Fostering Client–Agency Relationships: A Business Buying Behavior Perspective

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Account acquisition and retention is an ongoing problem facing advertising agencies. Literature in this area has focused on the criteria used in agency selection, the factors fostering continuity, and the forces prompting the break-up of client–agency relationships. However, this classic industrial service relationship has not been examined from a business-to-business buying behavior perspective. A study was conducted with top agency account acquisition personnel. This study found strong support for the notion that business buying behavior models can be applied to client–agency relationships. Furthermore, they may be applied to business-to-business service transactions as well. Many forces considered unique to business buying behavior were prevalent for the selection of agency services according to sales personnel involved in cultivating new business. The findings suggest that agencies need to emphasize nonspecific campaign forces effecting agency selection. Moreover, the study also points to the importance of identifying the effect of internal organizational forces and the roles buying center members play, side by side with campaign-specific factors. Directions for future research are noted and managerial implications for business-to-business new account acquisition and selling are also provided. J BUSN RES 2000. 49.213–228.

Acquiring and maintaining accounts for advertising agencies has always been important (Aaker, Batra, and Myers, 1996; Russell and Lane, 1996; Wackman, Salmon, and Salmon, 1987) and crucial to the survival of agencies (Beard, 1996; Michell and Sanders, 1995; Michell, Cataquet, and Hague, 1992). The wave of mergers and acquisitions has placed the structure of the advertising industry in a flux and the competitive intensity faced by agencies has not subsided (Ducoffe and Smith, 1994). Creative consultancies have developed, complementing conventional agencies, while the emergence of media independents reflects the breakdown of the agency-commission system (Michell, 1984). Therefore, the agency's role as a business service provider demands they must optimally ease the communication between the advertiser and agency personnel (Cook, 1989; Tauber, 1986). In addition, the selling side of agency–client relations has witnessed the creation of positions within agencies that are solely responsible for soliciting new accounts (New York Times, 1990).

Understanding the forces influencing buying behavior for advertising agency services is even more important for fostering and stabilizing the traditional client–agency relationship. Historically, the study of this buyer–seller relationship had focused predominantly on the target markets of the programs themselves and had not been viewed in a business-to-business context. Agencies could incorporate dominant current practices to reflect the fact that clients are likely subject to a myriad of forces affecting organizational buying behavior (Johnston and Lewin, 1994, 1993; Hutt and Speh, 1998).

While researchers have focused on issues relating to agency selection and loyalty in client–agency relationships, they have primarily done so by studying specific organizational or individual level factors. However, many factors likely influence the client–agency relationship. For example, client industry norms and practices and the various roles within client firms are instances of factors that are neither organizational nor individual. What we need is a more comprehensive set of factors that also includes a broader range and variety of environmental and social forces affecting client–agency relations.

Closer inspection of client–agency relationships shows that these are a subset of the organizational buying context. The factors affecting client–agency relations resemble those forces affecting organizational buying behavior (OBB). In the organizational buying behavior literature there is a dominant and pervasive framework to study the dynamics propelling OBB.

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In this study, we attempt to provide a richer representation of the various forces affecting client–agency relations by applying a broader and more diverse range of factors likely affecting the marketing effort for this business service.

The organization of the article is as follows. First, a review of the literature on client–agency relations is summarized and the links to forces affecting business buying behavior is noted. Subsequently, the Webster and Wind (1972a,b) (hereinafter WW) organizational buying framework was used to identify a comprehensive list of forces that might affect client–agency relationships. An exploratory study was conducted that examined the relevance of this list. Implications for future research and managing client–agency relations are presented.

Literature on Advertising Client–Agency Relationships

Research in the area of client–agency relations can be classified into three categories: (1) the criteria used by clients in agency selection; (2) the factors fostering continuity of client–agency relations and; (3) the forces prompting the break-up of client–agency relationships. In brief, much of the research has focused on how agencies and clients come together, stay together or break up.

Criteria Used in Agency Selection

Cagley (1986) found that perceptions of advertisers and agencies were equivalent on 14 of 25 selection criteria studied. Based on attribute mean importance, both groups agreed that agency personnel should have account responsibility. In addition, both sides see agency business and management skills as important attributes. Agency personnel gave more importance to "relationship" related attributes than did advertisers. Advertisers, on the other hand, gave less importance to marketing related services supplied by agencies. Self-selection exists, on both sides of this dyad, pointing to the need for mutual learning and understanding the other's viewpoint.

Cagley and Roberts (1984) derived 25 attitudinal statements from discussions with agency personnel and published literature. Four factors emerged: market analysis (i.e., research, creativity, media selection); operational scale (i.e., size of accounts, ability to buy media); interpersonal relations (i.e., compatibility of personnel); veracity (i.e., strength of recommendations and objection to override client ideas). Industrial advertisers feel a stronger need for sales promotion ideas and capability.

Perceptions of creativity are a source conflict in client–agency relations, among the top managements of the 50 largest advertising agencies and advertisers (Michell, 1984). Both sides agreed on the primary importance of the client–agency relationship. However, the differences in the remaining four categories studied was pronounced. The clients saw "creativity" as an interorganizational and a process phenomenon while agencies emphasize creative environments and the personalities of creative teams. Clients view creativity as a more structured process compared with agencies which stressed spontaneity. Successful relationships treat differences in creativity as a matter for positive action prompting the emergence of an account planning function.

Loyalty in Client–Agency Relationships

Michell and Sanders (1995) tested a 7-factor 57-item model for predicting account loyalty among advertisers. Regarding overall reasons for agency loyalty, clients ranked actual account characteristics well ahead of the other six dimensions for remaining loyal. However, items with the highest mean scores are associated with the general process involving suppliers and interpersonal characteristics such as mutual trust, high caliber personnel, and mutual professional competence. They reaffirm the findings of Michell, Cataquet and Hague (1992) that relate loyalty to campaigns that generate sales, compatible with client objectives and the agency's closeness to their business. The cause of breakups is the absence of these three broad aspects. Furthermore, Michell, Cataquet, and Hague (1992) concluded that a prevailing set of variables exists which are responsible for the breakup in agency relationships. These factors appear consistently over time and between the United States and United Kingdom. Termination is a process rather than a single decision and that the formal break is related to specific incidents.

Agency change could be predicted from a comparison of switchers and non-switchers (Henke, 1995). Compared with non-switchers, primary decision makers who would change agencies expressed less satisfaction with agency media skills and the size of their account (i.e., energy and attention given) compared with other accounts. Less importance was placed on creative skills and the agencies' ability to win awards. Creative aspects are important to winning the business and diminish over time. It appears that agencies overestimate the importance of their creative ability and achievements as the relationship progresses. Thus, there is a need to focus more on understanding the unique needs of the client as an "individual." Buchanan and Michell (1991) used linear logistic regression model to measure the association between observable structural factors (i.e., account size-age, past switching behavior, agency and client size, product class) in a client–agency relationship and the risk of failure (i.e., log-odds of a breakup). Based on more than 1,000 relationships in the United Kingdom, they found that larger accounts are more stable even if due to shared association. In addition, new accounts may be less prone to failure while a higher incidence of prior switching behavior is positively related to subsequent switching behavior. Organizational factors are the more important structural factors for determining relationship stability.

Clients and agencies do try to match up with similar partners as to client, size, agency size, and account size (Michell, 1988). Major clients remain loyal to larger agencies, in part because, if necessary, they can replace creative teams to rein-