

Chapter 3

Organizing for advertising and promotion: The role of ad agencies and other marketing communication organizations (part 1)

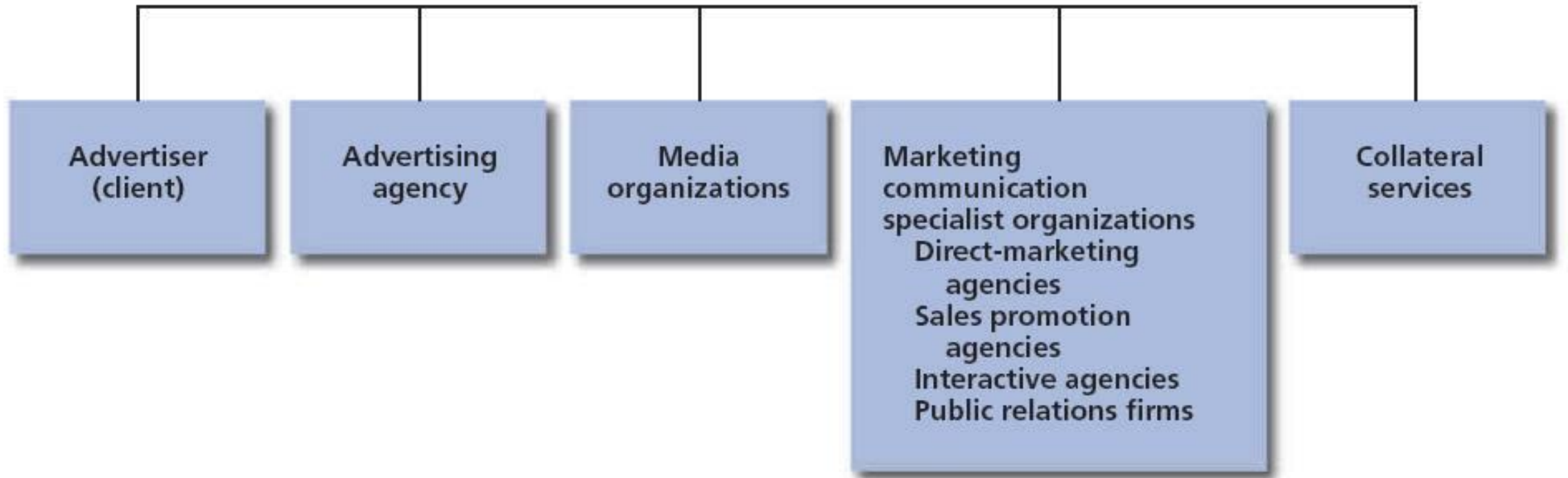


By

Emran Mohammad (Emd)

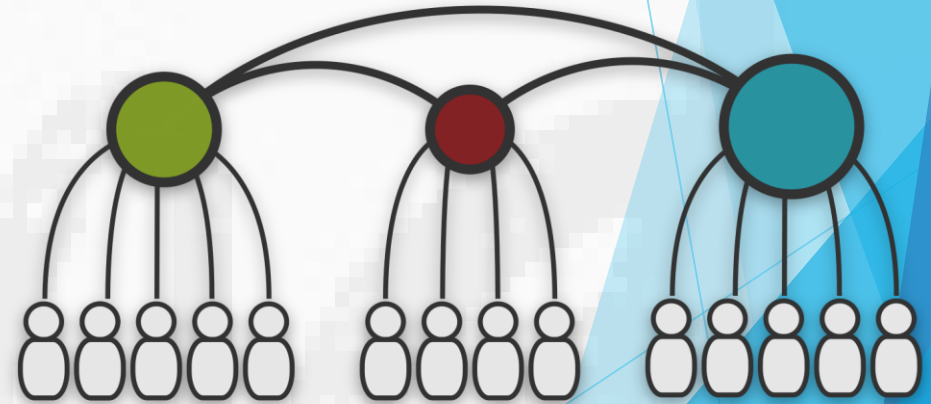
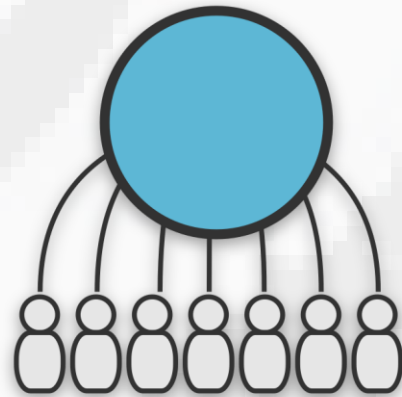
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Participants in the IMC process



Advertiser (Client)

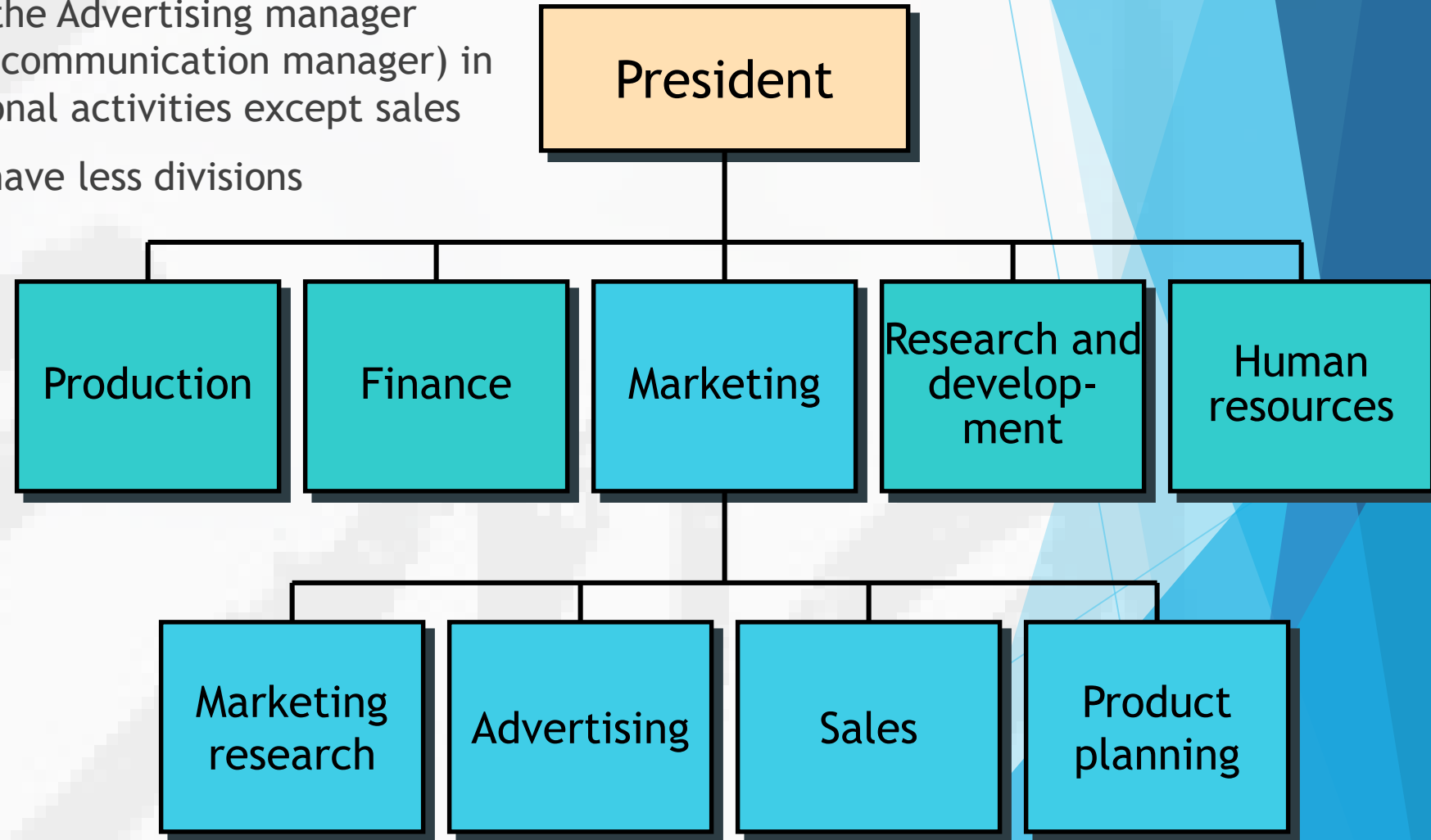
- ▶ Advertising departments are either
 - ▶ Centralized
 - ▶ Decentralized



Centralized system

- ▶ A centralized system has the Advertising manager (also known as marketing communication manager) in charge of all the promotional activities except sales
- ▶ Used for company's that have less divisions

- ▶ SouthWest
- ▶ JetBlue
- ▶ Walmart
- ▶ Bestbuy



Pros and Cons of centralized system

▶ Pro

- ▶ It's easier for the top management to make decisions as the development and coordinating of advertising from one central location facilitates communication regarding the promotional program.
- ▶ Fewer people involved leading to a more efficient operation
- ▶ Process becomes easier as the people become more specialized in taking decisions.

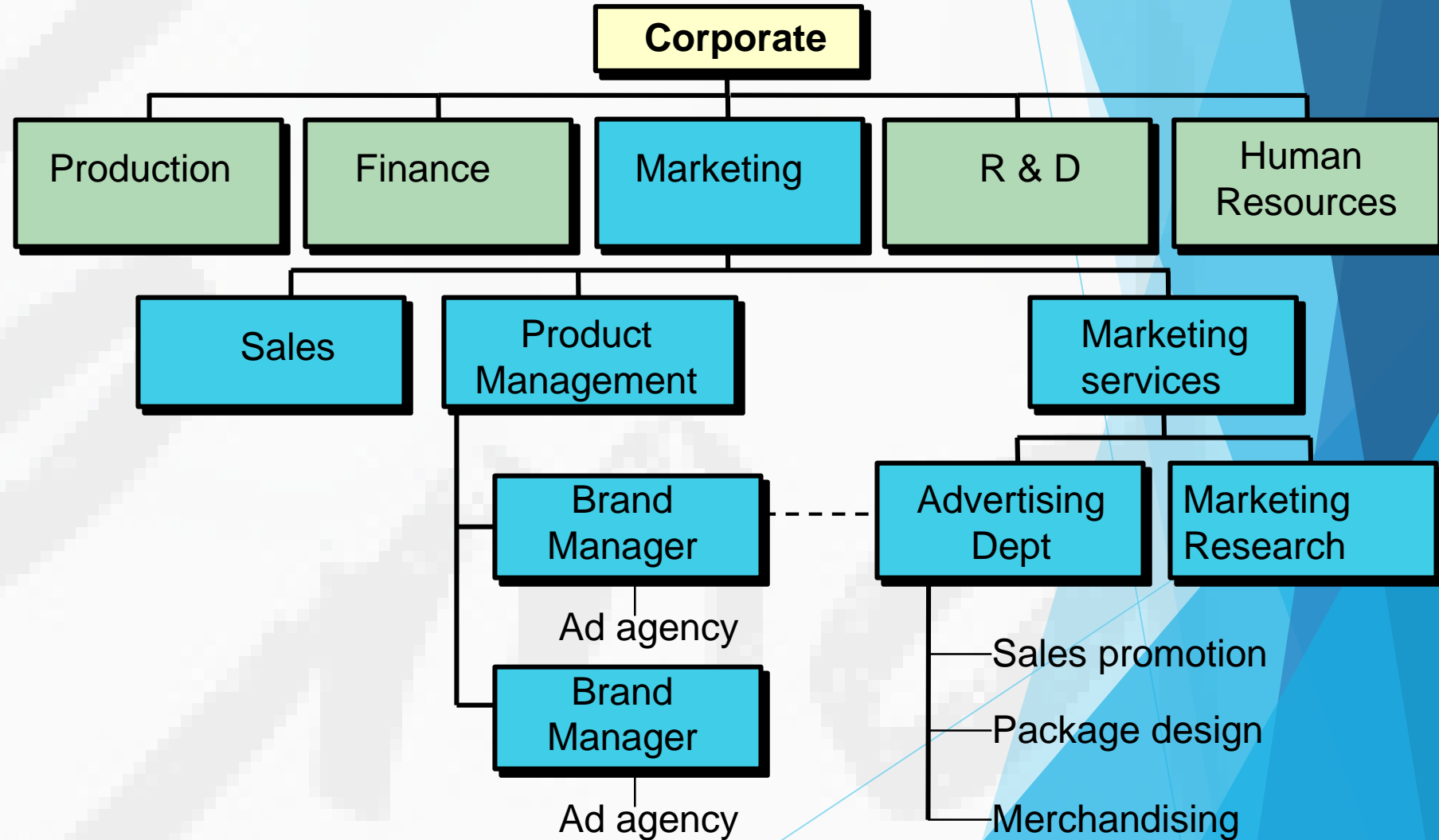
Pros and Cons of centralized system

▶ Con

- ▶ It might be difficult to understand the overall marketing strategy of the brand
- ▶ May become slow in response to specific needs of products/brands.

Decentralized system

- ▶ Larger companies with multiple divisions
- ▶ Each brand is assigned to a brand manager
- ▶ Has one or more assistant brand manager working for the manager
- ▶ Brand manager works with outside ad agencies
 - ▶ Nestle
 - ▶ Unilever



Pros and Cons of decentralized system

▶ Pro

- ▶ Each brand receives concentrated managerial attentions resulting in faster response to problems and opportunities.
- ▶ The brand manager system is also flexible and makes it easier to adjust various advertising and promotional programs

Pros and Cons of decentralized system

▶ Con

- ▶ Brand manager's lack of training and experience
- ▶ Brand managers may focus on short term planning and neglect the long-term developmental programs.
- ▶ Individual brand managers may end up competing for the management attention
- ▶ Fails to provide brand managers authority over the functions needed to implement and control the plans they develop.

In house agencies

- ▶ In-house agencies are advertising agencies that are set up, owned and operated by the advertiser. It performs almost all functions of an outside ad agency and that's why it's sometimes referred to as
 - ▶ Full service advertising department of the advertiser

- ▶ Hyundai
- ▶ Avon
- ▶ Revlon
- ▶ Coke



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Pros and Cons of in-house agencies

▶ Pro

- ▶ Reduces cost
- ▶ Efficient workflow
- ▶ Increased knowledge of the market
- ▶ Stability
- ▶ Access to top management

▶ Con

- ▶ Less experience and objectivity compared to their outside counterpart
- ▶ Less flexibility as in-house agencies cannot be dismissed if the result is not as expected



Advertising agencies

- ▶ A service organization that specializes in planning and executing advertising programs for its clients.
- ▶ In the early 90's, large agencies merged with other agencies & support organizations to form superagencies.
- ▶ Now-a-days, advertising agencies have moved towards IMC and revenue comes from other places than traditional ads.
 - ▶ Media buying
 - ▶ Public relation
 - ▶ Digital
 - ▶ CRM direct marketing
 - ▶ Sales promotion

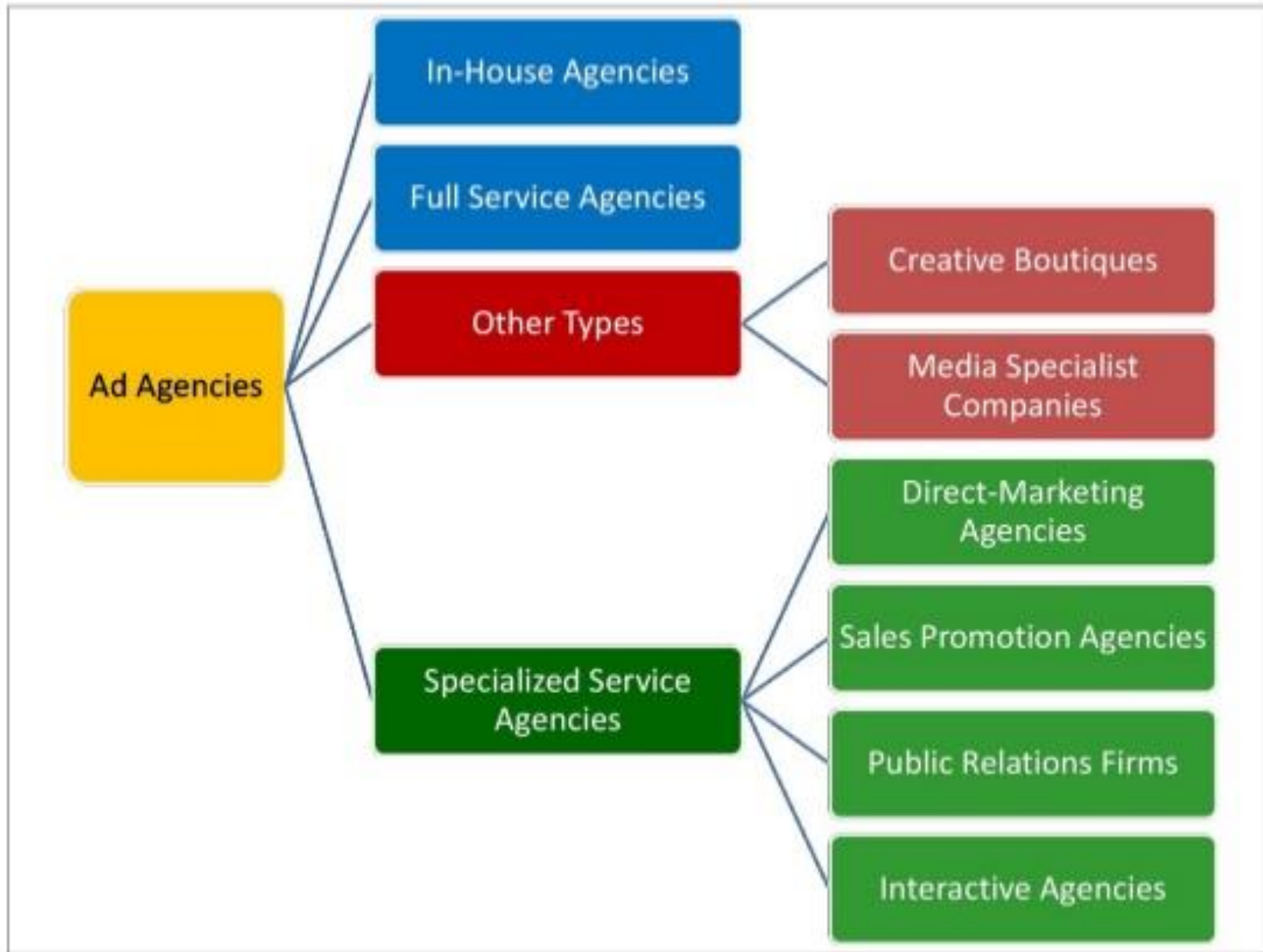
Organizational structure of ad agencies

▶ Departmental system

- ▶ Each of the opportunity functions is set up as a separate department and is called on as needed, to perform and serve all of the agency's clients.

▶ Group system

- ▶ Individuals from each department work together in groups to service particular accounts.



Types of ad agencies

▶ Full service Ad agencies

Full range of marketing communication and promotion services

Planning advertising

Performing research

Creating advertising

Selecting media

Producing advertising

Nonadvertising services

Strategic market planning

Interactive capabilities

Sales promotions

Package design

Direct marketing

Public relations and publicity

COO / CFO

Director Client Service	Director Planning Research	Director Creative Service	Digital Creative Director	Director Production	Director Specialized Service	Media Director	Mgt & Finance Director
Account Directors	Account Planners	Art Directors	Interactive Producer	Print Production Managers	Direct Marketing	Media Planners	Accountants
Account Supervisors	Market Research Team	Copy Writers	Interactive Developers	Broadcast Production Managers	Sales Promotion	Media Buyers	Financial Manager
Account Executives		Graphic Designers	Interactive Graphic Designers	Traffic Manager	PR		Office Manager
		Studio Artists			Events		HR

Other types of ad agencies

Creative Boutiques

Provide only creative services

May subcontract from full-service agencies

Strength is turning out creative work quickly

Creative Boutiques



Other types of ad agencies

Media Specialist Companies

Specialize in buying media, especially broadcast time

Agencies and clients develop media strategy

Media buying organizations implement strategies, and buy time and space

Media Specialist Companies



Departments of an average ad agency

Account Services

The link between agency and client

Managed by the account executive

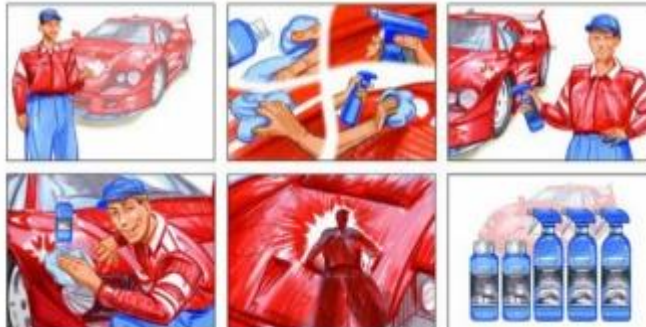
Marketing Services

Research department
May include account planners
Media dept. obtains media space, time



Creative Services

Creation, execution of ads
Copywriter
artists,
other specialists



Mgmt & Finance

Accounting
Finance
Human resources
New business generation





Thank you

