

# Strategy Of Advertising Agencies In India For Evaluating Advertising Effectiveness Across Experience

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## INTRODUCTION

Everybody knows what advertising is, but like a good many things that everybody knows, specific descriptions are hard to come by - the internal working of the advertising business are frequent subjects for discussion, yet relatively little is actually known about the scene behind the working of advertising.

When critics fulminate about advertising, they generally have in mind the advertising agency business. The novels that have used advertising as a lurid background have usually taken the advertising agency as a point of departure. The movies that have touched on advertising have also intended to use the advertising agency as the symbol of the advertising business. A well-developed glamorous mythology of high living on expense accounts has grown up about the advertising business. The business that so inflames these passions is, in reality, only one of the three fulcrums in the work of advertising.

Earlier Advertising was, in fact, a tripartite affair, but now it has five key players. The agency serves as the middleman between the advertiser and the media. The base of the advertising business is the advertiser. They are advertisers of many different kinds and they advertise in many different ways. The advertiser - the company, organization or individual - orders, pays for and signs the commercial messages carried by advertising media and benefits from advertising. It is, of course, impossible to have advertising without them.

It is also impossible to have advertising beyond the primitive forms of identifying signs and perhaps handbills without available media to carry advertising. Newspapers, magazines, radio, television, films, hoardings, direct mail and a host of other minor media disseminate the advertising messages.

The third important segment of the advertising business is the advertising agency - a professional organization that plays so large a part in producing and placing advertising for advertisers, particularly regional and national advertisers, who are usually referred to as "*clients*" of the agency. The fourth important segment of advertising world is the vendor. Members of this group are also called freelancers, consultants and self-employed professionals. Last, but not the least, an important segment is the target audience. All strategy starts with the customer.

Advertising started in India along with the modern print media. The first newspaper in India was the Bengal Gazette, or Calcutta General Advertiser, published by a British, James Augustus Hickey, on January 29, 1780, the title of the newspaper did not refer to advertising in its modern sense; the verb "*to advertise*" was used in its archaic sense of "*to inform*". However, the paper did carry a few advertisements in its first issue. Other newspapers published during the same decade also carried advertisements. During the nineteenth century, most of the commercial advertisers in India were British business houses.

During this period, advertising agencies didn't exist. The emergence of advertising agencies began in the early part of the twentieth century. The first recognized advertising agency in the country was B. Dattaram and Company, which was founded in 1905. The second Advertising agency was established in Bombay in 1907, followed by the Calcutta Advertising Agency in 1909.

Within the next two decades, a few multinational agencies had begun to establish a presence on the Indian advertising scene. A British agency, S. H. Benson, commenced operations in India in 1928. Subsequently, this agency was acquired by Ogilvy and Mather, to form Ogilvy Benson and Mather.

The Indian affiliate of Ogilvy and Mather continued to be known as Ogilvy Benson and Mather (India) Pvt. Ltd.; right until the mid-1980s, when its name was changed to Ogilvy and Mather. The J. Walter Thompson Company commenced operations in India in 1929. Its Indian Associate, known as Hindustan Thompson Associates, is presently the largest advertising agency in India. Lintas India Ltd. was found in 1939. Lintas was initially the house agency for

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Lever Brothers, but was later spun off by Lever into an independent company. Another multinational agency, McCann Erickson, formed an alliance with Calcutta Based Clarion Advertising in 1956. Now, they are grooming in Northern region and many agencies are Delhi-based and still they are increasing in number.

Originally, the term strategy has been derived from Greek '*strategos*' which means generalship, that is, the art of the general. Because of this nature of origin of strategy, most of the dictionaries define strategy in military sense.

A Strategy is a unified, comprehensive, and integrated plan that relates the strategic advantages of the firm to the challenges of the environment. It is designated to ensure that the basic objectives of the enterprise are achieved through proper execution by the organization. However, the term strategy cannot be used in military sense as business is not always like a war situation; some advertising agencies adopt strategy which makes competition irrelevant, known as blue ocean strategy **(The term coined by Chan Kim and R. Mauborgne in 2005).**

A strategy is the means used to achieve the ends (objectives). A strategy is not just any plan, however. Strategy is perspective, position, plan, and pattern. Strategy is the bridge between policy and high order goals on the one hand and tactics or concrete actions on the other. Strategy and tactics together straddle the gap between ends and means. In short, strategy is a term that refers to a complex web of thoughts, ideas, insights, experiences, goals, expertise, memories, perceptions and expectations that provides general guidance for specific actions in pursuit of particular ends.

Strategy is one element in a four part structure. First are the ends to be obtained. Second are the strategies for obtaining them, the ways in which resources will be deployed. Third are tactics, the ways in which resources that have been deployed are actually used or employed. Fourth and last are the resources themselves, the means at our disposal. Thus, it is the strategy and tactics that bridge the gap between ends and means.

Every advertising agency formulates their strategy and their strategies differ from agency to agency irrespective to their age. The basic strategy and purpose behind evaluation is that if the agency / advertiser maintains a continuous watch over the results while a campaign is in progress, a weakness in any phase of planning may soon become apparent. The campaign can then be strengthened quickly by making the necessary changes. After the campaign has run its course, an attempt should be made to see what returns have been received for the money spent. Advertising evaluation can also be isolated to the advertisement (apart from the total campaign); or any of the elements of the advertisement, such as the headline, basis theme, illustrative treatment, etc., the underlying consumer can be isolated and studied, so also can be evaluated the medium / media selected for the advertising.

Testing can help advertisers and agencies achieve a better understanding of their customers, which can provide valuable insight for the development of creative, which can prevent costly errors' in judging which advertising strategy and what media will produce the greatest results. In other words, it pays to test not only because advertising costs money, but also because it makes money.

The decision to test requires good judgment in determining what is to be tested and selecting the test posts suited to the problem. The time factor is also included in the picture as the measurement is classed as a pre - step, which proceeds the rules of advertising, test measurement, which attempts to determine the effectiveness after the advertising has been done; or what is sometimes called continuous measurements - policy which begins with pre - testing extending throughout the campaign to follow. The objectives of the advertising- whether direct action or indirect action in nature can be a valuable guide in the selection of a suitable test. While there is a host, nomenclature is much less important than the operating elements of which the various methods are composed.

Advertising management is supposed to make decisions first as to what elements require testing. This decision involves the pre-selection of three or four copy alternatives out of a host of names. It also involves a decision as to what specific ingredients in the advertisement or commercials required additional research evidence. The timing of the testing is also important. Sometimes, it is more efficient and desirable to test in the initial stages of campaign development. At other times, testing cannot realistically reflect the needs of the decision maker until after alternative campaign have been developed.

Campaign planning has to be in progress before advertising can be evaluated. As soon as the campaign is underway, it can be subjected to testing within a simulated marketing environment. This helps the agency in making the necessary modifications in their campaigns before the advertising is released. This is called pre - testing of the advertisement. The objective of pre-testing is to increase the likelihood of preparing the most effective advertising message. Pre-testing can help advertisers detect and eliminate weaknesses or flaws that may ultimately result in consumer indifference or negative consumer response. Several areas of advertising, e.g. market's motives, messages, media budgeting and scheduling may be evaluated in pre-testing.

Testing the effectiveness of an advertisement before it is released has obvious advantages - errors and weaknesses can be eliminated before it is released and this has obvious advantages. Errors and weaknesses can be eliminated before considerable sums of the advertiser's money are invested in the effort. There are several alternative creative strategies that are worked out for an advertising campaign. Pre-testing helps the agency in selecting the copy/creative that will eventually be used to communicate with consumers; because this test will help the agency determine whether the advertisement is communicating effectively. That is why it is also called communication - effect research.

Although no infallible means of predicting the success or failure of advertisements are yet known, several techniques exist, which enable the agency to get insights, if they are properly applied. The major techniques of pre-testing of print advertisements are direct ratings, portfolio tests, paired campaign methods, focus groups and laboratory tests. In the direct rating test, the consumer panel is exposed to alternative advertisement's attention grabbing technique, content being understood, its effectiveness and its persuasion. Portfolio containing several other advertisements are shown to them and the panel were then asked to recall the test advertisements and their content. In the paired comparison method, only two advertisements were compared at a time with each other to measure the consumer's response. The laboratory tests used equipment to measure the consumer's physiologies reactions to an advertisement.

Testing broadcast advertising is a little more complicated under the in-home protection tests, commercials are run in the respondent's homes and questions are asked after exposure to them. There are trailer tests intended to measure actual consumer behaviour. Trailers are set up in shopping centers for showing commercials by a projector. The shoppers are offered price-off coupons for the advertised products. Some of the shoppers are exposed to the commercials and others are not. Campaign is made on the basis of coupon redemption rates between the two groups. These also are live telecast test television - commercials may be tested under normal viewing conditions, thereby allowing the advertiser to avoid the problems associated with the artificiality of forced exposure.

Sales area test consists of running the advertisement on a small scale before implementing the entire campaign. Two sales areas are selected and alternative advertisement are run in each of them. The sales result in each market is checked to determine which advertisement was more effective. Alternative advertising copy can also be pre-tested by direct mail, the copy which elicits maximum response is considered to be the most effective.

Determining the effectiveness of an advertisement or campaign after it has been run is called post testing. It is done only after full commitment to a creative approach or schedule of media has been made. Post-testing is generally more costly and time consuming than pre-testing, but it permits advertisements to be tested under actual market conditions and outside the simulated conditions of pre-testing. Advertisers can reap the benefits of pre-testing and post-testing simultaneously, by running the advertisement in a few select markets before launching a national campaign. It can be said that pre-testing is diagnostic in nature and post testing is evaluative in nature, whereas many of the variables being tested are common in both.

There are two approaches to post testing- they are intermediate and direct. Intermediate measures assess what is going on in the receivers mind as a result of exposure to advertising. They have the advantages of low cost and simplicity. Some of these tests are Recognition and Recall tests (both aided and unaided); attitude tests and inquiry tests. The Direct approach tests advertisements under conditions of reality and is supposed to measure behaviour in a close linkage with advertising, but may be quite complex, expensive and time consuming.

The objective of the aided recall tests is to determine how many readers / viewers of a medium have read or seen the advertisement. The unaided recall tests are intended to measure the penetration of an advertisement without placing the plant advertisement before the respondent at the time of the test. In the case of commercials, the respondents are interviewed the day after the commercial was telecast. In an attitude test, the key factors intended to be measured were the consumer's general assessment of the company, its products and brands, the consumers' preference or loyalty and their intention to buy the advertised product. Inquiry test compares the effectiveness of two or more advertisements on the basis of inquiries generated.

The direct approach, used for obtaining information on the sales producing value of specific advertisements, makes use of controlled experiments test, direct payout method, consumer purchase tests and mail order selling tests. Under the controlled experiment test, one market is designated as the test market and it is exposed to an advertisement different from that which all other markets are exposed to. The difference in the effect on this market and the others is then measured.

The consumer purchase tests are intended to measure the retails' sales of a product that result from a given advertisement /campaign. The mail order test resembles an inquiry test, except that it asks the respondent to buy a

product by mail and then the resulting sales are measured.

Post-testing is the name given, by many evaluators for evaluation of individual advertisements, where as, the evaluation of the entire campaign is called cumulative or continuing evaluation. Evaluating the cumulative effect of advertising campaigns is done by measuring effectiveness against the objections of the campaign. Before the campaign begins, the market situation is assessed on the basis of the objectives, thereafter, the campaign may be held at regular periodic intervals. The most commonly used measure is awareness before and after the campaign. Other measures include understanding, belief, interest, persuasion and sales. Although sales are the ultimate goal of nearly all advertising campaigns, they are generally harder to measure because sales are influenced by many factors besides advertising - such as the product's features, price, availability and the competitor's strategy.

## REVIEW OF LITERATURE

To formulate the research problem, and to point out the rationale of undertaking this study, it is essential to present a brief review of available literature relating to different strategies of advertising agencies. The review of literature provided a road map to identify that how advertising agencies formulate their strategies for evaluating the advertising effectiveness and how their strategy varies with their nature and age. Various relevant studies are quoted as below:

✿ One of the first studies by **Adler Lee, Greenberg Allan and Lucas B. Darrell (1965)** asserted that how strategy of advertising agencies was affected by the copy testing methods for evaluation as measures of an advertising campaign such as - recognition, recall, attitude, advertising rating, buying predisposition and behavioral measures etc.

✿ **Swartz Teresa A. and Meyer Luanne (1987)** indicated that there is a relationship between program type and advertising effectiveness. They also focused on the impact of program type on advertising effectiveness. The research explored different programs and message types in an effort to determine the interaction between the two. The authors had investigated various audience segmentation variables which are helpful in making strategies more effective.

✿ **Aaker David A. and Stayman Douglas M. (1990)** found nine factors of a successful advertisement campaign viz. (1) Arousing, (2) Clever, (3) Informative, (4) Effective, (5) Irritating, (6) Silly, Dull, (7) Warm, Lively, (8) Familiar and (9) Believable and confusing. So, these types of advertisements are also going to affect the outcome and strategies of an advertising campaign and is another way to measure the effectiveness of the advertisement.

✿ **Polonsky Michael Jay and Waller David S. (1995)** examined that whether the winning of advertising awards affects the billing and income of advertising agencies and is considered to be an important tool for measuring the effectiveness and the results indicated that the advertising agency's income or billings are not affected by the number of awards it won. Thus, advertising agencies are entering award shows for non- monetary reasons and they entered participated in such shows just to attract the customers and to build goodwill in the market, which is one of the important strategies to capture more and more accounts.

✿ **Pandya Rameshwari (2000)** talked about one of the important strategies of advertising agencies - that how to improve the techniques of advertising such as copy testing and the study of psychological campaigns. The author focused on understanding the matrix of advertisements so as to effectively implement the strategies for evaluating the effectiveness of the advertising agencies, which helps to satisfy the customers.

✿ **Vranica Suzanne (2001)** talked about an important strategy of advertising agencies - that they promote and advertise the product themselves and by adopting this strategy, they start convincing the companies by saying that they can sell more products than they are selling. This helps the advertising agency to capture more market share and the agency can garner more recognition and prestige in the industry, which is considered to be an important tool of effectiveness.

✿ **Swain William N. (2004)** focused on the appropriate methods of measurement and agency compensation in planning and implementing integrated marketing communication. The result of the author's study revealed that some clustering of leadership preferences but little movement towards marketing communication measurement and agency compensation methods coincide with models of integrated marketing communication.

✿ **Trivedi Divya (2008)** asserted that the advertising agencies have to be more creative, rethink on ways of getting commensurate returns, rethink their strategies and act smartly as the advertising agencies will slow down in their growth, so to overcome this situation, the advertising agencies have to reformulate their strategies and adopt different tools and techniques to measure their advertisement effectiveness.



✿ **Mehra Priyanka (2009)** emphasized that industrial professional's cost of working with smaller agencies was cheaper by 10-50 percent, depending on the nature and account. Traditionally, agencies charged 15 percent of the size of the account as fees, but in the past few years, most agencies had been reported to be working for 6-10 percent. Further, the author said that India's advertisers were bracing for slowdown by not only cutting spends, but also shifting to smaller and relatively new advertising agencies to make their money go further. According to author, all this pattern of small advertising agencies adversely affects the strategies of other old and large sized advertising agencies.

## RESEARCH METHODOLOGY

There are 775 accredited advertising agencies, out of which 65 advertising agencies were taken as a sample from all the metropolitan cities where the head offices of advertising agencies were situated. The study has been mainly based on the primary data. For choosing the sample, stratified random sampling technique was used. Statistical tools, such as percentages, chi-square were used to analyze the data.

## OBJECTIVES OF THE STUDY

- ✿ To know how advertising agencies formulate and implement their strategies for the evaluation of advertising effectiveness.
- ✿ To examine the challenges and problems that 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.

## HYPOTHESES OF THE STUDY

To achieve the above stated objectives, three hypotheses have been set up with respect to experience and nature. The following are the various hypotheses of the study:-

- ✿ **There is no difference in the strategies of fully and provisionally accredited advertising agencies in India.**
- ✿ **The number of years of establishment has no impact on the strategies of advertising agencies in India.**

## SELECTION OF THE SAMPLE

The addresses of the advertising agencies were selected from “The Press and Advertiser's Year Book- 2005-06” and “Indian Newspaper Society” (INS) 2006-07”. The selection of agencies was based on the following steps which are clear from the Tables 1, 2 and Table 3:

- ✿ All agencies which were accredited either provisionally or fully with the “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 included five metropolitan cities i.e. Mumbai, New Delhi, Kolkata, Chennai And Bangalore.
- ✿ 500 agencies were identified which fulfilled the conditions listed above.

**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
<b>Total</b>	<b>557</b>	<b>218</b>

Source: INFA 2005-06 & INS Year Book 2006- 07

✿ Out of those 500 agencies, to have the best sample as against the 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 2: Metropolitan City - wise Universe Distribution Stratified Random Sample**

Geographic Location	Agency Accredited		Total
	Fully Accredited	Provisionally Accredited	
Delhi	129	43	172
Kolkata	48	12	60
Mumbai	144	24	168
Chennai	48	7	55
Bangalore	35	10	45
<b>Total</b>	<b>404</b>	<b>96</b>	<b>500</b>

Source: INFA 2005-06 & INS Year Book 2006 -07

**Table 3: Sample Size Within The Strata**

Geographical Location	Agency Accreditation		Total
	Fully Accredited	Provisionally Accredited	
Delhi	13	11	24
Kolkata	5	3	8
Mumbai	14	6	20
Chennai	5	2	7
Bangalore	3	3	6
<b>Total</b>	<b>40</b>	<b>25</b>	<b>65</b>

## PROFILE OF THE AGENCIES CONSIDERED FOR THE SURVEY

Tables 4, 5, 6 and 7 present the break up of agencies according to nature, experience and size. And, Table 8 clears the performance of advertising agencies in India.

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 4.

**Table 4 : 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
<b>Total</b>	<b>40</b>	<b>100</b>	<b>25</b>	<b>100</b>	<b>65</b>	<b>100</b>

Source: Primary Data

Table 4 presents the classification of advertising agencies according to their age, and 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 in India. Thus, on the whole, major proportion of sample agencies had below 20 years of age. Further, to clarify the hypothesis, the age of agencies were categorized into two parts i.e. old advertising agencies, which spent more than 40 years of life time in this area and new advertising agencies which had less than 40 years of life span. (Source: A&M 1998; basis for categorization of agencies)

The surveyed sample is further classified on the basis of their nature in Table 5.

**Table 5: 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
<b>Total</b>	<b>40</b>	<b>100</b>	<b>25</b>	<b>100</b>	<b>65</b>	<b>100</b>

Table 5 depicts that the sample apart from non-accredited advertising agencies, 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.<sup>1</sup>

The sample agencies were further classified on the basis of their geographical location in Table 6.

**Table 6 : Geographical Location of Advertising Agencies**

Geographical 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
<b>Total</b>	<b>40</b>	<b>100</b>	<b>25</b>	<b>100</b>	<b>65</b>	<b>100</b>

It is clear from Table 6 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 above pattern to some extent also held true when analyzed in case of fully accredited and provisionally accredited separately.

The classification of advertising agencies according to the size of capitalized billing is given in Table 7.

**Table 7 : Categorization of Advertising Agencies According To Amount of Capitalized Billing**

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

<sup>1</sup>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:2006-07)

Table 7 indicates that 30.77 percent of the sampled advertising agencies reported their capitalized billing up to ₹ 1 crore and they are termed as small sized advertising agencies. On further analysis, it was found that 46.15 percent of the advertising agencies fall in the category of billing from ₹ 1 crore to ₹ 50 crore and the same are termed as medium sized advertising agencies. The remaining 23.08 percent of the advertising agencies had capitalized billing above ₹ 50 crores and they are termed as large sized agencies. (Source: A&M, agency Report, 1998 - For dividing line.)

The performance of advertising agencies is studied in terms of amount of capitalized billing and growth over the previous year in Table 8. Table 8 exhibits that the capitalized billing of accredited advertising agencies in India had risen to ₹ 99.58 crore in 2008 from ₹ 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 frantic pace, making it resemble the Californian gold rush.

**Table 8 : Overall Capitalized Billing Of Accredited Advertising Agencies In India**

Year	No. of Agencies	Average Capitalized Billings (₹ 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

## ANALYTICAL TOOLS USED

For analysis purposes, the agencies have been classified into fully accredited and provisionally accredited advertising agencies, and also into old and new on the basis of experience. 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 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.

## RESEARCH FINDINGS AND DISCUSSION

Evaluation of advertising is basically a research function. As has already been seen, the Indian advertising agencies are not very advanced in this function, But many do use the services of professional research agencies.

On being asked whether the agencies carried out any study on the target market's reaction to their campaign, they gave the following responses as given in Tables 9 and 10 across nature and age.

**Table 9: Measuring Target Population Reaction On The Basis Of Accreditation**

Methods of evaluation	Full Accredited		Provisionally accredited	
	No. of agencies	Percentage	No. of agencies	Percentage
Ad - hoc studies	2	5	2	8
Client turnover index *	2	5	1	4
Not formally measured as yet	36	90	22	88
<b>Total</b>	<b>40</b>	<b>100</b>	<b>25</b>	<b>100</b>
$\chi^2 = .26215$ and Tab = 5.991 D.F. = 2 at 5% level of significance.				

Source: Primary Data.  
\*(If the client continues to give business, they take it for granted that the reaction was favourable. If client stops giving further business, they think it to be a negative reaction).



**Table 10: Measuring Target Population Reaction On The Basis Of Age**

Methods of evaluation	Old Agencies		New Agencies	
	No. of agencies	Percentage	No. of agencies	Percentage
Ad - hoc studies	2	18.18	2	3.7
Client turnover index *	2	18.18	1	1.85
Not formally measured as yet	7	63.64	51	94.45
<b>Total</b>	<b>11</b>	<b>100</b>	<b>54</b>	<b>100</b>
$\chi^2 = 9.3005$ and $\text{Tab} = 5.991$ D.F. = 2 at 5% level of significance.				

Source: primary data. \*(If the client continues to give business, they take it for granted that the reaction was favourable. If the client stops giving further business, they think it be negative reaction).

Table 9 indicates that the effect of advertising can be evaluated only by studying the target audience. It can be seen from the Table 9 that 90 percent of fully accredited and 88 percent of provisionally accredited advertising agencies have no arrangements of evaluating the effect on the target population. Half of the remaining agencies do conduct some ad-hoc studies, whereas, the other half assumes that if the clients have continued giving them business, then the effect must have been positive, otherwise not. The researcher was shocked to learn that the maximum of the agencies (75%) had no idea of the several types of pre & post tests that they have mentioned in the earlier part of the chapter.

Even, to have an in-depth analysis,  $\chi^2$  test was applied to examine whether method of evaluation depends on the nature of advertising agencies,  $\chi^2$  test was applied. The result depicts that the method of evaluation is not dependent on the nature of the agency.

Table 10 indicates that 63.64 percent of old and 94.45 percent of new advertising agencies have no arrangements of evaluating the effect on the target population. Half of the remaining agencies do conduct some ad-hoc studies, whereas, the other half assume that if the clients have continued giving business, then the effect must have been positive, otherwise not. The result of the  $\chi^2$  test depicts that the methods of evaluation is dependent on age of the agency.

**Table 11: Factors Used For Evaluating A Campaign On The Basis Of Accreditation**

Factors used for evaluating campaign	Fully Accredited		Provisionally Accredited	
	No. of agencies	Percentage	No. of agencies	Percentage
Client feedback	38	95	24	96
Industry feedback	(31)	(77.5)	(18)	(72)
Inquiry generated	2(2)	5 (5)	1(1)	4 (4)
Award received	(2)	(5)	(1)	(4)
<b>Total</b>	<b>40</b>	<b>100</b>	<b>25</b>	<b>100</b>

Source: primary data.(Agencies in brackets are those that have given client feedback also as their response and hence, they are not included in the total)

When asked how, then, do they evaluate their advertising campaign; they gave the following responses as shown in Tables 11 and 12. It can be seen from the Table 11 that the most common and popular factor for evaluating the effectiveness of their campaign is client's feedback, approximately more than 95 percent of fully accredited and 96 percent of provisionally accredited advertising agencies base their evaluation on client's feedback though amongst them, 77.5 percent of fully and 72 percent of provisionally accredited agencies also depend on the industry feedback and 5 percent fully and 4 percent provisionally accredited agencies in enquiries generated from the market and a few also base their evaluation on the awards, if any, received for a particular campaign. And, similarly for that, they only evaluated on the basis of enquiries generated.

**Table 12: Factors Used For Evaluating Campaign On The Basis Of Experience**

Factors used for evaluating campaign	Old Agencies		New Agencies	
	No. of agencies	Percentage	No. of agencies	Percentage
Client feedback	9	81.82	53	98.15
Industry feedback	(4)	(36.36)	(47)	(87.04)
Inquiry generated	2(1)	18.18(9.09)	1(1)	1.85(1.85)
Award received	(1)	(9.09)	(1)	(1.85)
<b>Total</b>	<b>11</b>	<b>100</b>	<b>54</b>	<b>100</b>

Source: primary data.(Agencies in brackets are those that have given client feedback also as their response and hence they are not included in the total)

Table 12 shows the similar result as the nature of the agency that 81.82 percent of old and 98.15 percent of new agencies reverted to the client with requisite feedback.

## CONCLUSION

It can be said from the study that the agencies in India have no formal way of evaluating their advertising campaigns. This may probably be because the need has not yet arisen since they do keep getting business, and it is on the basis of further business from their present clients that they assess whether their advertising achieved its objectives or not. Under the client's feedback also comes information about client sales and so they do say that they evaluate on the basis of the campaign's effect on sales. All in all, it is all based on what the client says, and no proper research is conducted to evaluate their advertising effectiveness.

The researcher did not find a separate section for advertising evaluation or research technicians although the 'when', 'where', 'what' and 'how' of testing requires them. Agency management does not, in general, understand the framework of the technical needs. It has been the experience of the researcher that advertising agency executives also did not give much importance to the validity of tests. A critical criterion of any test is that it should be valid, and a copy testing method is considered valid when it meets three basic conditions. In terms of these yardsticks, most of the copy testing methods of the advertising agency are :

- (i) Do not actually measure what they purport to measure,
- (ii) The test conducted by them are mostly in environments typical of that in which advertising would eventually be done, and
- (iii) their results are mostly impertinent to the creative problems in as much as there is little value in producing data, which is not directly referential to the problem posed by advertising.

For advertising copy to be effective, it must attract consumers' attention, develop interest and understanding, gain impact and influence attitudes contributory to the accomplishment of the advertising objectives, these factors are not considered fundamental testing criteria in copy by most of the advertising agencies. As a result, where of, most of the respondents were not clear about the measurement dimensions in copy testing, whether, in addition to capture the consumer attention, their advertisement can hold the consumer. They are also sure about the measurement of the advertisement's ability to secure attention, interest, arousal, understanding and comprehension of the message. Evaluation of advertising effort, therefore, represents the step of greatest challenge in their copy research. They were also found to be not sure about the impact, impression, selection or attitude influence value of their advertisement, for the lack of the understanding and application of the copy testing method.

## SUGGESTIONS

The decision as to how to test follows the decision of what to test. The type of advertising objectives of the type of action of the advertising - either direct action or indirect action has a significant influence upon the testing problem. Advertising management should, therefore, focus attention upon these aspects as an important guide to the selection of methods or testing techniques to be used. In the whole area of testing, advertising agency management needs

professional research talent to do the job and both ability and integrity on the part of the researcher. The requirements are similar to the legal needs of management. Advertising agencies in India must have a broad appreciation of the problem of advertising testing to be sufficiently well aware to choose the right personnel and provide the right direction in the evaluation of the advertising effort.

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