the knowledge concerning the longevity of relationship with the agency. To obtain a high response rate each questionnaire contained a carefully worded covering letter assuring confidentiality.

Some of the sampled firms had filled-in more than one questionnaire because of their association with more than one advertising agency. In these cases, these multiple questionnaires were excluded from further analysis.

In the case of agency respondents, the questionnaire was distributed to the senior most person heading the advertising agency. In his absence, the next important person filled-up the questionnaire.
2.4 ANALYSIS OF DATA

In order to analyze the collected data, several statistical methods and tests were used. The methods and tests were selected on the basis of the requirements of the objectives formulated for the study. The present section attempts to provide a brief description of the methods and tests used.

Factor Analysis

To identify the advertisers' perceptions regarding the factors influencing the success of advertiser-agency relationship, the advertisers' responses were subjected to principal components method of factor analysis. The general purpose of factor analysis is to find a method of summarizing the information contained in a number of original values into a smaller set of new composite dimensions (factors) with minimum loss of information. That is, the factor analysis tries to identify and define the underlying dimensions in the original variables. To identify the correlation between the variables Bartlett’s test of sphericity and Kaiser-Meyer-Olkin measure of sampling adequacy was applied. Then principal components analysis is used to transform a set of correlated variables into a set of uncorrelated variables (here factors), so that the factors are unrelated and the variables selected for each factor are related. To identify the factors that meaningfully summarize the sets of closely related variables Varimax Rotation is employed. This also attempts to minimize the number of variables that have high loading on a factor. Finally using regression method the factor scores are calculated.

$t$-Test

To study whether there exists significant differences in the perceptions of advertisers and agencies regarding the factors leading to successful advertiser-agency relationship, the responses of the advertisers and agency respondents were subjected to $t$-test. The $t$-test is based on $t$-distribution and is considered as an appropriate test for judging the significance of difference.
between the means of two samples, when population variance is not known. The t-value helps to judge whether there are significant differences in the perceptions of advertisers and agency respondents.

Analysis Of Variance

To identify whether the advertisers’ perceptions regarding the factors leading to successful advertiser-agency relationship varies significantly with the duration of association with the agency, the nature of business of the advertisers and the type of products handled by the advertisers, the advertisers’ responses were subjected through analysis of variance (ANOVA). Due to its advantage over other techniques in analyzing more than two groups of data, it was chosen for the analysis. The purpose of ANOVA test is to determine the existence (or non-existence) of a statistically significant difference among the group means. The F ratio is used to judge whether the difference among several sample means is significant or is just a matter of sampling fluctuations.

Discriminant Function Analysis

In an attempt to identify the determinants of agency switch, Discriminant Function Analysis was applied. To achieve this, the variables, which significantly discriminate the respondents into, switch and not to switch agency were to be identified. Discriminant function analysis attempts to construct a function with these and other variables so that the respondents belonging to either of these two groups are differentiated at the maximum.

Initially, Mahalanobis minimum D Squared method is employed for selecting the variables. Then, stepwise method is used to compute the discriminant function. On arriving at the discriminant function, its ability to accurately predict the respondents into their respective groups is assessed by forming the classification matrix. Finally, by forming the relative discriminating index the discriminating power of each variable is obtained.
2.5 CHAPTER SCHEME

Chapter - I: Introduction

This chapter comprises of introductory information on the advertiser-agency relationship, the statement of the problem, the broad objectives and the specific objectives taken up for the study.

Chapter - II: Research Design:

Here details regarding the sampling procedure used to select the sample, the instruments used for data collection, the data collection procedure, a brief about the statistical techniques employed to analyse the collected data and the operational definition used in this research report are furnished.

Chapter - III: Review of related literature

This chapter provides a detailed review of existing literature on the advertiser-agency relationship.

Chapter - IV: Advertising industry in India: A status analysis

This part of the report throws light on the advertising industry in India.

Chapter - V: Data analysis and interpretation

This chapter comprises of two parts, the first part includes the characteristics of advertisers and advertising agencies taken up for this study and the advertiser's opinion regarding their present agency services

In the second part, the advertisers' perceptions towards a successful advertiser-agency relationship are brought out. Then, a comparison between the advertisers' and the advertising agencies perceptions towards a successful advertiser-agency relationship is carried out.
Further by employing analysis of variance, the researcher has attempted to find out whether the duration of relationship, nature of business of the advertisers and type of products handled by the advertisers have any influence on the advertisers’ perceptions towards factors leading to successful advertiser-agency relationship.

In the final part of this chapter, the advertisers’ responses were analysed to determine the predictors of agency switch.

Chapter – VI: Summary of findings

This chapter provides a summary of findings out of this research.

Chapter – VII: Suggestions and conclusion

In this part of the report the author has given suitable suggestions to both the advertisers and the agencies to develop a successful advertiser-agency relationship.

2.6 LIMITATIONS OF THE STUDY

- The findings of the study are purely an outcome of the responses given by the sample respondents.
- The findings of the study may be relevant only to the study area viz., Chennai City in Tamilnadu State.
- The advertisers’ responses are subject to personal bias.
2.7 OPERATIONAL DEFINITIONS

1. Primary agency
   - The advertising agency to which maximum business is given by a client, who employs more than one agency.

2. State of relationship
   - The way in which the relationship between the advertisers and the agency is in.

3. Full-service agency
   - An advertising agency which renders the entire range of services.

4. Specialist out-fit/independents
   - An agency that offers only specialised services like media buying / creative consultancy / public relations / direct marketing, etc.,

5. Duration of relationship
   - The time period that the advertiser and the agency have been working together.

6. Speculative presentation
   - The presentation an advertising agency makes to potential advertiser/s, with an intention to serve the advertiser/s.

7. Advertiser agency loyalty
   - An advertiser and his advertising agency remaining loyal to each other over a period of time.

8. Agency audit
   - Reviewing or evaluating the performance of an advertising agency.

9. Personal equation/chemistry
   - Mutual understanding between the advertiser and his advertising agency.
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<tbody>
<tr>
<td>10. Organisational make-up</td>
<td>The form of organisation may be an advertisers or an advertising agency</td>
</tr>
<tr>
<td>11. Accounts/clients</td>
<td>Advertisers for whom the advertising agency works for.</td>
</tr>
<tr>
<td>12. Service mix</td>
<td>The different types of services offered by an advertising agency.</td>
</tr>
<tr>
<td>13. Agency-switch</td>
<td>Switching from one agency to another</td>
</tr>
<tr>
<td>14. An account / client</td>
<td>An advertiser</td>
</tr>
<tr>
<td>15. Ad-spend</td>
<td>Advertising expenditure</td>
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