

## Quadrant II – Notes

**Course Code: COD111**

**Module Name: Advertising Agency: Meaning, Functions, Factors influencing choice of an Advertising Agency.**

---

### Advertising Agency : Meaning

Advertising Agency is an independent business organisation undertaking the work of planning, preparing and executing advertising campaigns for its clients. Advertising Agencies charge remuneration for the services that they render. Their remuneration comes from commission given by media, fees charged from the clients and percentage service charge on purchase of advertising material for its clients.

### Functions of an Advertising Agency

#### 1. Account Management:

An account represents the client whose products and services are advertised and to whom the services are rendered. While managing the account of the client, the Advertising Agency functions with an Account manager or account executive. The Account manager is responsible for handling all major decisions related to a client. He is responsible for obtaining the clients acceptance and approval of the advertising campaign prepared, individual advertisements and the media plan.

#### 2. Creative Function

The creative department is responsible for creating and producing the advertisements. The advertising copy is written, the layout is prepared, illustrations are drawn, photography is finalised and a correct mechanical form for running it in the selected media is produced. An agency's creative team consists of specialists in graphic design, film and audio production, copywriting, copy writing, computer programming etc.

### 3. Research

Research is the key function in an advertising campaign. The decision on media selection, campaign design, creativity etc. are taken on the basis of findings of the research conducted by the Advertising Agency. Research makes every decision systematic and logical as it is based on facts and figures. Collecting data and market intelligence is important for the agency to assess a client's market situation including understanding customers and competitors. Research is also conducted following the completion of an advertising campaign to measure whether the Advertising campaign reached its objectives.

### 4. Media Planners

Once the advertisement is created, it must be placed through an appropriate advertising media. Each advertising medium has its own unique methods for accepting advertisements such as different cost structures, different requirements for accepting advertisement designs and different time schedules. Understanding the different media is the role of the Media Planner. The media planner looks for the best media match for a client and also negotiates the best deals.

Factors influencing choice of Advertising Agency:

1. Services offered by Advertising Agency: There are different Agencies providing different services, some provide all the services, some provide selected services and some provide only media services. It depends on the requirement of the advertiser whether a full service agency, creative boutique etc is needed.
2. Experience of the Agency: An experienced Agency performs better than a new Agency because it is familiar with different components of marketing environment like competitors policies, taste of the consumer, income of consumer, fashion and trends etc.
3. Location: a major factor to be considered while selecting an Advertising Agency is location of the office of the Agency. A considerable amount of communication is required at different levels of advertisement planning, creation and execution. So a local

or near by Advertising Agency should be preferred as it is easily accessible.

4. Size of the Agency: There are both large and small size agencies. Large agencies serve big clients, provide wide variety of services and also charge higher.
5. Competitors Agency: Agency which is working for competitors must be avoided otherwise Agency will not prepare advertisements which help the advertiser to have an edge over competition.
6. Image of the Agency: While selecting an Agency, the advertiser should enquire about the image, integrity, ethical standards and relations of the Agency with its clients.
7. Rates charged by the Agency: A financially strong Advertising Agency has better turnover and better contacts with media owners and can afford better infrastructure.
8. Past records of the Agency: It is necessary to know who were the past clients of the Agency, how long were they with the Agency, why they left the Agency etc.
9. Compatibility: Credibility refers to the personal equation of the advertiser with the client. The focus is on developing a strong client-agency relationship so that successful advertising campaigns can be produced
10. Marketing and Advertising research: There are Agencies specialised in marketing research, advertising research or both. Some Agencies may not have a research department but may have a research team which undertakes limited research as needed by the Agency teams working on different accounts.