

# DIMENSIONS OF ADVERTISING AGENCY CLIENT SATISFACTION

**M JANSEN VAN RENSBURG** (Department of Business Management, UNISA)

The article proposes a conceptual model for understanding key factors that shape satisfaction with the services offered by South African advertising agencies. In particular, the model draws together two distinct approaches: (1) service quality associated with service output and performance, and (2) relational exchanges between advertisers and advertising agencies.

Insight and perspectives from 116 large South African advertisers were obtained by means of a survey administered via a web-based platform. Data obtained from the respondents were subjected to factor and correlation analysis in order to identify representative factors that could explain advertisers' overall satisfaction. The model confirms six satisfaction factors, namely integrity, core service, account management, cost management, mutual commitment and communication. Each of these factors has a significant impact on and correlation to each other as well as a moderate to strong correlation to overall satisfaction.

This article also discloses the dimensions underlying these factors, which contributes to the understanding of advertiser satisfaction within the South African context. This research contributes to the literature by providing a more complete and integrated view of the structure of customer satisfaction in service contexts. From a practical perspective, the research provides a useful framework for advertising agencies to measure and manage advertiser satisfaction.

*Key phrases: Client satisfaction, advertising industry, relationship management, South Africa, service quality*

## 1 INTRODUCTION

In the latest advertising industry review, Furlonger (2009) warns industry participants that a lack of mutual respect and understanding of professional conduct can be a costly mistake. This warning follows results from a UK report that revealed that advertisers are wasting up to 25% of the money they spend with their agencies through poor management and sloppy advertising briefs. In South Africa, the growing number of consultancies acting as intermediaries to manage relationships between advertising agencies and their clients suggests the applicability of the statistics to local conditions (Furlonger 2009).

Although it is tempting to appoint a third party intermediary, the current economic climate seldom allows such a luxury. In addition, once the advertising selection process has been completed, it is the desire of both advertising agencies and advertisers to build

and maintain strong long-term beneficial relationships (Levin 2009) and avoid situations and activities that will jeopardise this relationship (Triki *et al.* 2007). Wastage of advertising spent due to poor management and advertising briefs is after all not in the interest of any of the concerned parties.

Advertising practitioners and researchers have long sought explanations for the success and longevity of advertiser-advertising agency relationships if only because their failure is costly for both organisations (Levin 2009; Lichtenthal & Shani 2000; Triki *et al.* 2007). Literature in this area has focused on the criteria used in agency selection (e.g. Cagley 1986; Fam & Waller 1999; Van Rensburg *et al.* 2010), the factors fostering continuity (e.g. Beverland *et al.* 2007; Davies & Palihawadana 2006; Davies & Prince 2005; Levin 2009) and the forces prompting the break-up of client-agency relationships (e.g. Durden *et al.* 2008; Ghosh & Taylor 1999; Henke 1995). However, according to Caceres and Paparoidamis (2007), the issues of service and relationship quality in business-to-business (B2B) contexts are undefined and relatively unexplored.

This results in unresolved issues with respect to conceptualisation and measurement of service-quality perceptions and their impact on business satisfaction. Meeting client expectations of service quality is however not straightforward, or sufficient on its own to determine customer satisfaction. This is because clients can behave very differently towards their advertising agencies when exposed to similar levels of service quality, due to a number of relationship factors. Agencies thus need to understand the factors that can influence their clients' feelings about their service output as well as about relationships (Davies & Palihawadana 2006).

In this article, the subject of customer satisfaction is probed to gain an understanding of how issues of service and relationship quality impact on overall client satisfaction. The study on which the article reports explored the perspectives of 116 large South African advertisers. Data obtained by means of a quantitative survey are used to identify factors that significantly contribute to overall satisfaction with their appointed advertising agencies. These factors are then presented in a conceptual model that could be useful to manage and maintain advertising agency-advertiser relationships that are unique to the South African environment.

## 2 CUSTOMER SATISFACTION

As the primary tool for managing customer retention and loyalty, customer satisfaction has received unflagging attention in the marketing literature (e.g. Anderson & Sullivan 1993; Burnham *et al.* 2003; Fornell 1992; Fournier & Mick 1999; Szymanski & Henard 2001; Trasorras *et al.* 2009). This is also true for the advertising industry, as client satisfaction was found to be indicative of contract renewal and thus client retention (Caceres & Paparoidamis 2007; Triki *et al.* 2007; Van Rensburg *et al.* 2009).

When examined as a whole, customer satisfaction is, according to Griese and Cote (2000), a response (emotional or cognitive) pertaining to a particular focus (expectations, product, or consumption experience) that occurs at a particular time (after consumption, after choice, or based on accumulated experience, etc.). The focus of this article is on advertisers' satisfaction with the service output and relationship with South African advertising agencies, based on accumulated experience.

In this context, advertising agencies are service organisations that specialise in planning and executing advertising programmes for their clients (Kallmeyer & Abratt 2001). When an advertiser selects an advertising agency to organise, purchase, or handle the running of its promotional activities, there are certain attributes, capabilities, or characteristics that are valued by clients and must be satisfied (Fam & Waller 1999:22). Several studies have observed this by analysing advertising agency evaluation processes (Cagley 1986; Cagley & Roberts 1984; Michell 1987), and by considering the core product/service, as well as the peripheral services agencies supply. This study contributes by expanding this evaluation to include an evaluation of service quality (service output and performance) and relationship quality.

## 3 SERVICE QUALITY

In order to remain competitive, agencies are recommended to provide an appropriate range of services that are valued by clients, to manage their account teams successfully and to charge competitive rates (Palihawadana & Barnes 2005). Adherence to these prescriptions is considered a qualifying dimension for client satisfaction, but overall

satisfaction is determined by the level of service quality and other performance indicators (Davies & Palihawadana 2006).

The American Society for Quality Control defines quality as the totality of features and characteristics of a product or service that have a bearing on its ability to satisfy stated or implied needs (Cyndee 1994). Caceres and Paparoidamis (2007) deem delivering quality service to be an essential strategy for success in today's competitive environment. This is relevant to the advertising industry. In this regard, Davies and Palihawadana (2006) emphasise that the most influential sources of account dissolution have been attributed to clients' perceptions of dissatisfying service quality based on either creativity or the quality of working relationships.

When agencies deliver consistent service quality, clients often expect future value from the relationship that not only improves client satisfaction but can help to reduce switching (Bolton *et al.* 2004). With regard to service output, two dimensions of service quality should be addressed, namely, quality that meets customer needs (design or technical quality) and quality that results from freedom of deficiencies (experience or functional quality). Design/technical quality is thus closely linked to the service output, and experience/functional quality to that of service performance (Bolton *et al.* 2004; Grönroos 2000).

Service encounters in the advertising industry are dynamic, due to the evolving interaction between advertising agencies and advertisers (Sierra & McQuitty 2005). Agencies, for example, need to work closely together with advertisers to create advertising themes and material in line with advertisers' overall business and marketing strategies (Triki *et al.* 2007; Woonbong *et al.* 1999). As such, service performance of advertising agencies can be classified as task-interactive service (Mills & Morris 1986). It could be said that an advertiser/agency relationship is a joint venture implying mutual dependency, i.e. the advertiser depends upon the agency's best efforts to provide materials and recommendations that will enable them to achieve their marketing goals, and the agency depends on information, direction and endorsement of the advertiser to enable them to do their best work (McBride & Associates 2005).

Indicators of creative performance thus reflect the importance of interaction quality (Davies & Palihawadana 2006). Agencies that disappoint on interactional quality encourage client perceptions of opportunism (functional/experience quality) or incompetence (technical/design quality), detracting from future exchange value, thus weakening norms of equity and overall satisfaction. Interactive quality dimensions reported by Davies and Palihawadana (2006) are summarised in Table 1. This table presents the dimensions as well as the interpretation thereof within the advertising industry. These dimensions incorporate service quality and performance associated with the service output.

**Table 1: Interactional quality dimensions in the advertising industry**

<b>Dimension</b>	<b>Interpretation</b>
Sound interpretation of briefing	Briefing is an iterative process for clarifying the advertising strategy between advertisers and their advertising agencies.
Strength in strategic thinking	This is the ability to develop integrated campaigns using communication elements to reinforce consistent underlying values of the advertiser.
Integrity in offering advice	This is the ability to generate confidence in the honesty and impartiality of advice offered.
Stability of key management of account teams	Stability of key staff ensures that knowledge of tactics used is retained, improving organisational learning, while norms of behaviour are upheld, reducing uncertainty about future roles and expectations.
Empathy with regard to creative changes	Agency staff can show responsiveness to creative changes demanded by the client, demonstrating benevolence.
Consistent work processes	Working to an agreed communication style that offers consistency improves transparency and reduces governance costs.
Proactivity in generating new ideas	This relates to the ability and willingness to conduct speculative creative work to add value in additional ways to the advertiser's brief.

Dimension	Interpretation
Access to number of creative teams	The prospect of achieving a successful creative idea is improved by generating a quantity of creative ideas.
Constant information on account status	Frequent, regular contact can promote effective performance.

*Source: Davies and Palihawadana (2006)*

Although service quality can provide an opportunity for building strong relationships (Davies & Palihawadana 2006), it is important to identify additional indicators of relationship quality to explain overall satisfaction. As the exchange process between advertising agencies and advertisers is a typical example of relationship marketing (Caceres & Paparoidamis 2007; Triki *et al.* 2007), the next section considers independent relationship constructs/dimensions that can influence advertisers' overall satisfaction.

#### 4 QUALITY OF RELATIONSHIP

Caceres and Paparoidamis (2007) found that the greater the level of customer satisfaction with the relationship – not just the product or service – the greater the likelihood that the customer will be loyal to the company providing that service or the product. This is also true in the advertising industry, as a study conducted by Van Rensburg *et al.* (2009) revealed that a good working relationship is an essential element of client retention. In response to a call for further research (Triki *et al.* 2007), the scope of the literature review is extended in this article to consider constructs/dimensions responsible for customer satisfaction with long-term relationships as illustrated by studies conducted within the marketing relationship discipline.

The fundamental principles upon which relationship marketing is based are mutual value creation, trust, and commitment achieved through collaboration of the parties involved (Caceres & Paparoidamis 2007). Relevant relationship constructs to be considered in the advertising industry include commitment, collaboration, cooperation, trust or partnerships, communication, conflict resolution, experience and diligence

(also referred to as account support) (Davies & Palihawadana 2006; Triki *et al.* 2007; Levin 2009). A brief explanation of these constructs will follow.

Relationship commitment exists when a partner believes the relationship is important enough to warrant maximum efforts at maintaining that relationship in the long term (Caceres & Paparoidamis 2007; Morgan & Hunt 1994). The study reported in this article was concerned, in particular, with affective commitment (Geyskens *et al.* 1996; Han *et al.* 2008) that is motivated by a generalised sense of positive regard for and attachment to the other party. An affectively committed company is satisfied with a relationship because it likes the partner and enjoys the partnership. Parties will, however, seek trustworthy partners (Caceres & Paparoidamis 2007; Morgan & Hunt 1994), as commitment entails vulnerability. Trust is therefore regarded to be an important relationship construct.

According to Gounaris (2005:128), trust is the confidence held by exchange actors that each actor will act in the goodwill of the other. In this regard, trust encompasses two essential elements – trust in the partner's honesty or credibility and trust in the partner's benevolence. In believing in one's partner's honesty, one trusts that he will stand by his word, fulfil promised role obligations, and is sincere; in trusting in a partner's benevolence, one believes that he is interested in the firm's welfare and will not take unexpected actions that will negatively impact the firm (Ganesan 1994; Geyskens *et al.* 1996).

In the advertising industry, as in other service industries, relationships also imply the necessity of cooperation, collaboration and coordination in their business operations in order to achieve internal, and in some cases, mutual goals (Svensson 2004). Collaboration and coordination focus on the sharing of information, joint development of strategic plans and synchronising operations (Daugherty *et al.* 2006). These terms are sometimes used interchangeably and only differ in the way in which the tasks are divided (Dillenbourg *et al.* 1995). Collaboration and coordination between companies can facilitate both strategic and operational focus, increasing the potential for cross-enterprise gains. Possible benefits may include improved customer service, more

efficient use of resources, reduced cycle times, and increased information sharing (Daugherty *et al.* 2006).

Information sharing is also an important consideration within communication and it is deemed to be an important antecedent in relationship management. Communication refers to the formal as well as informal sharing of meaningful and timely information between firms (Anderson & Narus 1990). It is also an important input in terms of customer commitment and satisfaction.

Closely related to commitment and communication is the manner in which advertising agencies and advertisers deal with conflict. In relationships, conflict may occur as a result of disagreement or perceived impediment of the attainment of mutual goals and objectives. Although conflict can have a negative effect on relationships, solving conflict constructively may actually strengthen inter-organisational relationships and lead to greater trust and affective commitment. Conflict harmonisation is aimed at reaching mutually acceptable compromises without having to resort to formal procedures (De Ruyter *et al.* 2001).

Much emphasis has been placed on the importance of personal relationships in boundary spanning functions of account and sales management (De Ruyter *et al.* 2001) in terms of experience and diligence. In a study conducted by Cagley and Roberts (1984) that considered criteria for advertising agency selection, results indicated that respondents identified “quality of people assigned to the account” as the most critical attribute in the overall evaluation/selection process. As a result, account support (with special emphasis on experience and diligence) should be considered an important element in relationship management.

It can be said that in order to describe and interpret overall satisfaction within the advertising industry, neither service quality nor relationship quality on its own would be sufficient to do justice to this complex construct. Agencies thus need to understand the factors that can influence their clients’ satisfaction with their service output as well as their business relationships. The next section considers the perceptions of South African advertisers in order to understand the factors that determine and influence overall satisfaction of the services offered by advertising agencies.



## 5 OBJECTIVE OF THE RESEARCH

The purpose of the research reported in this article was to develop a conceptual model to assess advertisers' satisfaction with South African advertising agencies through the conceptualisation and measurement of service and relationship quality. The research question to be answered was:

*Which service and relationship factors are considered by South African advertisers to influence their overall satisfaction with their appointed advertising agencies?*

Following a positivist paradigm, quantitative research methods were employed. Causality was established by measuring South African advertisers' perspectives using a survey approach.

## 6 RESEARCH METHODOLOGY

Following practices from various international satisfaction measurement studies such as the European Customer Satisfaction Survey and the American Customer Satisfaction Index, this study used a survey approach (Coelho & Esteves 2007) to collect data. Data was collected by means of a structured questionnaire administered via a web-based platform.

## 7 SAMPLE

The population of this study comprised South African advertisers that employ advertising agencies for advertising services, including below-the-line activity, media planning and buying. Due to a variety of characteristics displayed by this population, a minimum transactional value of R500 000 was set as a population parameter to identify an appropriate sample frame.

The sample frame was provided by List Perfect who provided, by industry standard, the best and most up-to-date database of corporate companies whose advertising budgets exceed R500 000 annually (Van Rensburg *et al.* 2009, 2010). The database contained information about 743 companies that was set as the target population.

The size of this relevant target population suggested that a census was feasible. The size of the target population was decreased after 57 (8%) companies indicated that they did not employ an advertising agency but produce their own advertising material and other related services in-house, and 12 (2%) companies indicated that their international head offices are responsible for the appointment and relationship with their advertising agencies. This could imply that the sample frame overestimated the sample units suitable for the study.

The target population was therefore reduced to 674 companies, despite the possibility that this could still be an overestimation. One hundred and twenty (120) respondents submitted their surveys online, and 116 of these were considered to be suitable. The response rate for this survey was therefore 17.8% and it was deemed acceptable for further analysis.

## **8 MEASUREMENT INSTRUMENT**

Following a literature review, constructs or dimensions that could explain the advertiser's overall satisfaction were identified. Constructs with a previous proven positive relationship to satisfaction in a service context (both from an output and relationship perspective) were considered. The questionnaire contained two sections. The first section dealt with satisfaction with the service quality delivered by the agency while the second section dealt with relationship quality. Rating questions, which used four-point Likert rating scales, were mostly used to collect opinion data. Four-point Likert rating scales were used to enable respondents to make a definite choice rather than choose neutral or intermediate positions on a scale (Garland 1991).

## **9 DATA ANALYSIS**

The online questionnaire automatically entered and saved the data to a computer file, which was exported into SPSS in order to perform statistical analysis. Next, factor and correlation analyses were used to identify representative factors to present a conceptual model to explain advertisers' overall satisfaction. Exploratory factor

---

analysis was used to define the underlying structure in the data matrix and for data reduction. The items used to measure service and relationship quality were tested using exploratory factor analysis to verify the factor structure and identify items for deletion.

The Kaiser-Meyer-Olkin (KMO) measure was used to confirm the suitability of the variables contained in the correlation matrix to determine the sampling adequacy. The Bartlett's test of sphericity was also calculated. Varimax rotation was employed to derive a simple structure, and factors with Eigen values less than 1 were screened out (Hair *et al.* 2005:90). The reliability of the new factors was measured and scales/factors with a Cronbach's Alpha higher than 0.5 were accepted (Hair *et al.* 2005).

Correlation analyses considered Spearman's rank correlation coefficients to assess the strengths of relationships between the new factors and overall satisfaction (dependent factor) to calculate the level of significance. Only factors with significant strong positive relationships with overall satisfaction were considered ( $r \geq .5$  and  $p < .05$ ) in the development of the conceptual model (Saunders *et al.* 2007).

The next section provides an overview of the results obtained from the study. Findings are presented to identify underlying factors of satisfaction related to service and relationship quality. This section concludes with the presentation of a conceptual model to explain overall advertiser satisfaction.

## 10 SERVICE QUALITY

Service quality was initially described by 17 measurement items. Once data screening was completed the data matrix had sufficient correlations to justify the application of exploratory factor analysis ( $KMO=0.910$ , *Bartlett's Test of Sphericity with  $p < 0.001$* ). All the initial and extracted communalities were also greater than 0.255, in line with factor analysis requirements. Three factors were obtained based on Eigen values ( $> 1$ ) and cumulatively explained 61.5% of the variance. These factors were labelled as core services, account management and costs management.

Table 2 presents the underlying structure for the three service quality factors and includes scale variables, factor loadings as well the respective factors' Cronbach's Alphas. Factor one was labelled 'core service', as the eight variables displaying high loadings all relate to elements associated with core services supplied by advertising agencies. Core service (factor 1), postulates that satisfaction is determined by the agency's ability to generate new ideas proactively, and by the agency's creativity, integrity of the advice offered, professional and technical skills and the strength in strategic thinking. In addition, advertisers expect access to a number of creative teams, that agencies have empathy towards creative changes, and finally offer quality client care. This factor indicates internal consistency reliability (*Cronbach's*  $\alpha = 0.886$ ).

Factor two was labelled 'account management', as the six variables displaying high loadings relate to elements associated with composition and conduct of account teams. Factor two, account management, considers satisfaction with the stability of key account management staff, consistent work processes, compatibility of working styles, the quality of the advertising service offered, correct interpretation of briefings and finally the quality of the people associated with their accounts. This factor indicates internal consistency reliability (*Cronbach's*  $\alpha = 0.877$ ).

The third factor was labelled 'cost management', as the three variables that display high loading relate to the manner in which cost is managed. This factor proposes that satisfaction is determined by price, the agency's compliance with budget limitations, and constant information of account status. The factor indicates internal consistency reliability (*Cronbach's*  $\alpha = 0.678$ ).

**Table 2: Service quality – Rotated component matrix**

	Service quality factors		
	Core service $\alpha = .886$	Account management $\alpha = .877$	Cost management $\alpha = .678$
Proactivity in generating new ideas	.820		
Level of creativity	.725		

	Core service $\alpha = .886$	Account management $\alpha = .877$	Cost management $\alpha = .678$
Integrity of advice offered	.672		
Strength in strategic thinking	.669		
Access to a number of creative teams	.636		
Empathy with regard to creative changes	.550		
Professional/technical skills	.543		
Quality of client care	.537		
Stability of key account management		.824	
Consistent work processes		.797	
Compatibility of working styles		.584	
Quality of advertising service		.577	
Correct interpretation of briefing		.574	
Satisfied with the quality of people		.557	
Price			.760
Compliance with budget limitations			.749
Constant information of account status			.627

Extraction method: Principal component analysis

Rotation method: Varimax with Kaiser normalization

a. Rotation converged in 5 iterations

## 11 RELATIONSHIP QUALITY

Relationship quality was initially described by 20 measurement items. Once data screening was completed the data matrix had sufficient correlations to justify the

application of exploratory factor analysis ( $KMO=0.895$ , *Bartlett's Test of Sphericity with  $p < 0.001$* ). All the initial and extracted communalities were also greater than 0.255, in line with factor analysis requirements. Four factors were obtained based on Eigen values ( $> 1$ ) and cumulatively explained 62.2% of the variance. These factors were labelled as integrity, mutual commitment, communication and conflict management.

Table 3 presents the underlying structure for the four relationship quality factors and includes scale variables, factor loadings as well the respective factors' Cronbach's Alphas. Factor one was labelled 'integrity', as the six variables displaying high loadings all relate to elements associated with the integrity of the appointed advertising agencies. The dimensions that supported integrity include that advertisers expect promises made by agencies to be reliable, that agencies should be sincere, and that they deal objectively with advertisers' decisions.

In addition, advertisers expect that agencies customise their offers and that they would enjoy working together. This factor indicates internal consistency reliability (*Cronbach's  $\alpha = 0.851$* ). Factor two was labelled 'mutual commitment', as the four variables displaying high loadings relate to elements associated with commitment to the relationship from both the agency and advertiser perspective. Commitment is explained by four dimensions: 1) the relationship deserves maximum effort; 2) an expressed commitment to the relationship; 3) a perception that conflict is considered to be a productive discussion; and 4) an agreement that the agency is concerned about the advertiser's welfare. This factor indicates internal consistency reliability (*Cronbach's  $\alpha = 0.823$* ).

The third factor was labelled 'communication', as the five variables that display high loading relate to the manner in which agencies and advertisers communicate and share information with each other. Communication was supported by clear verbalisation of the terms of the relationship and sharing of information. Moreover, satisfaction with communication was influenced by the sharing of proprietary information, the frequency of communication, and agency staff that learned the characteristics of the advertiser's business. The factor indicates internal consistency reliability (*Cronbach's  $\alpha = 0.845$* ).

The fourth and final factor was labelled 'conflict management', as the two variables that display high loadings relate to the manner in which the advertising agency deals with conflict situations. Conflict management was supported by an understanding that disagreement improves productivity and that the agency gives the advertiser the benefit of doubt. This factor indicates internal consistency reliability (*Cronbach's*  $\alpha = 0.698$ ).

**Table 3: Relationship quality – Rotated component matrix**

	Relationship quality factors			
	Integrity $\alpha = .851$	Mutual commitment $\alpha = .823$	Communication $\alpha = .845$	Conflict management $\alpha = .698$
Promises are reliable	.766			
Agency is frank	.706			
Offers are customised	.656			
Can count on agency to be sincere	.634			
We enjoy working together	.607			
Objectively deal with our decisions	.544			
Relationship deserves our maximum effort		.770		
We are committed to the relationship		.706		
Conflicts are seen as productive discussions		.582		
Agency is concerned about our welfare		.559		

	<b>Integrity</b> $\alpha = .851$	<b>Mutual</b> <b>commitment</b> $\alpha = .823$	<b>Communication</b> $\alpha = .845$	<b>Conflict</b> <b>management</b> $\alpha = .698$
Terms of relationship are verbalised			.816	
Terms for sharing information are verbalised			.816	
Agency staff learned the characteristics of our business			.558	
Frequent communication			.556	
Share proprietary information			.509	
Disagreement improves productivity				.742
Gives us benefit of doubt				.658

Extraction method: Principal component analysis

Rotation method: Varimax with Kaiser normalization

The next step was to determine whether service and relationship quality factors are correlated to one another and are associated with the dependent variable (overall satisfaction) of this study. The coefficient (represented by the letter  $r$ ) can take on any value between -1 and +1. The value of +1 represents a perfect position while -1 represents a perfect negative correlation. As data were classified as ordinal, non-parametric correlations techniques had to be employed. Calculating the Spearman's rank correlation coefficient (Spearman's RHO) was therefore considered appropriate to determine associations and significance (Saunders *et al.* 2007). Table 4, contains



the statistical results. Coefficients displaying moderate to high (>0.5) and significant levels of less than 0.001 were considered for inclusion in the conceptual model.

**Table 4: Nonparametric correlations**

	Spearman's RHO	F1	F2	F3	F4	F5	F6	F7	Overall satisfaction
Core service (F1)	r	1.000	.793**	.584**	.722**	.583**	.514**	.221*	.697**
	p (2-tailed)	.	.000	.000	.000	.000	.000	.019	.000
	N	114	110	112	110	110	107	113	112
Account management (F2)	r	.793**	1.000	.690**	.749**	.527**	.420**	.242*	.672**
	p (2-tailed)	.000	.	.000	.000	.000	.000	.010	.000
	N	110	112	110	111	111	108	111	110
Cost management (F3)	r	.584**	.690**	1.000	.644**	.552**	.417**	.221*	.658**
	p (2-tailed)	.000	.000	.	.000	.000	.000	.019	.000
	N	112	110	113	109	110	107	112	111
Integrity (F4)	r	.722**	.749**	.644**	1.000	.678**	.595**	.292**	.701**
	p (2-tailed)	.000	.000	.000	.	.000	.000	.002	.000
	N	110	111	109	112	110	108	111	110
Mutual commitment (F5)	r	.583**	.527**	.552**	.678**	1.000	.666**	.347**	.583**
	p (2-tailed)	.000	.000	.000	.000	.	.000	.000	.000
	N	110	111	110	110	112	107	111	110

	Spearman's RHO	F1	F2	F3	F4	F5	F6	F7	Overall satisfaction
Communication (F6)	r	.514**	.420**	.417**	.595**	.666**	1.000	.281**	.516**
	p (2-tailed)	.000	.000	.000	.000	.000	.	.003	.000
	N	107	108	107	108	107	109	108	107
Conflict management (F7)	r	.221*	.242*	.221*	.292**	.347**	.281**	1.000	.173
	p (2-tailed)	.019	.010	.019	.002	.000	.003	.	.068
	N	113	111	112	111	111	108	115	113
Overall satisfaction (F8)	r	.697**	.672**	.658**	.701**	.583**	.516**	.173	1.000
	p (2-tailed)	.000	.000	.000	.000	.000	.000	.068	.
	N	112	110	111	110	110	107	113	114

r = correlation coefficient, p = significance

\*\* Correlation is significant at the 0.01 level (2-tailed).

\* Correlation is significant at the 0.05 level (2-tailed).

Results displayed in Table 4 indicate that the first six factors are not only strongly correlated to each other but are strongly associated with overall satisfaction. However, the seventh factor, conflict management, displayed weak positive correlation to the other quality factors and also to overall satisfaction. This factor was therefore not considered for inclusion of the conceptual model. It is important to note the strong positive correlation to the first six factors. This strong inter-factor correlation suggests that satisfaction is a multi-faceted construct that cannot be explained from a single dimensional perspective.

In this research, the subject of advertiser satisfaction was probed to gain an understanding of how service and relationship quality issues influence advertisers'

overall satisfaction of appointed advertising agencies. In response, a conceptual model to illustrate the satisfaction factors employed by advertisers when assessing overall satisfaction was developed. This model, illustrated in Figure 1, provides a holistic and integrative perspective on advertiser satisfaction and a framework for advertising agency executives to manage satisfaction.

This model postulates that satisfaction is, in order of importance, the result of the integrity of the advertising agency, the core service offered, account management, cost management, mutual commitment and communication. In line with the recommendations of Palihawadana and Barnes (2005), the model confirms that advertising agencies should provide an appropriate range of services, successfully manage their accounts and charge competitive rates. Although service quality can provide an opportunity for building strong relationships, the findings concur with those of Caceres and Pappadopoulos (2007), namely that relevant relationship constructs should also be considered to explain overall satisfaction. The three factors that showed a strong positive correlation to overall satisfaction were integrity, commitment and communication.

The findings therefore support the view that satisfaction is the result of both service and relationship quality factors. The strength of the correlation between these factors and overall satisfaction further suggests that advertisers do not display a clear preference to either service output or relationship, but rather expect a combination of factors related to these constructs. However, it should be noted that this model was developed for the South African advertising industry. A potential limitation may therefore be presented when applied to other parts of the world or other service industries. Future research would be useful to extend the model to other service industries both locally and globally as the generalisation of this model would be enhanced by replication in other settings.

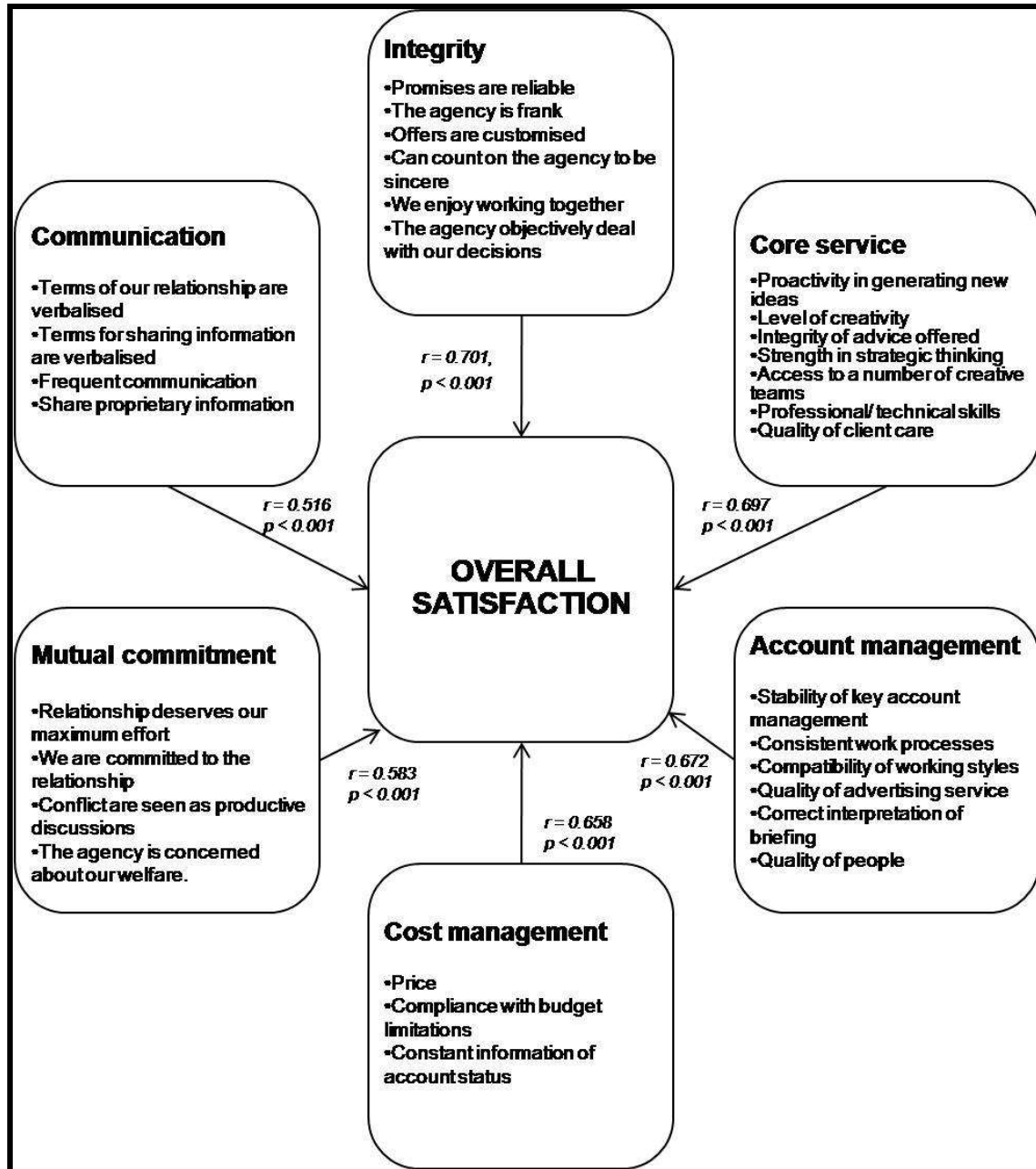


Figure 1: Determinants of overall satisfaction

## 12 CONCLUSION

Contemporary market conditions require advertisers and advertising agencies to work more effectively and efficiently in order to avoid money and time wastage as well as

costly breakups. In order to build and maintain strong long-term beneficial relationships, advertising agencies need to understand issues of service and relationship quality and their impact on overall satisfaction. Although customer satisfaction has received much attention in the literature on marketing, the conceptualisation of this theoretical construct seems to be subjected to many interpretations, which are mostly context-driven. Given the proven correlation between client satisfaction and retention it is vital for marketers, in all industries, to investigate and understand the factors that underlie customer satisfaction within their own industries.

This article considered South African advertisers' satisfaction with their appointed advertising agencies. Furthermore, client satisfaction was defined and measured from a holistic and integrative perspective and service quality of core services offered and performance by agencies was considered. Service quality was further supplemented to consider additional indicators of relationship quality. Insight and perspectives from 116 large South African advertisers were obtained by means of survey administered via a web-based platform.

Data obtained from the respondents were subjected to factor and correlation analyses in order to identify representative factors that could explain advertisers' overall satisfaction. The outcome of the research was a conceptual model to assess overall advertiser satisfaction. This model represents service and relationship factors deemed significant and important to South African advertisers for the evaluation of overall satisfaction.

From a theoretical perspective, it was found that customer satisfaction is a multi-faceted construct that cannot be explained, measured or understood from a single dimensional perspective. This research contributes to the literature by providing a more complete and integrated view of the structure of client satisfaction in service contexts. Indeed, the model postulates that satisfaction results from, in order of importance, the integrity of the advertising agency, the core service offered, account management, cost management, mutual commitment and communication. By disclosing the dimensions underlying the aforementioned factors, this article contributes to the understanding of client satisfaction within the South African context.

It was found that client satisfaction requires more than simply performing the obligations that are spelled out in the contract. It is therefore important that advertising agencies that want to improve their client satisfaction should learn about and respond to their clients' needs and expectations. Advertisers should also realise that they play an important role in service production and are jointly responsible for the performance of advertising agencies. As successful relationships are in the interest of both parties, the attainment of satisfaction should thus become be a joint venture. If advertising agencies and advertisers therefore wish to build and maintain strong beneficial relationships they would benefit from applying the proposed framework to their measurement and management of satisfaction.

## REFERENCES

- ANDERSON EW & SULLIVAN MW.** 1993. The antecedents and consequences of customer satisfaction for firms. *Marketing Science*, 12 (2), 125-143.
- ANDERSON JC & NARUS JA.** 1990. A model of distributor firm and manufacturer firm working partnerships. *Journal of Marketing*, 54 (1), 42-58.
- BEVERLAND M, FARRELLY F & WOODHATCH Z.** 2007. Exploring the dimensions of proactivity within advertising agency-client relationships. *Journal of Advertising*, 36 (4), 49-60.
- BOLTON RN, LEMON KN & BRAMLETT MD.** 2004. The effect of service experiences over time on a supplier's retention of business customers. *Working Paper Series, Marketing Science Institute*, 4 (04-004): 49-71.
- BURNHAM TA, FRELS JK & MAHAJAN V.** 2003. Consumer switching costs: a typology, antecedents, and consequences. *Journal of the Academy of Marketing Science*, 31 (2): 109-126.
- CACERES RC & PAPAROIDAMIS NG.** 2007. Service quality, relationship satisfaction, trust, commitment and business-to-business loyalty. *European Journal of Marketing*, 41 (7/8), 836-867.
- CAGLEY JW.** 1986. A comparison of advertising agency selection factors: advertiser and agency perceptions. *Journal of Advertising Research*, 26 (3), 39-44.
- CAGLEY JW & ROBERTS CR.** 1984. Criteria for advertising agency selection: an objective appraisal. *Journal of Advertising Research*, 24(2): 27-31.
- COELHO PS & ESTEVES SP.** 2007. The choice between a five-point and a ten-point scale in the framework of customer satisfaction measurement. *International Journal of Market Research*, 49 (3), 313-339.

- CYNDEE M.** 1994. TQM out: continuous process improvement in. *Marketing News*, 28 (10), 5-20.
- DAUGHERTY PJ, RICHEY RG, ROACH AS, MIN S, CHEN H, ARNDT AD & GENCHEV SE.** 2006. Is collaboration paying off for firms? *Business Horizons*, 49, 61-70.
- DAVIES M & PRINCE M.** 2005. Dynamics of trust between clients and their advertising agencies: Advances in performance theory. *Academy of Marketing Science Review*, 2005 (1) 1-32.
- DAVIES M & PALIHAWADANA D.** 2006. Developing a model of tolerance in client-agency relationships in advertising. *International Journal of Advertising*, 23 (3), 381-407.
- DE RUYTER K, MOORMAN L & LEMMINK J.** 2001. Antecedents of commitment and trust in customer-supplier relationships in high technology markets. *Industrial Marketing Management*, 30 (3), 271-286.
- DILLENBOURG P, BAKER PM, BLAYE A & O'MALLEY C.** 1995. The Evolution of Research on Collaborative Learning, In P. Reimann & H. Spada (Eds). *Learning in Humans and Machines - Towards an Interdisciplinary Learning Science*, London: Pergamon.
- DURDEN G, ORSMAN T & MITCHELL PCN.** 2008. Commonalities in the reasons for switching advertising agencies: corroboratory evidence from New Zealand. *International Journal of Advertising*, 16 (1), 140-148.
- FAM KS & WALLER DS.** 1999. Factors in winning accounts: the views of agency account directors in New Zealand. *Journal of Advertising Research*, May/June, 21- 32.
- LEVIN EC.** 2009. A conceptual framework for modelling the antecedents of client loyalty in the advertising industry context, proceedings of Australian & New Zealand Marketing Academy Conference, Melbourne Australia, 30 November – 2 December, 2009.
- FORNELL C.** 1992. A national customer satisfaction barometer: the Swedish experience. *Journal of Marketing*, 56 (1), 6-21.
- FOURNIER S & MICK DG.** 1999. Rediscovering satisfaction. *Journal of Marketing*, 63 (4), 5-23.
- FURLONGER D.** 2009. Consultancies: waste not, want not. AdFocus, Financial Mail, 27 November 2009 [Internet: <http://www.adfocus.co.za/adfocus2009/stories/jadf.htm>; downloaded on 17 May 2010.]
- GANESAN S.** 1994. Determinants of long-term orientation in buyer-seller relationships. *Journal of Marketing*, 58 (2), 1-19.
- GARLAND R.** 1991. The mid-point on a rating scale: Is it desirable? *Marketing Bulletin*, 2 (66-70), 1-4, Research Note 3.
- GEYSKENS I, STEENKAMP JEM, SCHEER LK & KUMAR N.** 1996. The effects of trust and interdependence on relationship commitment: a trans-Atlantic study. *International Journal of Research in Marketing*, 51 (13), 303–318.

- GHOSH BC & TAYLOR D.** 1999. Switching advertising agency – a cross-country analysis. *Marketing Intelligence & Planning*, 17 (3), 140-148.
- GOUNARIS SP.** 2005. Trust and commitment influences on customer retention: insights from business-to-business services. *Journal of Business Research*, 58 (2), 126-140.
- GRIESE JL & COTE JA.** 2000. Defining consumer satisfaction. *Academy of Marketing Science Review*, 2000 (1), 1-24.
- GRÖNROOS C.** 2000. Service management and marketing: managing customer relationships for services and manufacturing firms. Second Edition. Chichester: Wiley.
- HAIR JF, BLACK B, BABIN B, ANDERSON RE & TATHAM RL.** 2005. Multivariate Data Analysis. Sixth Edition. Upper Saddle River NJ: Pearson Prentice Hall.
- HAN X, KWORTNIK RJ & WANG C.** 2008. Service loyalty: an integrative model and examination across service contexts. *Journal of Service Research*, 11 (1): 22-37.
- HENKE LL.** 1995. A longitudinal analysis of the ad agency-client relationship: predictors of an agency switch. *Journal of Advertising Research*, 35 (2), 24-30.
- KALLMEYER J & ABRATT R.** 2001. Perceptions of IMC and organisational change among agencies in South Africa. *International Journal of Advertising*, 20 (3), 361-380.
- LICHTENTHAL JD & SHANI D.** 2000. Fostering client-agency relationships: a business buying behavior perspective. *Journal of Business Research*, 49 (3), 213-228.
- MCBRIDE & ASSOCIATES.** 2005. Judging excellence: agency appraisals. [internet: [www.mcb-associates.com/McB\\_PDFs/AgencyEvaluations05.pdf](http://www.mcb-associates.com/McB_PDFs/AgencyEvaluations05.pdf); downloaded on 10 May 2010.]
- MICHELL PCN.** 1987. Auditing of agency-client relations. *Journal of Advertising*, 26 (6), 29-41.
- MILLS PK & MORRIS JH.** 1986. Clients as 'partial' employees of service organisations. *Academy of Management Review*, 11 (4). 726-735.
- MORGAN RM & HUNT SD.** 1994. The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58 (3), 20-38.
- OLIVER RL.** 1999. Whence consumer loyalty? *Academy of Marketing Science Review*, 63(4), 33-44.
- PALIHAWADANA D & BARNES BR.** 2005. Investigating agency-client relationships in the Polish advertising industry. *International Journal of Advertising*, 24(4): 487-504.
- SAUNDERS MP, LEWIS P & THORNHILL A.** 2007. Research methods for business students. Fourth Edition. England: Financial Times Prentice Hall.
- SIERRA JF & MCQUITTY S.** 2005. Service providers and customers: social exchange theory and service loyalty. *Journal of Service Marketing*, 19 (6), 392-400.



- SVENSSON G. 2004.** Interactive vulnerability in buyer-seller relationships: a dyadic approach. *International Journal of Physical Distribution & Logistics Management*, 34 (8), 662-682.
- SZYMANSKI DM & HENARD DH.** 2001. Customer satisfaction: a meta-analysis of the empirical evidence. *Journal of the Academy of Marketing Science*, 29 (1), 16-36.
- TRASORRAS R, WEINSTEIN A & ABRATT R.** 2009. Value, satisfaction, loyalty and retention in professional services. *Marketing Intelligence & Planning*, 27 (5), 615-632.
- TRIKI A, REDJEB N & KAMOUN I.** 2007. Exploring the determinants of success/failure of the advertising agency-firm relationship. *Qualitative Market Research: An International Journal*, 10 (1), 10-27.
- VAN RENSBURG MJ, VENTER P & STRYDOM J.** 2010. Advertising agency appointment: approaches taken by South African advertisers. *South African Business Review*, 14 (1), 2-26.
- VAN RENSBURG MJ, VENTER P & STRYDOM J.** 2009. Advertising agency retention – views from South African advertisers. *South African Journal of Business Management*, 40 (4), 25-36.
- WOONBONG NA, MARSHALL R & SON Y.** 1999. An assessment of advertising agency service quality. *Journal of Advertising Research*, 39 (2), 33-41.