



Basis for Strategy Formulation and Implementation of Advertising Agencies in India

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Abstract

There has been little effort to analyze the changing conditions of work in the advertising agencies in India. In this paper, author attempts to understand the context that how advertising agencies in India formulate and implement their strategies which help to know that how advertising agencies face to challenges and able to capture new opportunities with the help of these changing strategies from earlier ancient times to new era. Even, author tries to clarify that how the strategies of advertising agencies vary across their nature. The study aims to explore some of the basic issues related to the changing strategies of the advertising agencies. The study will explore the analysis of competitive environment, in terms of formulation and implementation of the advertising agencies. In this paper, author attempt to clarify that in this today era, how advertising agencies help to grow and compete and also provide suggestions for the same.

Keywords: Advertising Agencies, Strategy, Strategies of Advertising Agencies

PAPER/ARTICLE INFO

RECEIVED ON: 25/02/2012
ACCEPTED ON: 15/05/2012

Reference to this paper should be made as follows:
Sofat, Yashmin (2012) "Basis for Strategy Formulation and Implementation of Advertising Agencies in India" *Int. J. of Trade and Commerce-IIARTC*, Vol. 1, No. 2, pp. 185-203

1. INTRODUCTION

Everybody knows what advertising is. But relatively, little is actually known about the scene working behind the concept of advertising. Advertising is, in fact, a tripartite affair and the agency serves as the middle man between the advertisers and media. The base of the advertising business is the advertisers. It is impossible to have advertising without the mass media to carry advertising message. The third important segment of the advertising business is the advertising agency which plays an important role in producing and placing advertising for advertisers. Beside this tripartite affair, in today's scenario the fourth and fifth important players are the vendors and the consumer respectively who play vital role in advertising. Vendors provide expert opinion to the agencies whereas consumers are the focused point for the advertising agencies. Advertising is the only major continuous function of business that is almost universally delegated outside the company. Most advertisers rely on the service of independent advertising agencies. By serving numerous clients, an agency has the economic base to support a large number of specialized talents and services. They are able to provide highly technical aid and specialized counsel on an infinite variety of advertising and promotion problems. Because of the advantages to be gained through their use, a very high percentage of national advertisers make use of their services.

There is a set of standardized practices covering the agency's relationships with clients and media. There are standards to which most agencies adhere. There is intense competition in the agency business for new accounts. It is not uncommon to find ten to twenty agencies making presentation to an advertiser when he throws his account open for solicitation. A fully staffed advertising agency is involved in many areas of marketing beyond the preparation and placement of advertising. Advertising agencies carry out their work for clients through several departments manned by specialized brains.

The advertising agency business is unlike most other businesses. It is not the world's most stable business. It is a middle man's business with rules and practices of its own. Many people in academics and industry have misconceptions about the agency business. Although the first advertising agency was established in India long back, basic information about agency operations and its strategy formulation was not made available by any study. The information is critical of the individual advertising agency itself; of the business as a whole; of the advertisers who use the advertising agencies; and students specializing in marketing and advertising. An attempt has, therefore, been made to put this agency business in proper perspective.

2. REVIEW OF LITERATURE

The review of literature provided a road map to identify that how the basis for strategy formulation and implementation of advertising agencies in India. Some of the important studies by various authors relevant to this paper are as follow:

Chawla Suren (1981), Selvabaskar (2004) and Arathoon Marion (2008) describe the scope and problems involved in the selection of media and how it influences the planning and policies of the advertising agencies. **Zeithaml et al. (1985), Sudarshan and Jyothi (2002) and Brownstein Marc (2007)** talked about how advertising agencies formulate their strategies and implement it on the basis of socio, cultural and psychographic dimensions of advertising and talked about problems

and strategies in service marketing. **Cagley James W. (1986), Wackman et al. (1986), Aaker and Stayman (1990)** gave their views on the strategy of advertising agency regarding their selection factor that influence the success of the agency client relationship. **Hite and Fraser (1988) and Nathan S V (1991) and Trivedi Divya (2008)** reported on international advertising strategies of multinational corporations. The researchers found that majority of the firms (66%) who advertise internationally utilized the following strategies: a combination of localized and standardized advertising; all localized advertising and all standardized advertising and were more likely to use foreign advertising agencies. **Michell (1988), Davis (1989), Shanker (1995) and Holak and Tang (1990)** talked about the emerging trends in Indian Advertising industry that these agencies are changing with the changing scenario and account loyalty in the advertising agencies. According to author, larger accounts are more loyal and the smaller agencies that have smaller accounts are less loyal and these accounts switch more as compared to larger one. **Connor et al. (1996)** gave brief idea on one of the strategies of advertising agencies regarding cost with the help of gross model and the strategy is related with developing advertising campaigns. **Gronstedt and Thorson (1996) and Kaushik (2001)** focused on the organizational structures and restructuring of a number of advertising agencies that have undertaken the move toward integrated communications. **Mathur and Mathur (1996)** examined whether initiating new relations with advertising agencies results in a change in the market value of the firm and according to authors it provides positive results. Extrapolating from the results of **Henke (1995) and Michell (1995)**, it was suggested that the wealth effects for the clients firms may be influenced by the size and prestige of advertising agencies. **Malhotra (2000), Pareek (2000) and Vranica (2001) and Bose Partap (2007)**, asserted that the Indian advertising agencies need to grab the emerging opportunities. According to the author, advertising agencies need to work out innovative strategies to attain their goals. **Agnihotri Amit and Gupta Nikhil (2003) and Razdan Aarti and Balakrishnan Ravi (2006)** investigate that advertising industry grows at 12 percent. Further, the author analyzed that the print to grow faster than television and growth in television to continue and their strategy is changing with the changing demand of the market. **Pruthi Vandna (2003), Shukla Archana (2004), Gabrielsson et al. (2008) and Srinivasan Lalitha (2009)** focused stresses that advertising agencies create and implement the right strategy at right time to improve the quality to capture the FMCG market.

The present study considers the advertising agencies in different ways that how the working has changed with the passage of time. There has been relatively little research focusing on the working and strategic approach of the advertising agencies, which are unique and different than the others. It was therefore, observed that carrying out such a diagnostic study would be timely and appropriate. The study aims to explore some of the basic issues related to the changing strategies of the advertising agencies. The study will explore the analysis of competitive environment, in terms of formulation and implementation of the advertising agencies. The related literature has been reviewed as to make this study meaningful. The review of literature has gone a long way in making this study in the right direction.

3. OBJECTIVES OF THE STUDY

- To know how advertising agencies formulate and implement their strategies.
- To examine the challenges and problems those have been faced by the advertising agencies by changing their strategies.
- To study the impact of the changing strategies on the performance of the advertising agencies.
- To study the overall performance of advertising agencies.
- To provide suggestions for better strategies to be adopted and implemented by advertising agencies.

4. HYPOTHESIS OF THE STUDY

To achieve the above stated objectives, the following hypothesis has been set up with respect to nature which is presented in Table-7.

- There is no difference in the strategies of fully and provisionally accredited advertising agencies in India.

5. SALECTION OF THE SAMPLE

The addresses of the advertising agencies were selected from "The Press and Advertiser's Year Book - 2008-09" and "Indian Newspaper Society" (INS) - 2009-10". The selection of agencies was based on the following steps which are clear from the Tables-1, 2 and 3.

- All agencies which were accredited either provisional or fully with "Indian Newspaper Society" (INS) of INDIA were selected, i.e.775.
- Only those advertising agencies, which had their head offices in all four regions of INDIA, were selected which include five metropolitan cities i.e., MUMBAI, NEW DELHI, KOLKATTA, CHENNAI and BANGLORE.
- 500 agencies were identified which fulfilled the conditions listed above.
- Out of those 500 agencies, to have best sample as against to total population in each category of fully and provisional accredited advertising agencies, only 10 percent of fully and 25 percent of provisionally accredited advertising agencies were finally selected for the sample.i.e.65 agencies.
- Out of these 65 agencies, 40 were Fully Accredited and 25 were Provisionally Accredited.

Table-1: Region wise Distribution of Advertising Agencies' Head Offices

Location of Head Offices	Number of Agencies	
	Fully Accredited	Provisionally Accredited
North	172	81
East	61	25
West	192	62
South	132	50
Total	557	218

Source: INFA 2008-09 & INS YEAR BOOK 2009-10

Table-2: Metropolitan City - wise Universe Distribution Stratified Random Sample

Geographic Location	Agency Accredited		Total
	Fully Accredited	Provisionally Accredited	
Delhi	129	43	172
Kolkatta	48	12	60
Mumbai	144	24	168
Chennai	48	7	55
Banglore	35	10	45
Total	404	96	500

Source: INFA 2008-09 & INS years Books 2009-10

Table-3: Sample Size within Strata

Geographical Location	Agency Accreditation		Total
	Fully Accredited	Provisionally Accredited	
Delhi	13	11	24
Kolkatta	5	3	8
Mumbai	14	6	20
Chennai	5	2	7
Banglore	3	3	6
Total	40	25	65

6. PROROFILE OF THE AGENCIES IN THE SURVEY

This part of the study describes profile of the advertising agencies which helps in further study of how these agencies formulate their strategies. Accordingly, the profile/nature is studied in terms of years of establishment, accreditation period, location of agencies and their subsidiaries, type of ownership in advertising agencies etc. Tables-4 to 10 give profile of the agencies covered under current survey.

To conduct this research, the researcher took a sample of as many as 65 advertising agencies. The responses were obtained from the top/middle level executives of these agencies. The frequency distribution of respondents selected from top and middle level of management is shown in Table-4.

Table-4: Managerial Level of Respondents

Managerial Level	Fully Accredited		Provisionally Accredited		Total	
	No. of Respondents	Percentage	No. of Respondents	Percentage	No. of Respondents	Percentage
Top Level	25	62.5	19	76	44	67.69
Middle Level	15	37.5	6	24	21	32.31
Total	40	100	25	100	65	100

Source: Primary Data

Table -4 shows that 62.5 percent respondents belonging to fully accredited agencies were top level executives. Similarly, 76 percent respondents belonging to provisionally accredited agencies were

top level executives. In contrast to this, 37.5 percent of respondents amongst fully accredited and 24 percent respondents from provisionally accredited agencies belonged to middle level executives. The overall sample showed that 67.69 percent of the respondents belonged to top level and the rest were middle level executives.

The experience of an executive influences the firm's strategies. Hence, the respondents need to be classified on the basis of their experience. The distribution of respondents according to the length of their experience in the line of advertising is presented in Table-5.

Table-5: Experience of Respondents

Experience (Years)	Fully Accredited		Provisionally Accredited		Total	
	No. of Respondents	Percentage	No. of Respondents	Percentage	No. of Respondents	Percentage
Below 5 years	2	5	2	8	4	6.15
5 - 10 years	3	7.5	3	12	6	9.23
10 - 15 years	4	10	4	16	8	12.31
Above 15 years	31	77.5	16	64	47	72.31
Total	40	100	25	100	65	100

Source: Primary Data

It is obvious from Table-5 that a large majority (77.5%) of the respondents belonging to fully accredited agencies had more than 15 years of experience in the advertising agencies. Similarly, in case of provisionally accredited agencies, 64 percent of respondents had more than 15 years of experience. In contrast to this, the table also shows that 10 percent fully accredited and 16 percent provisionally accredited advertising agencies had 10-15 years of experience in the field of advertising. On further analysis, it was found that only 5 percent fully and 8 percent provisionally accredited advertising agencies had less than 5 years of experience. At the overall level, as high as 72.31 percent respondents had more than 15 years of experience and only 9.23 percent and 12.31 percent had experience of 5-10 years and 10-15 years respectively. Thus, the respondents were having adequate experience of working with advertising agencies.

The age of advertising agencies also influences the firm's strategies. Hence, the age/experience of agencies need to be categorized on the basis of year of establishment which is clear from Table-6.

Table-6: Age of Advertising Agencies

Age of Agency	Fully Accredited		Provisionally Accredited		Total	
	No. of Agencies	Percentage	No. of Agencies	Percentage	No. of Agencies	Percentage
Below 20 years	21	52.5	24	96	45	69.23
20 - 40 years	8	20	1	4	9	13.85
40 - 60 years	9	22.5	0	00	9	13.85
Above 60 years	2	5	0	00	2	3.07
Total	40	100	25	100	65	100

Source: Primary Data

Table -6 which presents classification of advertising agencies according to their age, indicates that 52.5 percent fully accredited agencies and 96 percent provisionally accredited agencies had less than 20 years of life. The advertising agencies having age between 20–40 years constituted 20 percent, 4 percent and 13.85 percent respectively of the sample units amongst the fully, provisionally and over all accredited agencies respectively. However, only 3.07 percent of advertising agencies had age of above 60 years life in India. Thus, on the whole, major proportion of sample agencies had below 20 years age.

The surveyed sample further classified on the basis of their nature in Table-7.

Table-7: Classification of Respondents across Accreditation

Type	Fully Accredited		Provisionally Accredited		Total	
	No. of Agencies	Percentage	No. of Agencies	Percentage	No. of Agencies	Percentage
Accredited	40	100	25	100	65	100
Non - Accredited	0	00	0	00	00	00
Total	40	100	25	100	65	100

Source: Primary Data

Table-7 depicts that the sample comprised only those advertising agencies which were accredited with the Indian Newspaper Society. The agencies under sample (65 agencies) were comprised of 40 fully accredited and 25 provisionally accredited advertising agencies.¹

The sample agencies were further classified on the basis of their geographical location in Table-8.

Table-8: Geographical Location of Advertising Agencies

Geographically Location	Fully Accredited		Provisionally Accredited		Total	
	No. of Agencies	Percentage	No. of Agencies	Percentage	No. of Agencies	Percentage
North	13	32.5	11	44	24	36.92
East	5	12.5	3	12	8	12.31
West	14	35	6	24	20	30.77
South	8	20	5	20	13	20
Total	40	100	25	100	65	100

Source: Primary Data

It is clear from Table-8 that, at the overall level, the highest number of agencies were located in North India (36.92%) followed by those located in West (30.77%) and South (20%). On further analysis, it was found that only 12.31 percent of advertising agencies were located in East. The

¹ Advertising agencies can be accredited and non – accredited. Accreditation of advertising agency is an institutionalized system of granting accreditation to advertising agencies enabling them, upon such accreditation, to access certain facilities from the members, has been in vogue for several decades. The system operates in terms of the "Rules Governing Accreditation of Advertising Agencies and Rulings of the Society" adopted by the Society, initially in the year 1943, and subsequently amended from time to time. And, accredited advertising agencies are those agencies which are accredited with any organization such as INS, INFA, ENS etc. and liable to have 17.5% commission but non- accredited advertising agencies received only 7% commission from the advertisers. Further, accredited agencies can be fully and provisionally accredited advertising agencies and they are termed by the agencies clear from their conditions. (Source: INS Book:2008-09)

above pattern to some extent also held true when analyzed in case of fully accredited and provisionally accredited separately.

The respondents were further asked whether there had been any break in the accreditation of their company. The responses are depicted in Table-9.

Table-9: Breakage in Accreditation

Breakage in Accreditation	Fully Accredited		Provisionally Accredited		Total	
	No. of Agencies	Percentage	No. of Agencies	Percentage	No. of Agencies	Percentage
Yes	6	15	11	44	17	26.15
No	34	85	14	56	48	73.85
Total	40	100	25	100	65	100

Source: Primary Data

The responses in Table -9 reflect that there had been breakage in accreditation in case of 15 percent fully accredited agencies and in case of 44 percent provisionally accredited advertising agencies in India. The overall percentage of such agencies was as high as 26.15 percent.

The survey also brought out the reason for breakage of accreditation. Reasons for breakage in accreditation might be either financial loss or expansion or personal factors as is clear from Table-10.

Table-10: Reasons for Breakage in Accreditation

Reasons for Breakage	Fully Accredited		Provisionally Accredited		Total	
	No. of Agencies	Percentage	No. of Agencies	Percentage	No. of Agencies	Percentage
Financial Loss	1	16.67	6	54.55	7	41.18
Expansion/Establishment of Concern	2	33.33	2	18.18	4	23.53
Personal Circumstances	3	50	3	27.27	6	35.29
Total	6	100	11	100	17	100

Source: Primary Data

Table-10 indicates that half of the fully accredited advertising agencies had breakage in accreditation due to personal circumstances. Financial loss was the major cause of breakage in 54.55 percent of provisionally accredited advertising agencies. At the overall level, 41.18 percent of advertising agencies faced breakage in their accreditation due to financial loss and 23.53 percent faced it because of expansion activities.

The next question unfolds the pattern of ownership of the advertising agencies as clear from Table-11.

Table-11: Ownership Pattern

Sector	Fully Accredited		Provisionally Accredited		Total	
	No. of Agencies	Percentage	No. of Agencies	Percentage	No. of Agencies	Percentage
Public	1	2.5	1	4	2	3.08
Private	30	75	13	52	43	66.15
Cooperative	1	2.5	2	8	3	4.62
Government	1	2.5	1	4	2	3.08
Proprietorship	7	17.5	8	32	15	23.07
Total	40	100	25	100	65	100

Source: Primary Data

Table-11 which possesses distribution of responding agencies according to their ownership pattern shows that 75 percent fully accredited and 52 percent provisionally accredited agencies belonged to private sector. In contrast, 17.5 percent fully accredited and 32 percent provisionally accredited agencies were sole proprietorships. It was further surveyed that only 2.5 percent fully accredited and 4 percent provisionally accredited agencies belonged to public and government sector. Table 2.8 also indicates that, at the overall level, 66.15 percent of the firms belonged to private sector and 23.07 percent were sole proprietors.

The next question asked about the profile was: Do you have your subsidiary agency? The response in this concern is given in Table-12.

Table-12: Sister Concerns

Subsidiaries	Fully Accredited		Provisionally Accredited		Total	
	No. of Agencies	Percentage	No. of Agencies	Percentage	No. of Agencies	Percentage
Yes	32	80	17	68	49	75.38
No	8	20	8	32	16	24.62
Total	40	100	25	100	65	100

Source: Primary Data

It could be seen from Table -12 that 80 percent fully accredited agencies and 68 percent provisionally accredited agencies had sister concerns. The aim of such firms was capturing maximum market share and maximize profits. Further, overall result shows that 75.38 percent of advertising agencies had the subsidiaries so as to capture more geographical area.

The next question unfolds the location of above said sister concerns (Table-13).

Table-13: Zone-wise Location of Sister Concerns

Location of Subsidiaries*	Fully Accredited		Provisionally Accredited		Total	
	No. of Agencies	Percentage	No. of Agencies	Percentage	No. of agencies	Percentage
North	32	100	11	64.71	43	87.76
East	17	56.25	2	11.76	19	38.78
West	22	68.75	3	17.64	25	51.02
South	30	93.75	2	11.76	32	65.31

Source: Primary Data

*In this Table, only those agencies were taken which had their sister concern, so the total is taken as 32 agencies in case of fully accredited and 17 agencies in case of provisionally accredited advertising agencies.

Table -13 indicates that all the fully accredited advertising agencies had their branches in North zone and 93.75 percent in South zone. On further analysis, it was found that 68.75 percent and 56.25 percent of fully accredited advertising agencies had their sister concerns in West and East zone respectively. Similarly, 64.71 percent of provisionally accredited advertising agencies had their sister concerns in North while 11.76 percent of provisionally accredited advertising agencies had their branches in East as well as in South zone. At overall level, as high as 87.76 percent of advertising agencies had their subsidiaries in North zone, 65.31 percent in South zone, 51.02 percent in West and 38.78 percent in East zone.

7. PERFORMANCE OF ADVERTISING AGENCIES IN INDIA

The second objective of the present research study is to evaluate the overall performance of the advertising agencies in India. The performance of advertising agencies and surveyed sampled agencies is studied in terms of amount of capitalized billing and growth over the previous year in Table-14 and Table-15 respectively.

Table-14: Overall Capitalized Billing of Accredited Advertising Agencies in India

Year	No. of Agencies	Average Capitalized Billings (Rs. Crore)	Year on Year Growth Rate (in percentage)
2000	750	44.24	-----
2001	757	49.43	11.73
2002	761	53.81	8.86
2003	770	58.65	8.99
2004	771	64.39	9.78
2005	775	70.76	9.89
2006	776	79.54	12.41
2007	778	89.88	12.99
2008	778	99.58	10.79

Source: INFA and INS

Table-14 exhibits that the capitalized billing of accredited advertising agencies in India had risen to rupees 99.58 crore in 2008 from rupees 44.24 crore in the year 2000. The amount of billing registered the maximum growth in the year 2007 (12.99%) followed by that in the year 2006 (12.41%). The year on year increase in the amount of billing remained limited to single digit during 2002 - 2005. On the whole, the advertising business continued to grow at a frenetic pace, making it resemble the Californian gold rush.

Table-15: Overall Capitalized Billing of Sampled Advertising Agencies

Year	Average Capitalized Billings (Rs. Crore)	Year on Year Growth Rate (in percentage)
2000	3.81	-----
2001	4.24	11.28
2002	4.59	8.25
2003	4.95	7.8
2004	5.43	9.69
2005	5.93	9.21
2006	6.66	12.31
2007	7.51	12.76
2008	8.78	16.91

Source: Primary Data

Table-15 describes that the average capitalized billing of the sampled advertising agencies in India had risen to rupees 8.78 crore in 2008 against rupees 3.81 crore in 2000. The table shows that advertising agencies have gradually increased their capitalized billing. The year on year growth reflects that it increased in 2008 with marvelous percentage (16.91%) against previous record. The classification of advertising agencies according to the size of capitalized billing is given in Table-16.

Table -16: Categorization of Advertising Agencies according to Amount of Capitalized Billing

Capitalized Billing Amount (Rs.)	No. of Agencies	Percentage
Below 1crore	20	30.77
1 crore - 50 crore	30	46.15
Above 50 crore	15	23.08
Total	65	100

Source: Primary Data

Table-16 indicates that 30.77 percent of sampled advertising agencies reported their capitalized billing up to rupees 1 crore and they are termed as small sized advertising agencies. On further analysis, it was found that 46.15 percent of advertising agencies fall in the category of billing from rupees 1 crore to rupees 50 crore and the same are termed as medium sized advertising agencies. The remaining 23.08 percent of advertising agencies had capitalized billing above rupees 50 crores and they are termed as large sized agencies. (Source: A&M, agency Report, 1998 - for dividing line.)

8. ANALYTICAL TOOLS USED

For analysis purposes, the agencies have been classified into fully accredited and provisionally accredited advertising agencies, also into old and new on the basis of experience and small, medium and large across size. The present study used percentage and chi - square test for analysis purpose. The chi- square test is used to test whether two or more attributes in fully, provisionally, old and new, small, medium and large size advertising agencies are associated or not in the present study. The chi- square test is one of most widely used non- parametric tests in statistical work.

9. FINDINGS

Advertising agencies have various departments and each department has their own strategy to capture the client and market share to grow. An Advertising agency business may be either a one-man show or there may be hundreds and thousands of people working together, forming part of huge multi-national corporations. Accordingly, their services also vary in range and depth as they have many departments varying with their services. It is interesting, therefore, to look into how they formulate the strategies of the advertising agencies.

9.1. Basis for Strategic Planning and Implementation

An agency that is strategically positioned performs different set of activities. Strategic planning establishes a long lasting competitive advantage by performing similar activities better than their competitors.

Strategic planning involve various aspects namely, mission establishment, how to familiarize the employees and managers about the mission, what kind of importance do the advertisers give to the objectives of the agency, which factor is being stressed as strategic choice and which methods they adopt to have good public relations. The practices followed by advertising agencies for strategic planning and implementation are given from following Tables based on survey data. The practices are examined across nature, experience and size of the agency. Table-17 show data whether the agency has established any mission.

Table-17: Agencies Having their Mission

Do your agency involved mission?	Fully Accredited		Provisionally Accredited	
	No. of Agencies	Percentage	No. of Agencies	Percentage
Yes	40	100	25	100
No	0	00	0	00
Total	40	100	25	100

Source: Primary Data

Tables-17 indicates that all agencies irrespective of their nature, age and size are having their own mission statement.

The next question relates to show the mission is told to employees. The procedure to familiarize mission among employees and managers is exhibited in Table-18.

Table-18: Procedure to Familiarize Employees and Managers about Mission

Procedure to Familiarize about Mission	Fully Accredited		Provisionally Accredited	
	No. of Agencies	Percentage	No. of Agencies	Percentage
Through seminars/ conferences	3	7.50	5	20.00
Through in-house information cell	6	15.00	2	8.00
Through internal agency report	2	5.00	4	16.00
Through talking to personnel working within agency	21	52.50	12	48.00
Through press/ Trade publications	8	20.00	2	8.00
Total	40	100	25	100

$\chi^2 = 6.0646$ and $Tab = 9.488$ D.F. = 4 at 5% level of significance.

Source: Primary Data



Table-18 depicts that 52.50 percent of fully accredited and 48 percent of provisionally accredited advertising agencies popularize their mission through counseling with employees. However, 20 percent of fully and 8 percent of provisionally accredited agencies communicated the same through press and trade publications. 15 percent of fully and 8 percent of provisionally accredited agencies informed through their own in-house cells. Similarly, 7.5 percent of fully and 20 percent of provisionally accredited agencies conveyed their missions through conferences or seminars. On further analysis, it was found that only 5 percent of fully and 16 percent of provisionally accredited agencies familiarize their mission through internal agency report. To examine whether the procedure to familiarize their employees about mission differs across the nature, χ^2 test was applied. The result supported the hypothesis that the procedures followed to convey mission to managers and employees does not differ across nature of agencies.

Every agency after familiarizing their mission to employees set up certain objectives. An attempt was made to survey the kind of importance given by agencies to various objectives as clear from Table-19.

Table-19 depicts that 60 percent of fully accredited advertising agencies gave very low importance to 'target rate in billing/ market share/ return on investment or to maximize the profits' while 68 percent provisionally accredited advertising agencies gave very high importance to it. In contrast, 30 percent of fully and 36 percent of provisionally accredited advertising agencies gave moderate importance to 'target range of services'. Similarly, 20 percent fully and 28 percent provisionally accredited advertising agencies gave low importance to the objective of becoming a leader in creativity. On further analysis, it was found that 35 percent of fully accredited advertising agencies gave very high importance to 'increase in overall efficiency and effectiveness' while high importance by 36 percent of provisionally accredited advertising agencies.

Once the objectives have been finalized, agencies look for strategies to achieve these objectives. Accordingly, a question was also raised about the type of generic strategy, if any, followed by the selected advertising agencies. The responses are depicted in Table-19.

Table-19: Generic Strategies followed by Advertising Agencies

Generic Strategies	Fully Accredited		Provisionally Accredited	
	No. of Agencies	Percentage	No. of Agencies	Percentage
Stability strategy	1	2.50	17	68.00
Expansion strategy	17	42.50	7	28.00
Retrenchment strategy	0	0.00	0	0.00
Combination strategy	22	55.00	1	4.00
Total	40	100	25	100

$\chi^2 = 36.0466$ and T.V. = 7.815 for D.F. = 3 at 5% level of significance.

Source: Primary Data

Table-19 reflects that 55 percent of fully accredited advertising agencies followed combined strategy. As against it, 42.50 percent followed expansion strategy. In case provisionally accredited advertising agencies 68 percent followed stability strategy to achieve their organizational objectives. 28 percent provisionally accredited advertising agencies had followed expansion strategy in their organization so as to capture more market share. The χ^2 value revealed that there

was a significant variation in the strategies of fully and provisionally accredited agencies regarding achieving the agency's objectives. In simple language, while the stability strategy is more popular among provisionally accredited agencies, combination and expansion are found so in case of fully accredited agencies.

Now after bringing out the type of strategy followed to achieve the objectives and mission, let us bring out the factors considered while making strategic choice. The findings of the survey in this regard are shown in Table-20.

Table-20: Factors considered while making Strategy

Factors	Fully Accredited		Provisionally Accredited	
	No. of Agencies	Percentage	No. of Agencies	Percentage
SWOT Analysis	16	40	7	28
Prepare Strategic Advantage Profile	4	10	5	20
Stages of PLC	6	15	4	16
Cultural Factor	2	5	3	12
Competitors Strategy	12	30	6	24
Total	40	100	25	100
$\chi^2 = 3.1365$ and $Tab = 9.488$ for D.F = 4 at 5% level of significance.				

Source: Primary Data

Table-20 indicates that 40 percent of fully accredited and 28 percent of provisionally accredited advertising agencies made their strategies by doing SWOT analysis. Similarly, 30 percent of fully accredited and 24 percent of provisionally accredited agencies considered competitors' strategy as a basis for formulating strategy. In contrast, 15 percent of fully accredited and 16 percent of provisionally accredited agencies formulated their strategies by keeping in mind the stages of product life cycle. Strategic advantage profile was prepared by 10 percent of fully accredited and 20 percent of provisionally accredited advertising agencies. Even, cultural factors are considered in strategy formulation by 5 percent fully and 12 percent provisionally accredited advertising agencies. To explore whether the factors for making strategies depend on the nature of advertising agencies, χ^2 tests was applied. The result depicted that the strategy regarding factors was not dependent on nature of the agency.

To make strategies effective, every organization needs to make environmental analysis. As today's era is full of threats and challenges, to overcome such dilemma, every agency uses various sources of information for environmental analysis and operations as elaborated in Table-21.

Table-21: Primary Sources of Information

Sources	Fully Accredited		Provisionally Accredited	
	No. of Agencies	Percentage	No. of Agencies	Percentage
Internal agency reports/ invoices/ documents	5	12.5	1	4
Books/ newspapers/ journals	4	10	3	12
Trade publications	4	10	3	12
Talking to clients/ suppliers/ competitors	9	22.5	7	28
Talking to personnel working within your agency	2	5	5	20
Purchasing information from outside suppliers	3	7.5	2	8

In - house information cell	4	10	1	4
Hiring an outside marketing research firm	3	7.5	2	8
Conducting in - house marketing research	5	12.5	1	4
Own model	1	2.5	0	0
Total	40	100	25	100

$\chi^2 = 4.1420$ and Tab = 16.919 D.F. = 9 at 5% level of significance.

Source: Primary Data

Table-21 depicts that 22.5 percent of fully accredited and 28 percent of provisionally accredited agencies primarily talked to clients or suppliers for information. 12.5 percent fully accredited and 4 percent provisionally accredited advertising agencies get information through internal agency report or conducting in-house marketing research. Similarly, 10 percent of fully accredited and 12 percent of provisionally accredited advertising agencies used books, newspapers, journals or trade publications as a primary source of information for doing environmental analysis. The χ^2 value shows that the null hypothesis of no difference in the primary sources of information across nature of an agency stands accepted.

When agencies have undergone environmental analysis for making strategies, their next step focuses on achieving the market share. An attempt was made during survey to know company's strategy in obtaining market share as explained in Tables-22.

Table-22: Strategy regarding Marketing Share

Strategy of the Agency about Market Share	Fully Accredited		Provisionally Accredited	
	No. of Agencies	Percentage	No. of Agencies	Percentage
Satisfied with the existing market share	5	12.5	15	60
Open more subsidiaries	24	60	7	28
Mergers	4	10	1	4
Acquisition	2	5	1	4
Strategic Alliance	5	12.5	1	4
Total	40	100	25	100

$\chi^2 = 16.5587$ and Tab = 9.488 for D.F = 4 at 5% level of significance.

Source: Primary Data

Table-22 demonstrates that 60 percent of fully accredited and 28 percent of provisionally accredited advertising agencies have opened more subsidiaries to capture maximum market share. Similarly, 60 percent of provisionally and 12.5 percent of fully accredited advertising agencies responded that they were satisfied with the existing market share. In contrast, in each case, only 4 percent of provisionally accredited advertising agencies had the strategy of mergers, acquisitions or strategic alliance to maximize the market share. From, the value of χ^2 test it can be inferred that the strategy regarding market share was influenced by nature of the agency.

Advertising agencies take various steps to promote creativity and innovativeness in their organization. The survey data regarding the steps followed by sample agencies in this regard are presented in Table-23

Table-23: Strategy Adopted to Promote Creativity

Strategy regarding Creativity	Fully Accredited		Provisionally Accredited	
	No. of Agencies	Percentage	No. of Agencies	Percentage
Organizing in-house programmes	6	15	3	12
Executive's development	5	12.5	5	20
Seminar/workshops	9	22.5	15	60
Sponsoring to training/EDP's offered by other institutions in India	2	5	2	8
Overseas training with collaboration	2	5	0	0.00
Other foreign programs	1	2.5	0	0.00
All of the Above	15	37.5	0	0.00
Total	40	100	25	100

$\chi^2 = 17.9845$ and Tab = 12.592 D.F. = 6 at 5% level of significance.

Source: Primary Data

Table-23 indicates that 37.5 percent fully accredited advertising agencies adopted combination of all the methods to promote creativity and innovativeness. These methods include in-house programmes, EDP's, seminars, workshops, training etc. While 22.5 percent of the fully accredited agencies organize seminars or workshops, 60 percent of provisionally accredited advertising agencies do the same to increase the creativity. Further, it was found that only 2.5 percent of fully accredited advertising agencies had organized foreign programme as a method to promote the employee's creativity and innovativeness. The results of χ^2 test revealed that the null hypothesis—strategies to promote creativity are independent of nature of agency, was rejected as the calculated value was higher than the tabulated value. Hence, the test did not support that the nature affect the strategy adopted to promote the creativity and innovativeness.

To formulate and implement strategies, another essential is that the advertising agencies should have good public relations. So, agencies follow certain methods to have public relations. The responses in this regard are shown in Table-24.

Table-24: Methods Adopted to have Public Relations

Methods for Public Relations	Fully Accredited		Provisionally Accredited	
	No. of Agencies	Percentage	No. of Agencies	Percentage
By line articles written by agency's key personnel	5	12.5	2	8
Interviews given to press and other media by key personnel	8	20	3	12
Bringing out internal publications/ newsletters/ magazines	9	22.5	7	28
Holding creative competitors / contests	2	5	1	4
Delivering speeches / seminars/ conferences by key personnel	5	12.5	3	12
Organizing seminars/ workshop/ conferences by key personnel	4	10	4	16
Hosting dinner	1	2.5	1	4
Participating in forums/ sponsoring public service/ community welfare activities	6	15	4	16
Total	40	100	25	100

$\chi^2 = 1.6626$ and Tab = 14.067 D.F. = 7 at 5% level of significance.

Source: Primary Data



Table-24 shows that 22.5 percent of fully accredited and 28 percent of provisionally accredited advertising agencies bring out 'internal publications/ newsletters/ magazines' as method to have good public relations. 20 percent of fully accredited and 12 percent of provisionally accredited advertising agencies 'give interview to the press' and to other media personnel. Further, 15 percent fully accredited and 16 percent provisionally accredited advertising agencies 'participated in forums or in community welfare activities'. Similarly, 12.5 percent fully and 12 percent provisionally accredited agencies 'delivered speeches or conduct seminars and conferences' to build good public relations. Lastly, only 5 percent of fully and 4 percent of provisionally accredited advertising agencies adopted method of holding creative competitors or contests to have public relation. χ^2 value revealed that there was no significant variation in the strategies regarding having good public relations across accreditation.

10. SUGGESTIONS

In suggestion following are the areas for the improvement of advertising agencies in India so that they can make their strategies more effective:-

- a. **Delivery on deadline:** Delivery on dead line is very important for the strong relationship between client and agency as it would help to increase the goodwill of the company. For this, the agencies can make strategies to develop human resource department through employees development programme (EDP) that will boost up the moral of employees which would lead to productivity, stability, flexibility and would increase efficiency. So, with the help of EDP, employees will get motivated and put their best efforts in the organization and agency would able to meet the delivery deadlines.
- b. **Pro-activeness to changing market trends:** Time to time changes in the marketing strategies and accordingly changing trends in the market will give longevity to the agency. This can be achieved by agency through adopting strategies of verification of information by conducting research.
- c. **Generating ideas that are true to the brand and its essence:** Ideas should complement the brand concerned and its essence. For this improvement and generating new ideas, the agencies can make strategies like updating the creative department by sponsoring Employees Development Programmes, workshops, by using latest technology, by having brand strategic management. Effective conversion of positioning platform to consumer language: Agency should keep the concerned audience in mind while making the campaigns and choice of media and language.
- d. **Experience in client's product category:** In order to have versatility in the advertising agency. The agency should make such strategies that it may gain experience in every product available in the market so as to meet their different client requirements.
- e. **Ability to provide 360° solutions:** To have this, they can make strategy i.e., to follow and learn the international working of the agency.
- f. **Knowledge of reach of message coverage:** Researcher was astonished to find that many advertising agencies had no clue of calculating the reach of coverage of the message. By adopting strategies like research, surveys, personal interviews an agency to some extent can calculate the reach of message.

- g. Training and development programme:** A good system of training, induction and familiarization is very powerful in motivating professionals. Hence, it is suggested that training and development programme should become a part of the agency policy.
- h. Passing down cash discounts to clients:** It is also suggested to the advertising agencies to have cordial relations that if media gives any cash discount for making payment within stipulated times then such discount should be passed down to client, provided the client pays the agency bills by due date.
- i. Good services:** The advertising agency must provide good advertising and marketing services to its clients. If advertising agency provides efficient services, at economic rates, at appropriate time, then it will help to improve agency – client relationship in the long run.
- j. Written agreement:** All the terms and conditions between agency and client should be in writing so as to avoid any dispute in future. These terms can be with regard to fees, percentage of service charges, passing down of cash discount received from media, due date for paying the bills, time to be taken for developing and preparing advertisement etc.

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