

UNDERSTANDING ADVERTISER'S DECISION-MAKING WHEN CHOOSING A MEDIA AGENCY

A Case Study of Lithuanian Market



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Supervisor:
Professor Tore Kristensen

Master's Thesis
MSc. In Social Sciences
Major: Service Management

University: **Copenhagen Business School**
Hand-in Date: **29.03.2015**
Number of characters: **197.670, 75 pages (including tables and figures)**

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Some data was removed due to
confidentiality restrictions, as
well as the names of the case-
companies have been coded.

ABSTRACT

For an agency knowing an advertiser's motivational aspects for announcing media account review and the forces affecting decision-making criteria is essential. Appropriately addressed potential client's declared and hidden decision attributes and their relative importance should allow media agencies to tailor more precisely pitching communication toward convincing an advertiser that the agency is the one that the advertiser wants and needs. Although there are various studies by academics on the topic of advertiser – agency relationship and some examining account acquisitions from a business-to-business perspective, the suitability of the prior studies' findings presently should be questioned due to the change brought by the development of revolutionary technologies. Also, most of the research were regarded toward advertising agencies as full-service integrated enterprises. Moreover, the East-European countries concerning this topic are under-researched. Therefore, the objective of this thesis is to identify advertisers selection criteria specifically for media agencies by examining the media agency selection in Lithuania. Further, the study aims to provide a conceptual framework that would assist agencies in identifying advertisers' hidden criteria and allow predicting the significance of certain criteria or criterion. For this purpose, the prior studies regarding advertiser – agency relationship and organizational decision-making behaviour were inspected. Following, a conceptual framework to analyse advertiser's decision-making when selecting a media agency was proposed and applied to a case study of five case-companies for to test its veracity.

The study findings provide valuable insight into advertisers' expectations for media agencies in Lithuania as well as extend the knowledge of advertisers' decision-making. The results of the research indicate the advertisers orientation for short-term results as advertisers' expectations and objective focus on acquiring favourable media rates and the quality account people. Though, some situational factors account for more variation in risk affecting the advertisers' connotation of criteria like creativity. In addition, the study identifies the size and the structure of the buying group in Lithuania.

Researchers and practitioners can use the suggested conceptual framework for to analyse organizational decision-making when acquiring professional services. From an academic perspective, the thesis enhances the knowledge of the organizational buying behaviour. Nevertheless, the findings can serve only as the starting point as for to make generalizations complementary studies using quantitative approach are needed.

Keywords: Media agency, advertiser, agency selection, decision-making, decision-making criteria, selection criteria

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Part I – Thesis foundations

Part I – Thesis foundations – contains three chapters. Chapter 1 introduces to the thesis by outlining the background and the motivation for the chosen thesis topic as well as states the research objective and presents a structure of the thesis. Chapter 2 continues providing information regarding media agencies industry and contemporary issues facing both advertisers and media agencies. Following Chapter 3 describes the chosen methodological foundations. Lastly, the Part I closes with Chapter 4 presenting the employed single-case design.

1 Introduction and research objective

1.1 Background

Media agencies are strategically essential to business success (Sims, 2005). They are responsible for delivering the communications that drive business growth and value. Therefore, getting the right communication partner is critical for business as well as fundamental for a thriving advertiser-agency relationship. For media agencies, winning a pitch is vitally important (Lichtenthal & Shani, 2000). When a new client is gained, costly time spent and resources devoted for pitching haven't been wasted. The acquired client is most likely to stay in partnership for a longer period, thus guaranteeing constant income for a media agency. Both media agency and advertiser can concentrate on developing their relationship to a competitive advantage level as well as pursuing their core businesses instead of spending time on search. Peace and mutual understanding is valuable for all parties for a successful and productive relationship, especially, in a media communication industry that involves the creative aspect and where performance, cooperation, commitment and trust are required (Duhan & Sandvik, 2009). For a media agency, given the probability of a pitch misfortune, a lot of time and money get squandered and the possibility lost. Thus, a media agency when pitching for an account has to demonstrate, that it is worth the trust and is capable to deliver a successful media plan to reach the outstanding results. However, in order to present the right fit, a media agency has to know not only the declared selection criteria but also the hidden ones (Allen, 2012). For to identify the hidden criteria, the factors affecting a potential client's decision-making need to be identified and the aspects of advertisers decision-making when selecting a media agency to be known.

Although there are a number of studies that specify “ideal” criteria, describe the agency selection process, and examine factors leading to satisfaction and dissatisfaction of client-agency relationship, or analyse relationship continuity factors, the media agencies world has become in the past years even more complex and ever changing, making most of the studies out-dated. First, the incredible

technological change is shifting people behaviour and the media industry impelling a need for the innovative media approaches for advertising to reach its target. Second, the accelerating change in the media industry causes the new definition of media agency's services. Third, client – agency relationship' and its effectiveness is challenged by the new media industry events. Issues that are commonly encountered in regards to service organizations like the uncertainty choosing service provider as its ability to deliver promised services and the pricing issues as well as challenges in controlling the service quality of human interactions are even more complicated by the essentially important advertiser – agency mutual understanding of a creative aspect comprised in the media planning. Also, advertisers' organizational factors such as structure, procedures, and rules influence agency selection decision-making and determine the active set of criteria.

To sum up, an advertiser's decision-making when selecting a media agency rest not only on specific and declared criteria but also on the event nonspecific forces that are expressed in hidden criteria that must be accounted.

1.2 Motivation

The interest to research advertisers decision-making can be stated from two perspectives:

Academic perspective: The existing knowledge requires the update due to enormous changes in the marketing and media communication sectors. Further, most of the previous studies have concentrated on the traditional full-service agencies, where creative is the one that attracts (Henke, 1995). Although the agency services got unbundled a while ago creating the independent media agencies, the literature with attention to media agencies is still somewhat scant. Similarly, rather fragmented studies have applied organizational theory concepts to advertisers' media agency search (Lichtenthal & Shani 2000), mainly, by concentrating on the selection process and propose guidance (Harvey & Rupert, 1988) or focuses on advertisers' buying-group structure (Dowling, 1994; Jansen van Rensburg, Venter & Strydom 2010). Moreover, the existing literature has focused upon advertiser-agency relationships within developed economy context. Some studies have examined newly emerging market countries (Predengast & Shi, 2001; Jansen van Rensburg, Venter & Strydom, 2010; Turnbull & Wheeler, 2014), and apart from Palihawadana and Barnes (2005) research, almost anything is concluded on the East-European countries. In particular, countries that used to belong to the former Soviet Union, yet now are independent countries and members of European Union, should be investigated for the modern media communication was introduced there only at the turn of the century. Lithuania could be taken at the scope, as since the independence declaration in 1990 has significantly transformed through economic and political reforms, shares Western World values and is dominated by transnational media firms. Though it is a quite small country in population with estimated only 2,9 million people, the country is the largest of the three Baltic states that cooperate at the regional level. In addition to the constant growth of a household consumption and the highest penetration of Europe's most available

fibre network, the country represents an attractive strategic location as a gateway for doing business both in Eastern Europe and Post-Soviet countries. Having in mind Lithuania's orientation towards Western world and the understanding of the Post-Soviet countries' mentality, the research may allow making generalizations for countries with minds and economies in transition.

Practical perspective: First, media agency relating to in previous studies identified selection criteria and factors impacting agency selection decisions, may have no value of it when pitching due to the changes in the marketing and media communication sectors. Beside the trade press magazines such as Advertising Age (USA) and Campaign (UK) agencies do not have the benefit of as much literature specifically relating to the factors that prospective clients might find important in the competition for accounts. Thus, agencies are using their own perceptions of what clients desire. Ideally, perception and reality coincide, but it is not guaranteed. Whereas, advertisers have some assistance in a new media agency selection process and can benefit from the published "guidelines" that regularly appear in the marketing literature (WFA/EACA, ANA, and WARC). Though, these tend to focus on four areas: (1) investigations of possible factors leading to satisfaction or dissatisfaction of current relationships, (2) descriptions of the selection process, (3) presentation of "ideal" criteria, or various checklists, still are quite useful. Furthermore, none of the prior studies offer a clear structure or a holistic approach that would help to predict advertisers' selection criteria and their relative significance in agency selection decision-making. Thus, this study will attempt to provide a tool for media agencies to examine and predict advertisers decision-making criteria.

Hence, the study aims to extend the existing knowledge about advertisers' decision-making when choosing media agency by providing a holistic approach tool that regards a media account acquisition from business-to-business service transaction's perspective, addresses a constant change and organizational buying aspects, so that agencies could exploit it when preparing for pitching.

1.3 Research Objective

When a media agency decides to participate in pitch, it demonstrates that the agency does have good reasons to argue its knowledge and capabilities as well as its ability to deliver the required media services. Further, an advertiser sets up a short-list of media agencies confirming their compliance with initial requirements and gives a detailed brief for pitch assignment and states decision-making criteria. Thus, it could be supposed that all agencies participating in a pitch conform to declared selection criteria and are familiar with an advertiser's decision-making process. One agency wins a pitch. What makes the agency stand out from the rest? Are there some hidden criteria or other decision-making aspects that consciously or unconsciously induce an advertiser to choose one agency over the other?

The prior studies have highlighted selection criteria and their significance in agency selection. Yet, as stated in the background and the research motivation sections, the transformation of the marketing and

media landscape brought by technological innovations obliges to question findings of the prior research. Further, there might be difference in the priority of certain selection criteria for an agency providing both creative and media services and an agency concentrating solely on media planning and buying. Moreover, both situational and organizational aspects impacting advertisers' decision-making have to be examined holistically. For, this will allow identifying the relationship between the determinant set of selection criteria, organizational decision-making, and situational factors. Hence, a holistic approach to advertisers' decision-making is needed.

1.3.1 Research question

The above stated research objective could be framed in the following research question:

What aspects contribute to advertisers' decision-making when selecting a media agency and why?

For to answer the overall research question, three sub-questions have been developed.

Research sub-questions

1. Why does the advertiser decide to look for a new communication partner?
2. What are the criteria an advertiser is most likely going to employ when selecting a media agency?
3. Who is going to exercise the power in decision-making when choosing a media agency?

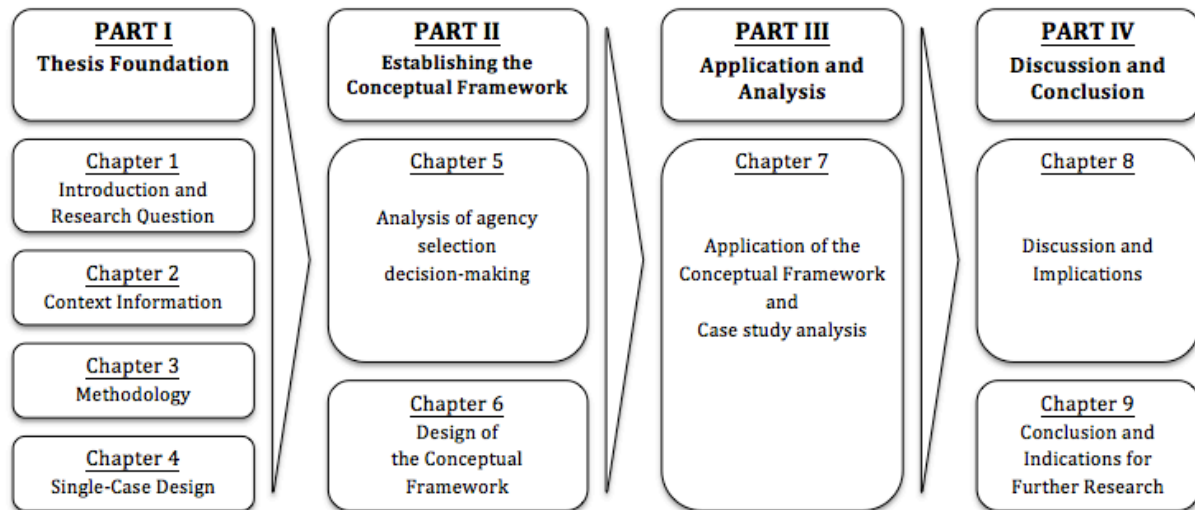
1.4 Structure

The thesis consists of four parts as depicted in Figure 1. Part I states the thesis' foundation. Here, the background information, the research objective along with research questions, and the contextual information are presented. Next, the employed methodology is stated and a single-case design introduced.

The fundamental parts of this thesis initiate in Part II. Here, the conducted literature review provides an overview of in previous studies identified agency selection criteria and forces leading to a termination of a relationship between an advertiser and an agency, as well as stages the present matters that advertisers are facing (Chapter 5). Further, a theoretical knowledge regarding decision-making behaviour by and within organizations is reflected. Following the literature review chapter, a conceptual framework is proposed and introduced in Chapter 6. The suggested framework encompasses three models that organize various aspects contributing to an advertiser's decision-making behaviour. These conceptual models are used as a lens for investigation and are reflected in the subsequent thesis' parts: Part III and Part IV. In addition, elaborating on the knowledge acquired

through the conducted literature review, assumptions regarding relationships between framework's separate sub-elements and advertisers' decision-making are formed.

Figure 1: The thesis outline



The proceeding Part III – Application and Analysis – presents the results of the case study data analysis by applying and testing the proposed conceptual framework. Concurrently, the collected data is used to test in chapter 6 stated assumptions. Part III closes with a summary and conclusions of the case study findings.

Part IV – Discussion and Conclusion – starts by presenting a discussion based on the findings of the case study analysis (Chapter 8). Next, the suitability of the proposed Conceptual Framework and managerial implications are imparted. A conclusion ends the thesis in Chapter 9. Here, the findings to the research question are summarized, and reflections on the findings and opportunities for further research are stated.

1.5 Chapter conclusion

This chapter has presented an introduction to the topic of advertiser's decision-making and the motivation for the research. Based on this, the research objective and research question were set. Next, the thesis' structure was outlined.

2 Context information on Media agency business

2.1 Chapter introduction

The introduction and the motivation sections have referred to changes affecting media sector and advertiser's decision-making when selecting a new communication partner. This chapter specifies the changes inducing the need for an additional knowledge and provides general context information on media agency business. First, the current situation in media market will be introduced. Then, the role of media planners, challenges in selling media services, an advertiser – agency relationship, and challenges choosing a new media communication partner will be briefly elaborated. Lastly, the review of media agencies in Lithuania is provided.

2.2 Volatile Media Market

The media landscape has changed significantly and is more complex and multifaceted than ever before due to the diversity of media, market volatility and the growing impact of geographical events (Carat, 2015). Due to a continuous development of revolutionary technologies, burgeoning global media trends like a multitude of channels, new mobility, custom connectivity and creativity, social networks, personalisation, digital media as new media channel of virtual reality, and demand for immersive, channel-agnostic and multi-dimensional brand experiences are causing media landscape's transformation (Havas Media, 2015) (Little, 2015). In addition, global trends like total transparency, responsive environment, meaningful experiences, and the circular economy are reshaping people, businesses and industries (Kjaer, 2014). These emerging trends do not only create new opportunities, but also, challenge clients and media agencies by escalating new highs of complexity (Kjaer, 2014), instigating daring big data (Cella, 2015), increasingly scalable audience (Little, 2015), failure to nurture customer relationships (Frampton, 2015), and demanding for total transparency (Kjaer, 2014) and quality KPI such as viewability issues (Carat, 2015). Media consumption change imposes the importance's switch from media channels to formats (Carat, 2015). Technologies and high Internet penetration empower screens to be a major link between formats and consumers as each format can be easily accessible through each of the device (PC, mobile, smart TV). Consequentially, the content's role is crucial (Hayward, 2015) and is capturing increasing slice of marketing budgets (Stec, 2015). The ability to sense the future technology coupled with knowing how to exploit big data and meaningfully to employ tech trends in media communication increases the possibility to gain the market advantage (Havas Media, 2015). For clients, this means a greater need to be aware of the evolving events, to be agile and able to move marketing spend where it can deliver the greatest return. Hence, continuously evolving approach to communications planning with respect to the ever-changing

relationship between company, brands, consumers and communities is essential. Therefore, media agencies have to know how to employ the big data and new technologies in a respond (McKechnie, 2015) and are expected to have comprehensive market knowledge in order to identify the most crucial areas of opportunities for their clients (Morse, 2015).

Next, the media market by each media separately will be reviewed in short. It will more precise show the global trends' influence on the media industry and will contribute to the overall understanding what clients and media agencies have to handle.

Generally, there is a positive outlook in advertising spend globally through solid growth in Digital, emergence of Mobile and Online Video spending trends (Carat, 2015). Nevertheless the transformation in the media market, the traditional media channels¹ are still holding their significant positions. According to Carat's report, **TV** remains the dominant medium globally with a predicted 42% share of total advertising spend² (Carat, 2015). However, TV's share of spend is slowly declining, as advertisers diversify traditional TV spend due to changing viewing behaviour and the development of new digital services. **Print**³, despite continuously capturing the third highest share of total advertising spend in most countries, continues to fight against a trend of spend shifting to digital platforms. For that reason, publishers concentrate on the total audience reach across multiple platforms and touch points and seek for digital audience grow instead of accepting the overall decline in print. Additionally, publishing is shifting towards the content creation with native advertising versus actual full page of ads. Magazines spend is for the first time overtaken by the **OOH** (Out of Home media channel), as OOH's advances in targeting and accountability with an additional support of technology that increases the strength of this media. **Radio** is forecasted to stable growth that is driven by its competitive costs, flexibility and effectiveness. **Cinema** remains at a low significance, though digital broadcast, as well as increased commercial flexibility, are supporting growth. Singularly, the **digital media**⁴ is continuously achieving the outstanding double-digit growth by evolving into a more established asset where search and programmatic allows to bring stronger performance and efficiency. The digital is predicted to overtake TV advertising in a near future (Pomfret, 2015) and some markets like the UK has already the digital as the principle media used based on spend (Carat, 2015). The solid growth of digital media is driven in particular by a high demand for Mobile and Online Video, Social

¹ Television, Newspapers, Magazines, Radio, Cinema, Out-of-Home and Digital Media.

² The advertising spend figures are accounted net of negotiated discounts and with agency commission deducted.

³ Print' is defined as Magazines and Newspapers combined.

⁴ 'Digital Advertising' or 'Digital Media' or 'Digital' refer to Search, Display, Online Video, Social Media and Mobile.

Media and Programmatic spending. More access to premium inventory, format diversification, private marketplaces and smart data processing are accountable for the powerful growth of Programmatic, as the opportunities to re-target consumers closer to purchase activity are boosting the Mobile advertising spend. On the whole, apart from Print media, all other media channels are showing growth in advertising spend with attention to Digital media.

2.3 Changing role of media planners

As a result of detaching creative from media, technological advances and audience fragmentation, the role of media planners has changed in advertising agencies. The creative used to be a key to attract new clients in the traditional full-service agencies (Helgesen, 1994; Henke, 1995; Na, Marshall, & Son, 1999). Today, media planning in importance stand in line with marketing and ranks with creative planning (Sissors & Baron, 2002). Media planning has become an executive function because it has become immensely important, complex, fragmented, and costly. A successful media plan requires a creative decision on media and other to media related factors that involve not only the media planning and buying, but also research, the expertise in marketing and advertising, and, most importantly, all-encompassing strategic insights (Sissors & Baron, 2002). Furthermore, the cost and the quality of media buying are under increasing scrutiny by advertiser's purchasing and marketing people (Cookson & Bond, 2015; Goodwin, 2015). Though technological advancement creates more definitive media audience research techniques and provides more data, media agencies are expected to sort the data and to define what is important, and why. The cause-and-effect relationship between the advertising budget and the sales results or other marketing goals is another aspect that media agency is expected to determine when defending the offered media plan execution. Thus, besides in-depth knowledge of available media resources, the media planners have to be strategic experts in marketing, advertising, research and finance for to handle the complexities of the ever-changing advertising techniques and marketing challenges, and deliver creative, result-based media planning and buying services to their clients.

2.4 Challenges Selling Media Services

Media agencies are organizations whose core product is service. Similar to other type services providers, media agencies deal with the uncertainty aspect incorporated in selling the services. Services are highly dependent on the people who provide them. Prior studies highlight the importance of agency people when selecting an agency (Cagley & Roberts, 1984; Cagley, 1986; West, 1997; Fam & Waller, 2008), as well as studies examining the reasons behind an advertiser-agency relationship termination (Michell, Cataquet, & Hague, 1992; Taylor, 1999; Morgan *et al.*, 2003). Some agencies have people specialized in pitching presentations for to best possibly way to demonstrate their agencies' capabilities to serve an account. The chemistry and compatibility related factors as well as

presentation's creativity used to sell. However, due to the increased complexity and focus on effectiveness advertisers tend to pay more attention to who is going to be responsible for their business (Fam & Waller, 2008) by underlining professionalism and technical skills (Palihawadana & Barnes, 2005; Jansen van Rensburg, Venter, & Strydom, 2010; Turnbull & Wheeler, 2014).

Though, media services due to media buying could be considered to be more tangible, the uncertainty concerning effectiveness and efficiency of suggested media plan is an on-going challenge for media agencies striving to acquire new accounts. The increased role of procurement and finance department people is even more complicating the matter. Advertisers try to drive costs down by reviewing media accounts (Cookson & Bond, 2015). It opens possibilities for acquiring new accounts, but at the same time the increased competition in the market does not make it easy (ibid.). Also, media buying itself has become more costly and complex. Consequently, agency services' real value is challenged by its reliance on other factors such as advertisers' understanding of new content, transparency, technology and recommendations (Patten, 2015). Besides, some advertisers choose to use several specialised agencies for to receive best possible expertise in data, technology and targeting across media channels (Cookson & Bond, 2015). In addition, issues that advertisers are facing like crowded, dynamic market place situation, globalisation as well as other elements contributing to the success of product sales are factors adding to the uncertainty of an agency services real value (Sims, 2005). In short, advertisers have difficulties to be sure which agency recommendation is delivering the true value or even what advertiser is getting.

2.5 Altering Client – Agency relationship

The accelerating change in the media industry challenges the effectiveness of client-agency relationship. Clients face a world of incredible new possibilities. At the same time, this accelerating change creates uncertainty and media agency's existing capabilities and processes can quickly become out-dated. A multitude of new channels, techniques and technologies that need to be mastered, and the dynamic of the digital landscape force to run for simply to stand still (Grounsell, 2015). Clients want to know what is going on, what is changing, what is next. Media agencies should become guides through uncertainty and have sufficient expertise in data, technology, and targeting consumers across media channels and digital platforms as technological innovations, digitalisation, globalisation, etc. are also impacting consumer behaviour. However, clients are not interested in talking about Big Data. Instead, they expect analytics and measurement that power modern media investment, insight and strategy creation, and channel thinking that delivers brand advantage (WARC, 2015). Additionally, clients' concerns with return on investment increasingly play a higher role. While, the claim by International Advertising Association *"Most agency pitches arise, not as a result of poor commercial*

performance, but as a consequence of a breakdown in relationship between client and agency teams” demonstrates, that commercial aspects are not playing the main role in a successful collaboration and confirms more complex nature of the client-agency relationship (IAA UAE, 2012, p. 1). Still, the increased scrutiny, demand for greater accountability, and the change in approach to performance seem to be the key topics (Morse, 2015; Goodwin, 2015). Clients’ approach to performance shifts and expects not only to deliver on brand engagement but also to help to sell their products and services (Morse, 2015). Digital channels, technological development of various analytical tools enable to calculate and forecast more precise ROAS (Return on Ad Spend) and commercial ROI in times where everyone is striving to increase the effectiveness and efficiency. Further, the recent issues and trends in the media industry are changing the role of brands and marketing as well as affect the client-agency relationship. Like, transparency of information creates greater parity and comparability between products and the balance of power shifts from manufacturer brand owner to retailer brands resulting the need for closer collaboration between marketing and other business divisions, entailing the necessity for the thorough relationship between client and agency. Thus, leading to the expectations of the absolute trust and cultural fit. Transparency has been a long time concern within media industry as well as the ever-present act of cost cutting. A rumour of US agencies taking “rebates and kickbacks” from media companies in exchange for spending their clients’ money with them led many clients to question their agencies and to invite media agencies to pitch for their business in competitive bidding processes (Cookson & Bond, Advertisers put agency deals on the block in media 'tsunami', 2015). To sum up, clients expect media agencies to be on a pulse, agile and anticipatory, go from the act of simply buying media to solving their business problems by data-driven solutions that blend media, creative and technology together.

2.6 Challenges choosing a new communication partner

For client side there are high cost, disruption and risk attached to announcing pitch and changing agencies. It is an essential strategic decision that due to intangibility and creative aspects contains a very high level of uncertainty (Sims, 2005). The transformation of the media market requires a precise selection of an agency, one with the right capability to meet future demands. The digital transformation has forced advertisers to work with several agencies and deal with fragmented communications for the same campaign. Working with several companies at the same time is resource consuming, yet advertisers have to engage specialised or even niche agencies for to employ potential of various media channels. Further, the past events have stressed the transparency issues concerning the additional payments agencies receive from media channels, raising the doubts regarding agency recommendations for media channels, and the correctness of measuring mechanisms (Cookson &

Bond, 2015). For advertisers to overcome financial and operational transparency, media agencies have to show having the actual skills to process the data and surface the insight by defining metrics that matter to advertisers. However, the agencies tend to over-promise (Dowling, 1994).

2.7 Case study of Media agencies pitching in Lithuania

In Lithuania operate sixteen companies that provide media planning and buying services (Table 1). Most of them belong or are in partnership with transnational media services providing networks. Further, all media agencies claim to have skills and capabilities in research and analytics, planning and buying media, are able to provide strategic insights and have creative partners for to ease the collaboration.

Table 1: Media agencies operating in Lithuania

Agency	Capabilities						Market share*, %
	Network	Strategy	Research / Analytics	Media planning services	All media buying services	Creative partners	
"Open Initiative" (UAB "Open Agency")	Interpublic	+	+	+	+	+	15,5
"Inspired UM" (UAB Inspired Communications")	Universal McCann / Interpublic	+	+	+	+	+	12,4
"Media House"	Mec group	+	+	+	+	+	9,6
OMD	Omnicom Group	+	+	+	+	+	9,3
"Adcom"	-	+	+	+	+	+	9
"Carat"	Dentsu Aegis	+	+	+	+	+	8,5
"Vizeum" (UAB "Creative Media Services")	Dentsu Aegis	+	+	+	+	+	8,3
"Lion Communications Vilnius"	Starcom	+	+	+	+	+	5,3
"Mediacom" (UAB "Trendmark")	Mediacom	+	+	+	+	+	5
"Mindshare" (UAB "Via Media")	Mindshare	+	+	+	+	+	5
"Publicum Media"	Publicum Group	+	+	+	+	+	4,1
"Idea Havas Media"	Havas Group	+	+	+	+	+	3,5
PHD	PHD	+	+	+	+	+	3,3
"Euroreklama"	-	+	+	+	+	+	1
"VRS WPI Vilnius"	World Wide Partners Inc.	+	+	+	+	+	.*
"Tarela"	-	+	+	+	+	+	.*

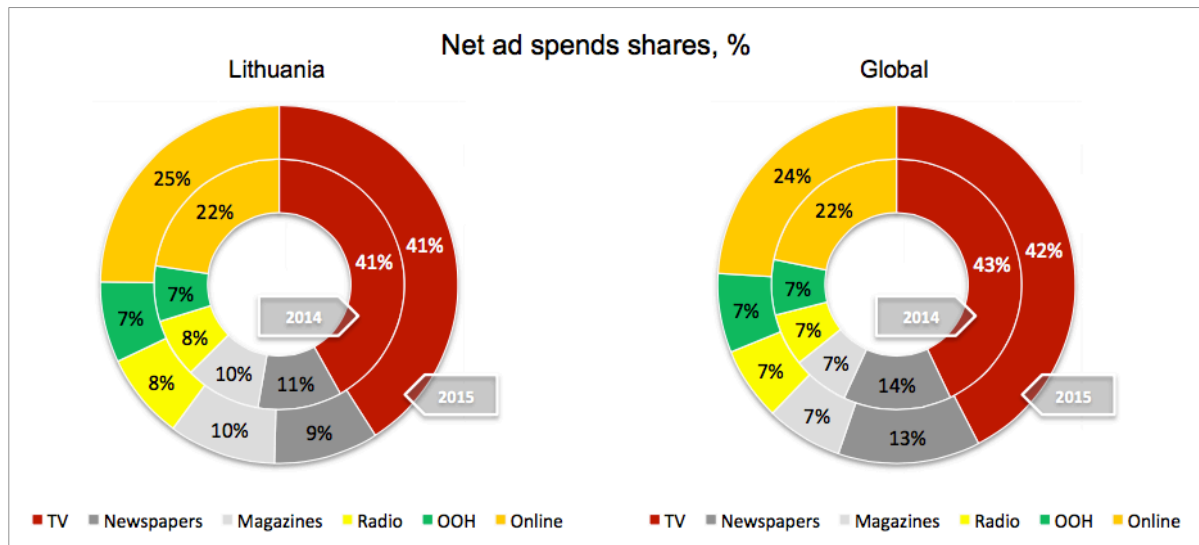
* 2014 data; provided by "Verslo Zinios"

** Data not found

The data of Lithuanian media market by separate media depicts similar trends, aside from higher ad spends volatility in different channels (Figure 2 and 3). In brief, advertising forecast indicates increase in total ad spend (Carat, 2015) with Online ad spends' share growth, and TV's and Newspapers'

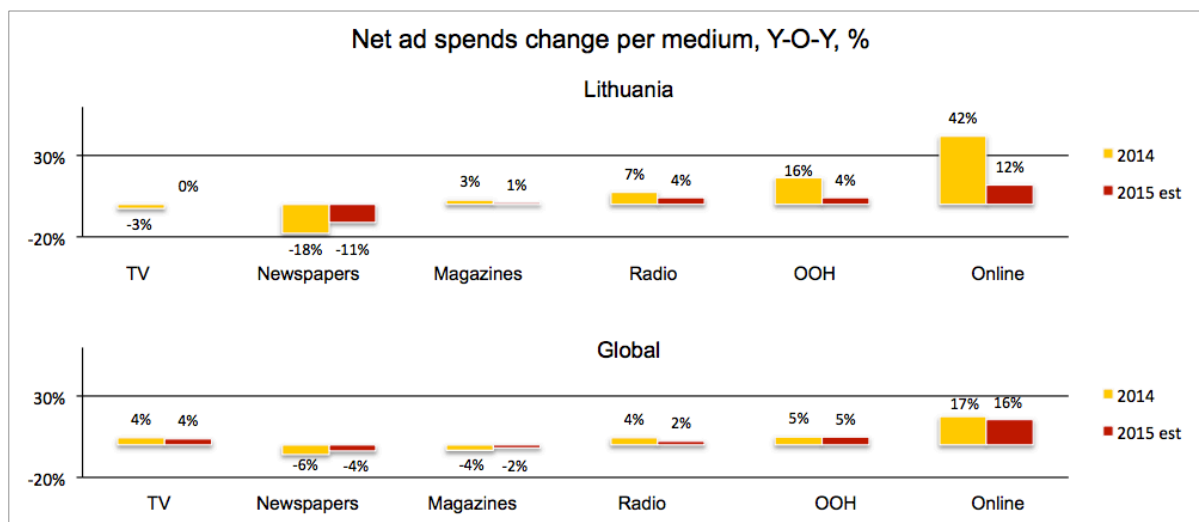
decline (Figure 3). Ad spend reflects growing digitisation and increasingly convergent world.

Figure 2: Net ad spends shares in Lithuania and Globally



Source: Dentsu Aegis Network Lithuania (July, 2015)

Figure 3: Change in net ad spends per medium in Lithuania and Globally



Source: Dentsu Aegis Network Lithuania (July, 2015)

2.8 Chapter conclusion

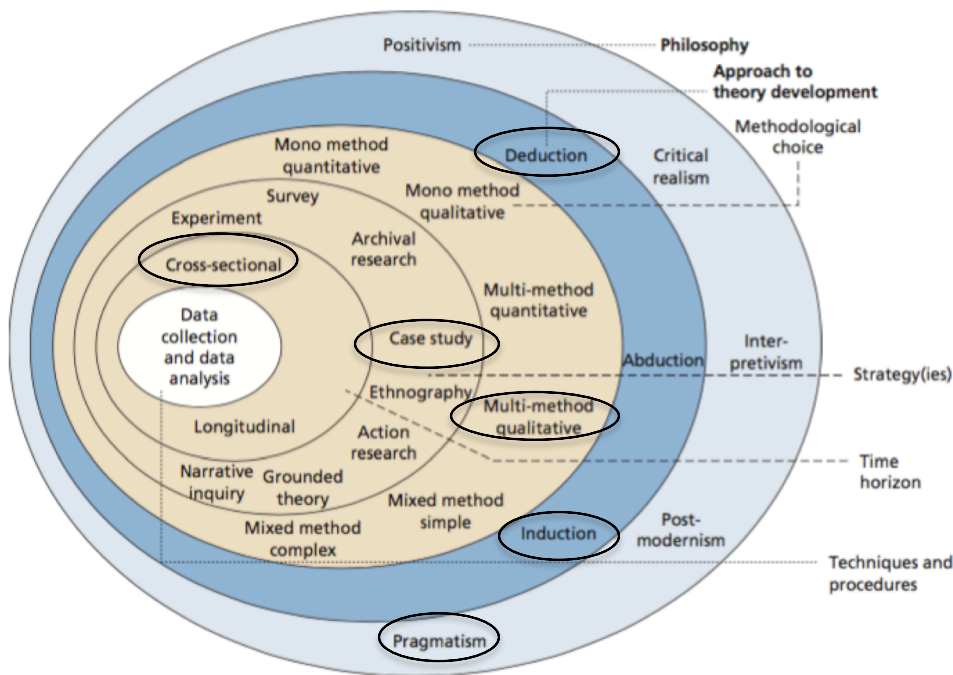
This chapter has briefly outlined the current situation in the media market that resulted from the accelerating change in the media industry. Further, the impact on an advertiser – agency relationship has been highlighted. Lastly, the chapter has reviewed the media market in Lithuania.

3 Research methodology

3.1 Chapter introduction

The objective of this chapter is to provide a thorough description of the applied research methodology. For to describe the employed research methodology Saunders, Lewis, and Thornhill (2015) illustrative ‘research onion’ method is used (Figure 4). Bellow, each of the layers with the adopted research approach is elaborated.

Figure 4: The applied research onion



Source (Saunders, Lewis, Thornhill, 2015)

3.2 Research philosophies

A research philosophy refers to beliefs and assumptions about the way the world is viewed and, more importantly, the development of knowledge (Saunders, Lewis, & Thornhill, 2015). Management and business research can be perceived and understood in terms of five research philosophies: positivism, critical realism, interpretivism, postmodernism, and pragmatism (ibid.). These philosophies are distinguished by three types of research assumptions, namely ontology (the nature of reality, the way the world is seen), epistemology (what establishes valid and legitimate knowledge and how it can be communicated), and axiology (aspects of values and ethics). The author of this thesis embraces the pragmatism philosophy approach.

3.2.1 Pragmatism

The pragmatic approach was chosen, mainly, because of its focus on creating knowledge for to make a change and improvement in organizational practice. For, by identifying the aspects that contribute to an advertiser's decision-making when selecting a media agency and detecting why, the suggestions could be made for to improve pitching agencies presentations striving to demonstrate an appliance to the declared and hidden criteria. In this approach, nature of reality is the practical effects of ideas and is seen as complex, rich, external, and in a constant change of processes, experiences and practices (Saunders, Lewis, & Thornhill, 2015). Due to the pragmatist emphasis on practical outcomes the research considers different types of theories, methods, concepts, ideas, as well as research findings in terms of their realistic and useful consequences in specific contexts integrating both objectivism and subjectivism, facts and values, accurate and rigorous knowledge (ibid). Thus, knowledge character is going to be not limited to explanations or understanding, but also will be prescriptive (providing guidelines), normative (revealing values) and prospective (implying future possibilities).

3.3 Research approach

Due to explorative nature of this thesis, a mixed research approach to theory development is taken. First, an inductive approach is employed for to explore a phenomenon, namely decision-making criteria for media agencies and generate a conceptual framework. The research starts by collecting data from the existing literature both theory and previous research. This enables to identify themes and patterns necessary for to create a conceptual framework. Later, the deductive approach takes over where data is collected and used to evaluate assumptions that have been raised relating to the proposed conceptual framework. This combination of methods exploits the advantages of the deductive and inductive approaches and provides both description and explanation of aspects impacting advertisers' decision-making criteria.

3.4 Research design and tactics

The research design is the overall plan of actions of how the research objectives are going to be reached. Often, it is referred as a research strategy. However, as Saunders et al. (2015) research onion (Figure 4) uses 'research strategy' to describe one of its layers, for this passage is chosen 'research design and tactics' as the caption instead. It involves methodological choice, research strategy or strategies, time horizon, and recognizes practical constraints. As for tactics, it specifies data collection techniques and following data analysis procedures. This thesis' research design and tactics (the inner layers of the 'research onion') are described in detail below.

3.4.1 Methodological choice

As depicted in the research onion by Saunders et al. (2015), there are three main research methodological choices: mono method, multi-method, and mixed-methods. The mono method uses only one data collection technique as well as a single data analysis procedure. Multi-method employs several data gathering techniques, yet either quantitative or qualitative methods. Whereas, mixed methods combines both qualitative and quantitative data collection techniques and subsequent analytical procedures. In general, methods employing several data collection techniques are perceived to provide a richer data, analysis, and interpretation leading to enhanced theory development (Saunders, Lewis, & Thornhill, 2015). Conforming to for this research adopted pragmatism philosophy, a multi-method qualitative study research choice is engaged.

3.4.2 Research strategy: Case study

No research strategy should be seen as fundamentally superior to others (Saunders, Lewis, & Thornhill, 2015). Although research strategies may be essentially linked with research designs' methods or associated with one or other philosophy, there still are some open boundaries. Therefore, the central aspect of the choice of research strategy or strategies is the coherence throughout research philosophy, research approach, purpose, research strategies, and that enables to meet research's objectives and is guided by a research question(s) (Saunders, Lewis, & Thornhill, 2015). Also, it depends on some very practical aspects, as an amount of time, available resources, etc. Because of multifaceted nature of media agency selection decisions, the author of this thesis has employed the case study research strategy. Also, both exploratory and explanatory purpose of research design seeking to describe behaviour, understand the causal elements, and particularities within its real-life setting seems to confirm the appropriateness of the case study approach (Yin, 2014). Further, when identification of what is happening and why is needed, and, for to grasp the implications for action, an in-depth inquiry is recommended (Saunders, Lewis, & Thornhill, 2015). Thus, the case study approach's ability to acquire rich analytical data entailing many details and to infuse novelty in understandings about the phenomenon in question pursues to be an appropriate research strategy for this study.

Nevertheless, there are some limitations and criticism expressed regarding the case study research strategy (Saunders, Lewis, & Thornhill, 2015) (Yin, 2014). First, a lack of rigour that occurs due to less systematic procedures than using other methods and, therefore, raises concern about reliability. Though, case study that employ semi-structured interviews are not intended to be replicated especially in situations that have tendency to change (Saunders, Lewis, & Thornhill, 2015), for to enhance the trustworthiness interviewees will be asked to provide additional documentation regarding the media agency selection. Second, generalizing from case studies is very limited: a small sample of data is

doubted to establish valid generalizations. Although, it is not applicable to populations or universes, yet a case study involving one or several cases can be used for theoretical propositions, meaning analytic generalization (Yin, 2014). Third, case studies are seen as taking more time and providing massive data that might be hard to work with as well as demands even more time. Lastly, the interpretation of data aspect is argued to add some level of research bias (ibid.). While, the case study research method may be argued to be ‘soft’ or less scientific, it is an indispensable approach for exploring and challenging existing theory by providing new and in-depth knowledge (Saunders, Lewis, & Thornhill, 2015).

3.4.3 Time horizon

When designing a research, there are two options in selecting time horizon for a study: cross-sectional and longitudinal. Cross-sectional studies refer to a study of a specific phenomenon taken as a ‘snapshot’ at a particular time. Whereas, longitudinal studies require several ‘snapshots’ or a ‘diary’ perspective. This thesis’ case study is cross-sectional, based on interviews conducted over a short period of time.

3.4.4 Research techniques and procedures

The following research techniques and procedures have been used during the project and are described below considering each part of the thesis separately.

Research techniques in Part II: Establishing the Conceptual Framework

Based on the research question, existing literature regarding an advertiser’s decision-making when selecting an agency has been reviewed. As decision-making is a multifaceted phenomenon, both the studies on agency selection criteria and aspects of advertiser-agency relationship inducing termination, behavioural-organizational factors affecting decision-making were respectively examined. For this, secondary data stemming from the academic and professional literature like prior research, scholar papers from various electronic databases, books, and professional journals were investigated. Due to tremendous changes in the media industry during the last ten years as well as most of the research by scholars were carried out more than ten years ago, additional contemporary knowledge was required. Therefore, industry magazines and websites were examined searching for articles regarding advertiser-agency selection, relationship, termination, advertiser expectations and perception of service as well as trying to identify the significant media industry changes. Moreover, books serving as guides for advertisers that consider searching for new communication partner were used for to acquire the perception of the criteria that might be set.

Following magazines were found to provide relevant and reliable data and knowledge: *International Journal of Advertising*, *Journal of Advertising Research*, *Management Science*, *Academy of*

Management, Academy of Management Review, Industrial Marketing Management, Journal of Relationship Marketing, Journal of Marketing Communications, European Journal of Marketing, Journal of Promotion Management, Management Science, Annual Review of Psychology. Moreover, following websites were found to distribute insights relevant to the research topic: *Financial Times*, www.warc.com (online service that publishes best practice and insights), www.eaca.eu (European Association of Communication Agencies), www.adage.com (Advertising Age – News and intelligence for marketing and media communities around the globe), <https://www.ana.net> (Association of National Advertisers, USA), www.thedrum.com (The Drum – a global media platform and the biggest marketing website in Europe), www.campaignlive.co.uk (Campaign – news-led communication industry magazine). The websites mentioned above were found having valuable insight into contemporary issues within the media industry.

Based on the reviews of above mentioned literature sources, the conceptual framework for the analysis of advertiser's decision-making when selecting a media agency is developed.

Research techniques in Part III: Application of the Conceptual Framework and Analysis

As the research is exploratory – explanatory type, semi-structured interviews were used to gather primary data that was later analysed qualitatively. Semi-structured interviews were chosen due to its ability to provide important contextual material about the topic in question as well as may be used to understand the connections between variables and its interactions. Further, non-probability, purposive sampling was applied when selecting companies to be interviewed, as this way despite a very small sample secures gathering of relevant and particularly informative data. In addition, for to obtain the greatest possible variation in the data collection, heterogeneous (maximum variation) sampling was chosen and, accordingly, research participants selected based on diversity. This enables to get data that describe and explain the key tendencies or patterns that could be observed within Lithuanian market. Furthermore, for a comparative purpose and in order to obtain reliability of evidence as well to establish the construct validity, respondents have been asked, if possible, to provide documents that are relating to the last agency selection process. Two respondents have with several limitations shared some documents that as an additional source of evidence have been treated qualitatively. To ensure a high quality of the research, techniques and tactics depicted in Table 2 were applied.

Interviews have been conducted on one-to-one basis meetings in-person with respondents in their offices. List of themes containing various types of questions was sent to respondents before the meetings. During interviews received data was transcribed and later sent to each of participants to confirm its accuracy, comment and correct it if needed. Next, all data was organized, prepared and coded manually using NVivo as an assisting tool, where later the codes were grouped into the categories. Codes have derived both from the conceptual framework and actual terms that interview participants have used, as well as were developed for to convey the best description of units of data.

Some codes were subdivided, and those that have attracted small numbers of units of data were merged with similar ones. Then, themes, patterns and relationships between those were developed and negative cases revealed. Also, a special folder was created for to place any data that describes any aspect of agency selection that was ignored by the suggested conceptual framework. When analysing the data beside the coded text review, various charts, graphs and tables were employed for identify any irregularities or any other connections, as well as to interpret the data. The data analysis was an on-going process during the research. Further, the general data analysis procedure was combined with the specific research tactic steps specified in Table 2. Mainly, the pattern matching strategy was applied examining the data through applying to the proposed conceptual framework. Rival explanations have been addressed both when collecting the data and during the analysis. Cross-case synthesis was applied to the data analysis of the five case companies.

Table 2: Used case study tactics to ensure the quality of the research

	Used case study tactic	Phase of research in which tactic occurs
Construct validity	Used multiple sources of evidence for data triangulation (by convergence of evidence)	Data collection
	Established chain of evidence	Data collection
	Interview respondents have reviewed draft case study report	Composition
	Pattern matching	Data analysis
Internal validity	Rival explanations have been addressed	Data collection and analysis
	Cross-Case synthesis	Data analysis
External validity	Theory and Replication logic	Research design
Reliability	Case study protocol (Interviews have been recorded, transcribed, and sent for the revision-confirmation)	Data collection
	Case study database developed by using Nvivo	Data collection

Adopted from Robert K. Yin 2014

Nevertheless, the author of this thesis acknowledges the possibility of response bias, reflexivity and inaccuracies due to poor or not precise interviewees' recall of last media agency selection process. Also, the received additional documents used for data triangulation were incomplete (reporting bias) or very basic, consequently resulting in limited triangulation. Further, analysing the data, case-companies have been ascribed attributes according to: 1) an advertiser's organizational size: until one hundred employees or above one hundred employees, 2) an advertiser's organizational decision-making level: independent or limited. Though such analysis enriches theoretical generalizations, yet the results of this type examination have to be considered thoughtfully as in some situations, three cases were contrasted to two. Similarly, some respondents were very talkative and some less; hence, some have 'created' more mentions than others. The detailed description of case companies chosen for

this thesis case study is outlined in a separate chapter (Chapter 4). Further, the interviews, the additional documents provided by two respondents, and the NVivo report of the created codes and categories, as well as the example of coded phrases for one code are to be found in the appendix.

Research techniques in Part IV: Discussion and Conclusion

The final part of the thesis evaluates the proposed Conceptual Framework for the Analysis of an Advertiser's decision-making and highlights the implications for media agencies when preparing to pitch for a media account. Therefore, the emphasis will be on the meanings that derive from a comparison of the research findings in relation to the suggested Conceptual Framework as well as the theories, the prior studies and other knowledge reflected in the earlier parts of the thesis. Finally, the suggestions for future research will be denoted.

3.5 Delimitation

The thesis has three restrictions:

1. *Geographical scope*: the identified problem statement is viewed only within a Lithuanian context and, therefore, grasps only findings in the light of the specific demographical specificities of the Lithuanian communication services industry and not in contrast to any other markets. Hence, the generalizations can be made only of the theoretical type.
2. *The static nature of the study*: the media agency selection is a process, where decisions are made at several stages. First decision is made when an advertiser is deliberating what media agencies to include in the short-list. The second, when evaluating the pitching companies and choosing finalists. Lastly, the negotiation process with the finalists that leads to the announcement of a winner that is awarded with the account. Thus, each stage can comprise different set of decision-making criteria. Further, such type of decisions is very dependent from a situation an advertiser is facing. Thus, the observed phenomena in this study can be different next time.
3. *The research scope*: the study regards solely advertisers decision-making when searching for media agency service (planning and buying) providers. Advertisers' decision-making concerning selection of creative agency, public relations agency or very specific media type like digital is excluded. The reason for this is that the advertisers expectations and selection criteria will vary. For example, creative agencies encapsulate different kind of creativity. Media agencies' creativity may be exercised merely in the way media channels are employed, innovating media planning itself and/or in a media plan presentation. Also, media agencies are more sensitive to challenges deriving from selling services.

3.6 Chapter conclusion

This chapter presented the applied research methodology of the thesis. For to answer the thesis' research question and to create knowledge that could be of practical use for media agencies, the pragmatism philosophy approach was adopted. Further, the mix of inductive and deductive methods to a theory development was adapted. Due to exploratory nature of this thesis, the multiple-case study employing qualitative data was chosen as an appropriate research strategy. Research techniques and procedures that have been used during the project were described considering each part of the thesis separately. Finally, the thesis' limitations were summarized.

4 Single-Case Design

4.1 Chapter introduction

The objective of this chapter is to introduce and justify the cases that were chosen for this thesis research. Though it is a single-case study of Lithuanian market, five case-companies have been taken as a sample to represent it. Further, for to obtain the greatest possible variation in the data collection, heterogeneous sampling, based on research participant's diversity was used. This chapter shortly will introduce each of the five case-companies (in alphabetic order) with attention to each company's contribution to this study. Then, the cases will be categorized according to the assigned attributes.

4.2 Introduction of the case companies

4.2.1 Case-company A

The case-company A is a leading producer of beauty, skin and oral care products in the Baltic States. The industry A operates is extremely penetrated sector and competitive market (Allied Analytics LLP, 2015). The company offers five well-established brands (more than 170 different products) that beside distribution within a domestic market are exported to Germany, Latvia, Estonia, Ukraine, Slovakia, and other countries (Case-company A). In addition, the company also manufactures products that are marketed under foreign labels (ibid.). At the moment, the company A employs around 52 employees (Case-company A). The company continues working with a media agency that was awarded the account during a pitch in 2013.

The case-company A was chosen for an interview due to the acknowledged overall marketing activities impact on the company's performance in a complex market competing with many worldwide known and financially strong brands. In 2015, the head of the marketing department was awarded as Marketing Director of the Year.

4.2.2 Case-company B

Case-company B is one of the largest telecommunications companies in Lithuania that provides a wide range of mobile and data services, as well as Internet access both for business and residential customers (Case-company B). The company employs around 550 people (ibid.). Further, Lithuania has one of the most advanced mobile phone and broadband Internet networks worldwide with a very high mobile telephony penetration rate (146,3) (Communications Regulatory Authority of the Republic of Lithuania Strategy Department Economic Analysis Division, 2015) and a well-developed competition. In 2015, there were 14 providers of mobile phone services, with the three largest ones (BITĖ Lietuva, Omnitel and Tele-2) operating their networks (ibid.). Moreover, the case-company B has recently decided to go for an in-house media agency strategy contracting media agencies only for some projects.

The case-company B is an excellent respondent for the research's interview as operates in one of the most advanced, dynamic, and innovation orientated telecommunication sector within a highly competitive market. In such circumstances, a partnership with a media agency is found of essential strategic importance. Thus, the expose, and vulnerability to the external forces as well as the organizational size of the company will provide an indispensable insight into advertisers decision-making when selecting a media agency despite the turn to the in-house strategy as the interview is with the former Head of Brand Communication Department. The interviewee has worked for the company for many years, participated in both media and creative agency selection as well as has initiated the decision to change to the in-house strategy.

4.2.3 Case-company C

Case-company C is a natural gas supply company that belongs to a state-controlled energy company group Z (hereinafter referred as the Group) (Case-company C, 2015). The company imports and supplies natural gas to residential and commercial consumers, industrial and agricultural businesses, as well as to heat and power generating enterprises. In total, the case-company C has more than 560 thousand customers that are taken care by 95 employees. The company was founded in November 2014. A bit later it has announced a media agency pitch (Case company C, 2015). The pitch was run by the parent company's established firm ZY that supports the core activities of all the affiliates as well as provides required services like public procurement, accounting and HR services. Such arrangement enables to have a team of experts available for all the companies within the Group and at the same time reduces costs. In addition, the centralisation of the processes of public procurement results in its standardisation. Moreover, in 2015, it has been announced a merger of two gas companies both owned by the same shareholder and is to be finalized in 2016. Due to this merger, many changes within the company are happening, in particular, many employees have been offered

new positions within the Group and some, like a Communication Manager, have left. Nevertheless, the case-company C still works with the media agency that was awarded the account in 2014.

The interview with the case-company C will contribute a different perspective of decision-making, because of its rigid organizational structure, processes, and public procurement procedures. Moreover, the announced merger might result in an appearance of other aspects affecting organizational decision-making.

4.2.4 Case-company D

The case-company D is owned by a company X companies group, which has 130 years of experience and around 2.64 million customers around the world. The Group operates in thirteen markets: Poland, Slovakia, Hungary, Mexico, the Czech Republic, Romania, Hungary, Bulgaria, and Lithuania and due to acquisition in 2015 entered Finland, Estonia, Latvia, and Australia. The case-company D started the business in Lithuania in 2013 by providing consumer credits from 100 to 2100 Euros. The company in Lithuania employs around 80 permanent staff and nearly 290 credit intermediaries (Case-company D). Thought opened by the company X directly, the Lithuanian branch reports to the company XY. Further, in 2015, it was announced the pitch for media agency account resulting in the change of media agency serving the account. Moreover, last year the case-company D was amongst top three advertisers in its market segment.

The case-company D is fascinating interview respondent for their business is orientated both to new and regular customers. Further, the success of attracting new customers highly relies on advertising activities. However, due to business peculiarities, there are stringent requirements for advertising content that have to be contained. Thus, the focus is not that much on the advertising volume as on the content. In addition, despite most of the decisions being made locally as the case-company D has a developed organizational structure, the strategically important ones, such as media agency selection, are taken under supervision and approval by the company XY.

4.2.5 Case-company E

The company E Group is a world's leading producer of insulation and other products based on stone wool. Though, the group counts more than 11 thousand employees in 35 countries, including representative offices in each of the Baltic States, there only 20 employees in total that represent the case-company E in the Baltics (UAB case-company E). The management officers responsible for the core case-company E activities within the Baltic States reside and work in Lithuania. Further, the case-company E group is on one side a traditional and family based, yet on the other is a modern, innovation-orientated, and focusing on shareholder value company who practices corporate governance based on different rules and procedures (case-company E International A/S). The case-company E Baltics has small advertising budgets and mostly uses services of media agency only for special projects. Last time a pitch for media agency services was announced in 2014.

The case-company E representative is going to provide a perspective on decision-making within a quite small representative office that is accountable to a region head office of a leading organization that is cautious about corporate governance, social responsibility, and sustainability. Additionally, the specific of the business, namely the construction related products sector, coupled with the limited size of advertising budget might be seen as inducing a different approach to advertising and, thus, resulting in a priority of other decision-making criteria when selecting a media agency.

4.3 Assigning the attributes

The case-companies will be assigned attributes' values depending on the company's organizational size and on the credited decision-making level (Table 3). The organizational size is referred to the number of employees working in the organization that is under decision maker's jurisdiction. Two categories are singled out: under one hundred employees and above one hundred (Later, in the study will be referred as 'small' and 'big' companies accordingly). The decision-making level indicates the authority level of credited organizational decision-making: either independent or limited. 'Independent' means that decisions concerning media agency selection are taken autonomously. Conversely, 'limited' – such decision-making is partly restricted and influenced by another body of an organization.

Table 3: Case companies and the assigned attributes

	Organizational size (Number of employees)		Decision-making level	
	<100	>100	Independent	Limited
Case-company A	✓		✓	
Case-company B		✓	✓	
Case-company C	✓			✓
Case-company D		✓		✓
Case-company E	✓		✓	

The assigning of the attributes to the case-companies will enable to analyse the gathered data from various perspectives. First, it will show whether the results differ depending on the organizational size and the credited decision-making level. Further, if any differences are to be identified, it will enable to examine the relationships between the variances.

4.4 Chapter conclusion

This chapter has specified the case companies that will provide the research data for this study. Further, the qualities that have qualified each case-company for this research has been described. To sum up, all companies represent different industries, vary in size and decision-making level and hence will be able to provide the greatest possible variation in the data. Lastly, each case-company got assigned attributes that, later if needed, are going to enable a profounder data analysis.

Part II – Establishing the Conceptual Framework for Decision Making

Part II – Establishing the Conceptual Framework for Decision Making – contains two chapters. The first chapter attempts to identify important aspects that contribute to advertisers' organizational decision-making. Therefore, both data from previous studies is gathered and discussed, and theoretical knowledge regarding organizational decision-making is reviewed. The second chapter, based on the previous deliberations, attempts to develop a conceptual framework for the analysis of advertiser's decision-making when selecting a media agency.

5 Examining agency selection decision-making

5.1 Chapter introduction

The objective of this chapter is to identify important aspects contributing to the decision criteria and decision-making itself when choosing a new service provider, namely media agency. First, this chapter starts with a critical review of the existing knowledge on selection criteria for advertising agencies. Then, it proceeds by briefly inspecting client–agency relationship aspects inducing the termination of the relationship for to identify the attributes that may be playing an important part when searching for a new agency. Later, the author attempts to clarify the confusion around the decision-making in and by organizations by inquiring into the discussion on various organizational aspects that affect the decision-making. Here, also, the behavioural aspects of human decision-making coupled with power and influence of decision-making group are re-examined to see how these nonspecific pitch-campaign forces are affecting agency selection decision-making.

5.2 Agency selection criteria

Account acquisition is an on-going problem facing media agencies, for no matter how good advertiser – agency relationship is, a client will review the account sooner or later (Wackman et al. 1986). Past studies by academicians and practitioners have examined various stages and aspects of advertiser – agency relationships: the selection of an advertising agency investigating both the process (Harvey et al. 1988; Jansen van Rensburg et al. 2010), and identifying the criteria used in agency selection (Cagley & Roberts 1984; Cagley 1986; Dowling 1994; Na et al. 2003; Palihawadana & Barnes 2005; Jansen van Rensburg et al. 2010); expectations (Turnbull & Wheeler 2014); have analysed the factors fostering development and continuity (Wackman et al. 1986; Michell 1986; Verbeke 1989; Wills 1992), and the forces inducing the termination of client-agency relationships (Buchanan & Michell 1991; Michell 1986; Michell et al. 1992; Henke 1995; Palihawadana & Barnes, 2005). Further, some

researchers have examined this industrial service relationship from a business-to-business buying behaviour perspective (Lichtenthal & Shani 2000; Harvey et al. 1988; Dowling 1994; West 1997; Na et al. 2003; Jansen van Rensburg et al. 2010).

The primary criteria for a selection of an agency have been identified (Cagley & Roberts 1984; Fam & Waller 2000; Marshall & Na 1994) and the relative importance of individual elements has been established through various studies (Table 4).

Table 4: Prior studies on agency selection criteria

Author	Creative skills	Agency people	Cost	Experience	Affinity	Perspective
Michell (1984)	✓					
Cagley, Roberts (1984)		✓				
Cagley (1986)		✓				
Wackman, Salmon, Salmon (1986)	✓		✓	✓		
Michell (1988)					✓	
Marshall, Na (1994)		✓	✓			
Dowling (1994)	✓	✓				
Helgesen (1994)	✓					
Henke (1995)	✓			✓		
West (1997)		✓	✓			
Fam, Waller (1999, 2000, 2008)	✓	✓				
Na, Marshall, Son (1999)	✓					
Na, Marshall (2001)		✓	✓			
Prendergast, Shi (2001)			✓			
Na, Marshall, Son (2003)		✓				
Paliawadana, Barnes (2005)	✓			✓		
Jansen van Rensburg, Venter, Strydom (2010)	✓		✓	✓		
Turnbull, Wheeler (2014)	✓	✓	✓		✓	✓

There is consent in the current literature that creativity is by far the most important criterion when evaluating agency in a pre-relationship phase, namely agency selection. Various studies confirm clients to select an agency based on work-product factors that involve strong creative in strategy and execution, media planning, and good use of research (Wackman et al. 1986; Henke 1995; Fam & Waller 2008; Paliawadana & Barnes 2005; Jansen van Rensburg et al. 2010; Turnbull & Wheeler 2014). Henke (1995) points, that explicitly creative skills are the key evaluation criteria for agency characteristics. Especially when rejecting the next best alternative at the final stage of the selection process, creative ability is the dominant reason for an agency to come second (Dowling 1994). The agency's creative aspects are driving preferences and market share (Na et al. 1999). Thus, winning awards or development of high-profile advertising campaigns for well-known advertisers may

contribute to winning new accounts (Henke 1995; Helgesen 1994). A positive input of the agency's creative reputation to client's decision-making when selecting an agency is also supported by Dowling's (1994) research that claims this to execute the next greatest influence on the selection decision. It may be concluded that agencies are aware of the reputation's positive impact, as they tend to use the past indicators of success (Palihawadana & Barnes 2005). However, the size of the impact of such success attributes can be argued as findings indicate agencies to perceive themselves possessing higher levels in contrast to clients view (ibid). Instead, the most important evaluation dimension is attributable to skill-related factors encompassing creativity (Jansen van Rensburg et al. 2010). Though clients and agencies agree on the primary importance of creativity, it seems to be some disagreement in the perception of it (Michell 1984). The clients tend to see "creativity" as a more structured process - an inter-organizational process, while agencies tend to stress the creative environments, personalities of the creative team and spontaneity (ibid.). Further, in China, the creativity criterion is found to be not important, though clients appear to be confident in their chosen agency's creative abilities and tend to delegate creative responsibilities and decisions to their agencies (Predengast & Shi 2001). Nevertheless, for the most part, an agency's creative abilities are among the top three criteria when making a decision in selecting an agency (Wackman et al. 1986; Fam & Waller 1999; Fam & Waller 2000; Fam & Waller 2008; Jansen van Rensburg et al. 2010; Turnbull & Wheeler 2014).

Following, agency people, meaning the quality of the people assigned to the account, interpersonal compatibility, reputation for integrity, chemistry and synergism between the client and agency personnel, are found to be among the most important factors by most of the studies. Cagley and Roberts (1984) findings highlighted the quality of people responsible for the account, the mutual "agreement on goals and objectives" and the "need for agency personnel to thoroughly learn the characteristics of the advertiser's business". Later study by Cagley (1986) has confirmed previous results and, in addition, found that both advertisers and agencies agree on agency personnel's importance when assessing the capabilities of an agency. On the other hand, West (1997) research on purchasing's role in acquiring advertising services argues the significance of the "agreement on goals and objectives" of the advertisement saying if agency people are good they should be free to redefine it. Likewise, Fam and Waller (2008) study results point that clients in very early stage of relationship pay much attention to who is going to be responsible for their business and just later what it can be done for their business by an agency. It highlights the importance of quality of the account people and the trust that induces from the reputation. In fact, interpersonal relations built on trust and reputation has such a big impact that in cases where account people move agencies, some clients tend to follow them (Fam & Waller 1999; Fam & Waller 2000; Morgan et al. 2003). The people, interpersonal factors were found to be significant in many other studies whether as seen by an advertiser (Marshall

& Na, 1994; Fam & Waller 2008; Na & Marshall, 2001) or by agency executives (Fam & Waller 1999; Fam & Waller 2000). Further, findings of a later study by Paliawadana & Barnes (2005) underline professionalism and technical skills of agency personnel, and a quality of agency service. Thought, chemistry and synergism are not of the key significance, yet between compatibility related factors, are the most important ones. Similarly, the most recent studies point the quality of agency personnel, yet the tendency is a connotation on professional and technical skills (Jansen van Rensburg et al. 2010; Turnbull & Wheeler 2014). The chemistry is still important but tends to be associated not only between the advertiser/client and agency personnel, but also having similar organisational HR approaches (Turnbull & Wheeler 2014). Nevertheless, it can be concluded that in addition to creativity, the primary concern when evaluating an agency during the selection process is going to be the agency people that will have the account responsibility.

Although creativity and agency people responsible for the account are prominent in the scholar literature regarding agency selection criteria in the advertising industry, the cost-consciousness of an agency is distinguished in numerous studies as an evaluative criterion and an influencing factor in the client decision-making (Wackman et al. 1986; Marshall & Na 1994; Fam & Waller 2000). The main concern is whether an agency charges fairly (Wackman et al. 1986), displays strong cost awareness (Dowling 1994), is performance oriented (West 1997; Jansen van Rensburg et al. 2010), and owns good media negotiation skills (Turnbull & Wheeler 2014). Cost-consciousness was found to be of the equal importance evaluative criteria in agency selection in New Zealand along creativity and agency people (Marshall & Na 1994). Later, a comparative study in New Zealand and Korea by Na and Marshall (2001) provided results ranking cost-consciousness and price for services high by both countries. Although a quite different study focussed on advertising agencies' role as seen by clients in China, maintains the cost importance in addition to reputation, size and connections. Further, West (1997) acknowledges the "hard" and "soft" factors in selection criteria and underlines experience, flexibility, equipment, past work and current work as key factors considered by procurement managers in a necessary risk assessment of each agency. Likewise, some other studies point to a significance of the decision making when choosing a new partner for advertising questions, claiming it to be a major financial commitment (Jansen van Rensburg et al. 2010) and, therefore, comprehending advertisers' concerns and requirements for media negotiation skills (Turnbull & Wheeler 2014). On the other hand, some studies identify advertisers more concerned with proven track record of results (Henke 1995; Dowling 1994) that may be interpreted as, that clients are not paying that much attention to the cost awareness, so far an agency has a good reputation for delivering the results. However, the increasing participation of purchasing managers that are preoccupied with advertising agencies efficiency suggests the growing importance of cost-consciousness criterion when choosing a new agency (Morse, 2015; Cookson & Bond, 2015). Thus, an agency seeking new accounts should not

merely rely on the creativity and the people factor, but also assign the cost-awareness.

Other important variables when evaluating agencies during the selection process are agency's experience, affinity and perspective. An agency's experience with the type of business, knowledge or expertise in the client's area influences the decision-making (Wackman et al. 1986; Henke 1995; Jansen van Rensburg et al. 2010). Advertisers, who select agencies primarily on work-product factors, prioritise the agencies that have a prior client's market knowledge (Wackman et al. 1986; Jansen van Rensburg et al. 2010). Conversely, some other studies dispute the added value of advertiser's area knowledge pointing to the data that confirms the least significance of 'previously held competitive accounts' (Paliwadana & Barnes 2005). On the other hand, if the experience is interpreted more as expertise: agency being professional, having high technical and service skills, as well as able to present past achievements, such aspects, when communicated, may play a crucial role in the selection decision (ibid.). Likewise, the experience in handling the similar size accounts, being compatible with an agency in a number of areas appear to be favoured by some clients, particularly larger firms (Michell 1988; West & Paliwoda 1996). In addition, to compatibility in size, the right match in terms of other organizational aspects such as HR policy, and ethical practise were identified by one of the recent studies as weighty features contributing to the development of good partnership (Turnbull & Wheeler 2014). Furthermore, as the advertising industry immensely changes, clients recognize a need for a deeper insight from the agency side. Therefore, when selecting an agency, a prospective client may find focal whether the agency owns strategic thinking and is able to provide a perspective to client's business (Turnbull & Wheeler 2014).

As mentioned above, there are quite many studies in the scholar literature regarding agency selection both criteria and selection process. However, there is only very few studies on the topic conducted in the past ten years. This fact is highly significant as marketing and media industry has changed immensely. For to have the insight into very recent happening in regards to an agency selection process and criteria, some of very fresh articles in the professional literature are briefly reflected below (Table 5).

Table 5: Current articles on agency selection criteria

Author	Creative & Technological skills	Agency people	Cost	Experience	Affinity	Perspective
Cookson & Bond (2015)	✓		✓			✓
Goodwin (2015)	✓					✓
Morse (2015)	✓		✓			✓
Joseph (2015)	✓					

It can be identified three focal aspects significant in agency selection in the recent months: creative and technological skills, cost awareness, and perspective (Cookson & Bond 2015; Goodwin 2015; Morse 2015; Joseph, 2015). In addition to creativity, advertisers require good skills in digital technologies for to convert clients business by unleashing the potential and the power of the new technology (Goodwin 2015; Cookson & Bond 2015). In fact, according to Sir Martin Sorrell, for these days to win a pitch, agencies have to convince having the ability to provide technology, data and content (Joseph 2015). A countless number of new channels, techniques, technologies and big data have to be managed in addition to the traditionally required skills. The mix and the use of media channels encompass greater deal of creativity when before for, the creative skills are accounted not only to a creative idea and execution of advertisement but also to a creative employment of media channels. Further, partly as a consequence of the changes instigated by new technologies, partly due to the cost-cutting tendency and transparency issues, clients direct their focus on the performance (Morse 2015; Cookson & Bond 2015). Performance marketing is in attention: advertisers are looking for an advertising message to get new clients, not those who would have purchased 'anyway' (Morse 2015). When pursuing a business advantage, the focus is set on the efficiently spent advertising budget emphasising both on Return on Ad Spend (ROAS) and commercial Return on Investment (ROI) (Cookson & Bond 2015; Morse 2015). The complexity of advertising and media industries, accelerating change, uncertainty, as well as the aim for performance marketing requires a lot specific knowledge and strategic insight. Advertisers look for media agencies to help to cope with these issues and to solve their business problems by providing the perspective/strategic insight (Goodwin 2015; Cookson & Bond 2015; Morse 2015). In contrast, the previous studies have identified the ability to handle market research (Cagley & Roberts 1984) and the market strategy (Fam & Waller 2008) as not significant in agency selection decisions. In conclusion, an agency pitching for an account today should go beyond agency people and cost, but know how to employ the digital technologies, have excellent research tools for to provide client specific data, deliver strategic insight and creative solution for an advertiser to gain a sustainable business advantage.

5.3 Aspects inducing termination of client-agency relationship

It appears logical that an advertiser would select an agency on criteria that in addition to newly arisen ones also reflect evaluation criteria that were not fulfilled in a previous client – agency relationship and have served as reasons for a termination of a relationship (Harvey & Rupert 1988). Although Henke (1995) argues the criteria for evaluation of the agency to change as the relationship develops, the brief look at the main criteria inducing the break-up may help to predict the expectations for a new relationship that impact the agency selection criteria. Henke points the shift of advertisers' initial focus on creative skills that most likely have attracted the client to the agency towards the fundamental focus

on performance. The creativity's role stays important, yet not the most vital. Furthermore, other criteria increase in their significance as the client – agency relationship evolves (Henke 1995). Various scholars have investigated forces prompting client – agency split-up and have identified following primary reasons for the termination: “dissatisfaction with agency performance” (Michell 1986; Wackman et al. 1986; Michell et al. 1992; Dowling 1994; Henke 1995; Taylor 1999; Palihawadana & Barnes 2005), changes in agency policy like mergers or acquisitions (Michell 1988; Verbeke 1989; Michell et al. 1992), changes in policies and objectives from the client side (Harvey & Rupert 1988; Taylor 1999; Maddox 2007), personnel turnover at the agency (Michell et al. 1992; Taylor 1999; Morgan et al. 2003), changes in client management (Harvey & Rupert 1988; Taylor 1999). Dowling (1994) study deepens the insight to “dissatisfaction with agency performance” by identifying four main reasons for disaffection: creative issue; campaign effectiveness, cost, interpersonal aspects. The personal relationship between client and account service personnel is an essential attribute to an overall advertiser's satisfaction with agency services (Wackman et al. 1986). However, the ability to obtain results is found as one of the most important attributes of a lasting relationship not only by scholars (Predengast & Shi 2001) but also in the recent publications in the industry newspapers and magazines (Morse 2015; Cookson 2015). Further, Harvey and Rupert (1988) study shows that factors requiring for change in the agency may be due to the rapid growth of advertiser's business - the ‘adequate services for new markets’. Thus, implying the discrepancy in affinity. All things considered, it may be stated that advertiser-agency relationship will sooner or later end, when either agency people, creative, cost, experience, affinity or perspective attributes are failing. The same attributes play important roles in agency selection criteria as seen in the literature review paragraphs prior to the termination aspects section.

5.4 Facets of organizational decision-making

Decision-making is a process that looks for a solution to a problem or, as in some cases, is a solution seeking a problem (March 1991). Each problem has a number of alternative solutions, where decision-makers apply certain decision-making process' steps (Bazerman & Moore 2013; Cyert & March 1992). It is assumed that decision makers apply such steps for to make decision ‘rationally’. However, individuals neither necessary employ those steps properly nor tend to behave alike when making a decision in a group or within an organization (Bazerman & Moore 2013). Similarly, organizations, regardless of whether searching for a solution to a problem or making a solution in search of a problem, have respective rules and procedures to approach the decision-making as subjectively as possible. Furthermore, besides, to the facets of an individual human behaviour, situational factors coupled with organizational aspects are also influencing decision-making process and decision criteria. The literature in regards to these issues is reviewed below.

A firm differs from an individual entrepreneur in the way decisions are made, because a firm is an organization, a collection of individuals (March 1991). The behavioural theory of the firm is concerned with economic behaviour, decision-making process within a business organization: *organizational goals, expectations, choice, control, interactions* between those and their effect on decision-making within an organization. The organizational perceptions are impacted by some characteristics of the organization and a process by which organization make decisions (Cyert & March 1992). Therefore, organizational decisions do not solely depend on information, estimates, and expectations. According to Cyert and March (1992), the focus should be on the internal characteristics and the procedures of a business firm as a decision-making organization, for that influence organizational decisions. For example, an organizational structure determines a set of considerate decision alternatives. Though, decisions and decision-making in organizations might be viewed as consequences of intended rational choice. For, decisions result from knowing the alternatives and consequences, prior preferences and expectations about outcomes; despite individual and organizational restrictions, striving to find and implement an optimal solution by consistent preference ordering and using decision rules (March, 1991). Nevertheless, consequential, preference-driven choice does not explain decision-making process in terms of other consequences, like organizational processes that result in intentional, future-oriented choice (ibid.). Thus, decisions should be analysed as stemming from the logic of appropriateness, as intended rational choices and future-oriented actions, driven by rules of appropriate behaviour.

Cyert and March (1992) striving to construct a model of organizational decision making by a business firm that determines price, output, and general sales strategy, identify five major goals that must be satisfied: production goal, inventory goal, sales goal, market share and profit goals. Yet, these do not encompass other considerations that for some business firms might be as important as those mentioned, for prestige or tradition may be accounted for major goal factors. Additionally, people as individuals have their personal goals. Hence, as organizations are a group of people, the interplay of both personal and organizational goals should be taken into consideration (March & Simon 1993). The importance of a need for an agency to identify both the client's corporate goals and the internal goals and objectives of different client departments engaged in agency selection is highlighted in various studies (Beltramini & Pitta 1991; Lichtenthal & Shani 2000). Organizational level goals are easier to recognize and often may be stated by an advertiser announcing pitch (Beltramini & Pitta 1991). Lichtenthal and Shani (2000) have examined client-agency relationship from a business-to-business buying behaviour perspective, and the results convince the significance of nonspecific campaign forces like *"a mix between goals and objectives of the client's campaign and the internal structure of the organization"* affecting agency selection (p.225). Therefore, an agency when preparing for

pitching should try to identify the people involved in the selection process and strive to distinguish their objectives in order to address it accordingly during the pitching process. Further, coalitions make decisions concerning organizational resources. The organizational structure impacts the amount of resources that are devoted to individual, sub-organizational, organizational goals; particular is the role of a budget. Depending on the resource allocation the importance and power in decision-making can be signalled (Harvey & Rupert 1988). For to balance objectivity with the appropriate decision-making, Harvey and Rupert (1988) suggest advertisers selecting a new agency to have a broad buying team, and, more importantly, to encompass executives of the departments that are most affected by company's advertising activities. Further, a budget should provide adequate payments to various coalition members for to have the organizational coalition sustainable. Otherwise, it might create organizational slack: the difference between total resources available to the organization and the total necessary payments and demands (March & Simon 1993). Consequently, it might be assumed, that advertisers who used to hire an agency but have shifted to an in-house strategy, are trying to balance the alignment of goals and the budget for to achieve greater efficiency and effectiveness (Whiteside, How Timex's in-house agency saves time and money, 2013).

Besides goals and objectives, coalitions make decisions based on information and expectations that are formed within an organization (March & Simon 1993). The agency selection decisions account for the most uncertain ones, as the difficulty to evaluate intangible professional services create additional uncertainty and may be perceived at various levels of risk (Harvey & Rupert 1988; Na et al. 2003), therefore, making it difficult to evaluate available alternatives and make estimates. Also, the complexity of isolating and measuring the advertising effects on sales, accounts for another major contributor to the uncertainty connected to agency selection decision-making (Helgesen 1994). Thus, the indistinctness in organizational expectations that occur from the difficulty of making objective rankings causes non-expectational factors domination in the decision process (Cyert & March 1992). For example, in the advertising industry the result of decision when choosing an agency may depend upon chemistry between the parties of two organizations, or rest on cooperation, trust or involvement (Fam & Waller, 2008).

Though, individuals, as well as organizations, strive to make decisions based on rationality and subjectively absolute preferences, the actual decision making in addition to uncertainty comprise high levels of unconscious behaviour (Bazerman & Moore 2013). According to March (1991), individuals make choices consciously ignoring their own preferences, following organizational or other rules, cultural norms, or advice of others. Preferences are inconsistent, change over time, yet individuals take it as a normal aspect of the preferences' development (ibid.). Additionally, the good-enough reason for a certain decision might be a simple "feel" like doing it, or that someone else is doing (Bazerman & Moore 2013). Certain limited rationality techniques might be applied, yet the idea that

decisions entail ‘elements of playfulness and foolishness’ should be accepted (March 1991). Some companies may support decision-making with such elements arguing it to be signs of intuition or indispensable parts of creativity in decision-making; however, most of the organizations for to cope with the inconsistency of individual preferences have in place organizational norms, rules, policies, and procedures (March & Simon 1993). For example, some advertisers have specific requirements for advertising agencies and are looking for specific organizational characteristics, similar organizational processes, and considering agency’s culture when selecting a new agency (Michell 1988; Harvey & Rupert 1988). It may be argued that such practices are for to ensure a certain level of the consistency in organizational preferences. In addition to formal organizational requirements for an agency, established formal decision process and decision-making group, industry norms and practices are considered, as well as past search experience is reflected (Jansen van Rensburg et al. 2010; Lichtenthal & Shani 2000). Furthermore, some researchers that highlight the necessity to use agency selection procedures (Jansen van Rensburg et al. 2010) go ahead contributing to the development of applicable control mechanisms that can help to select an objectively evaluated optimum fit (Harvey & Rupert 1988; Hsu 2012).

Similarly, thought risk preference is regarded by classical choice theories as a key attribute of a decision maker and sees some individuals or organizations as risk averse and others as risk seeking (Fischhoff & Kadvany 2011), situational factors account for more variation in risk than these static, fixed differences (March 1991). In fact, situational factors are reasons for a particular behaviour in decision-making and should be accounted as principal ones. According to Kahneman and Tversky’s (1979) prospect theory, danger or increased threat to survival causes greater risk taking, except in some cases it could result in extreme risk aversion. In the advertising business, non-stability in the environment imperils loyalty and induces the need for change (Michell 1995). Advertiser failing to meet marketing goals, launching a new product, or during times of high ambiguity would likely to favour highly creative, yet, risky and novel solutions (West & Berthon 1997; Sasser et al. 2013). Conversely, when a brand is continuously profitable or when a focus is on ROI (return on investment) and short-term results, an advertiser would be risk-averse aside from advertisers that consider employing digital solutions (ibid.). Considering these points, Sasser et al. (2013) recommend agencies to pay attention to how innovative is the solution they are going to propose; for, an advertiser that is open to new ideas, will decline the agency suggesting the safe option. Furthermore, self-confidence gained through past successes and a belief that those successes are attributable to favourable outcomes leads to positive bias in expectations and more risk seeking (Fischhoff & Kadvany 2011). Similarly, such positive bias and the inclination toward a riskier choice may be affected by an agency’s past performance (Michell et al. 1992), agency people and advertiser relationships (Wackman et al. 1986), or corporate reputation (Dowling 1994). These sources indicate competence, reliability and

trustworthiness. Advertisers attempt to diminish the uncertainty about the results of services provided in the future, by looking for all tangible signs of past performance (Dowling 1994; Palihawadana & Barnes, 2005). For example, industry awards, advertising trade press or developing high-profile advertising campaigns for widely known advertisers may serve as signs of agency's performance potential and be highly significant in agency choice decision (Helgesen 1994; Henke 1995; Turnbull & Wheeler 2014). Moreover, West and Berthon (1997) claim advertiser's risk-taking behaviour to be altered not only by the situational/environmental factors or ones relating to agencies but also by advertisers own organizational culture and processes. Advertiser's organizational "culture acts as a frame" through which the past performances are viewed and evaluated, and organizational decision processes are exercised (West & Berthon 1997). When the client is more risk averse, agencies that have no witness of competence, reliability or trustworthiness should instead suggest compensation that contains elements of an outcome-based contract (Spake et al. 1999). However, as agency selection decision-making in final stages relies more on soft criteria like creative ability or chemistry between advertiser and agency personnel (Dowling 1994), variable factors like mood, feelings and the way in which problems are framed influence decision-makers perception of and attitudes toward risk (March & Shapira 1987).

Further, for to understand decision making in organizations and the organizational impact on the individuals making those decisions, decisions should be seen as based on resilient conflict of preferences (March 1991). Decisions depend on the information about the problem situation, the data collection and processing, and the expectations formed within the organization; thus, be of interest for strategic actors (ibid.). It is argued that "[...] executives perceive those aspects of situation that relate specifically to the activities and goals of his / her department" (Dearborn & Simon 1958, p. 142). However, later study cast some doubt on Dearborn and Simon's statement saying that there is no evidence of managers emerging as simple-minded information processors (Walsh 1988). Nevertheless, in cases where information gathering is decentralized, it is important to consider the special features of information transition within a decision system (Cyert & March 1992). When various departments of the organization are responsible for providing the different pieces of information, due to perceptual differences among the departments and due to the differing goals, individual and organizational, conscious and unconscious bias in information may appear (ibid.). Study by Dowling (1994) examining the agency selection decisions with focus on the types of information used in decision-making by advertisers and its influence on selection decisions, identifies various members of organization being active at different stages of decision making. The research data shows one or two managers pointing agencies for consideration and gathering information, which later is passed to other members. Further, the most credible information is found to be relating to the agency's formal relationship building marketing and word-of-mouth. The word-of-mouth, according to the gathered

data, refers to discussions with colleagues inside and outside organization. Likewise, some other studies confirm the importance of word-of-mouth in agency selection decisions and argue it is reaching various buying group members effectively (Dawes et al. 1991; Predengast & Shi 2001). The explanation for this is the intangibility of professional services that limits the evaluation and, consequently, bares higher levels of the uncertainty and a perceived risk, and discussions with colleagues help to reduce such uncertainty (Dawes et al. 1991). Knowing that individuals tend to consider the information and process it that it would appear in accordance with his/her own perception and desires of the decision situation (Cyert & March 1992), makes clear how easy unconscious bias can appear and be passed further with the information. Nevertheless, it depends on when information is provided, for once initial preferences of selection (decision-making) team members are formed they are not likely to change it (Kerr & Tindale 2004). Thus, this would lead to biased individual preferences and a misinterpretation of new information only if information provided before the initial preferences are made. Furthermore, people tend to make assumptions about the attitudes of others and may seek consistency with their perception of management attitudes and predilections (Bazerman & Moore 2013). Thus, even small internal biases in regards to the information on significant variables or in choice between two moderately alike alternatives could be critical. Confirming this, Warc Best Practice (2012) asks senior managers of advertisers to avoid making their views known, for it creates unconscious or intentional bias and dissolves an influential wave effect through organizations. Thought, business organizations seem to be aware of bias in estimates and information communication, and, accordingly, implicate bias recognition mechanism in means of logical inference drawn from the goals of the organization or experienced inference drawn from the past cases, eliminating long-run biases (Cyert & March 1992). Nevertheless, such bias recognition mechanisms may be questionable in regards to intangible aspects of advertising services, especially the creativity. Further, organizational structure and procedures affect the locus of search responsibility within an organization, which in turn determines the set of alternatives that are going to be considered. All of this has an impact on organizational choice (Cyert & March 1992). Decision-making – making choice – is to identify an acceptable alternative that would meet all coalition demands/goals, and is conditioned by organization's standard operating rules that are a learned set of behaviour rules (ibid.). Decision variables/criteria are internal to an organizational system and are manipulated by decision makers according to some decision rules. So far, the literature review was describing decision making as consequential, with limits inflicted by conflicts and information constraints, yet intended rational. As mentioned in the beginning, March (1991) claims that the decision-making behaviour should be seen through alternative decision logic – the logic of appropriateness, obligation, duty, and rules. For, actual decisions in organizations entail discovering “appropriate” rules to follow (March 1991). Rules are a set of understandings of the nature of things, of self-conceptions, and of images of proper

behaviour; those understandings change and develop over time; current rules store the long-run intelligence generated by previous experience and analysis reflecting organizational learning processes (Cyert & March 1992). Advertisers that have little or no experience in choosing a new agency tend to follow guidelines or best practice for agency search that are promoted by industry associations. Those that have previous experience in agency selection, usually, have their own procedures and rules to be followed. Further, it can be identified certain agency selection criteria that have emerged in response to past experience and are incorporated in advertisers' organizational agency selection rules and procedures. For example, advertisers in agency selection process often are looking for agencies on affinity factors such as the size of the organization or the size of billings (Michell 1988), cultural compatibility (Na et al. 1999), geographic areas (Harvey & Rupert 1988), match of prestige (Michell 1995), and etc. Such requirements for compatibility by size, professionalism or other affinity aspects (Michell 1988) are influenced by learning from experience, conditioned by the feedback of the environment, driven by an evolving population of invariant rules, and the imitation (March 1991). The experiential learning is often adaptively rational, allowing organizations to find adequate rules for situations they might face. Yet, if goals adapt fast to the experience, outcomes that are poor may be interpreted as successes and the opposite, outcomes that are good may be taken as failures (ibid.). It is an extremely critical facet for an interpretation of advertising services, for they are highly intangible, contingent on many other aspects that are not in power to service provider. As the intelligence of rules cannot be guaranteed, occasional deviation from the rules due to an intuition occur in the behaviour of experienced, successful decision makers (Cyert & March 1992).

In turbulent environments, solving unstructured high complexity problems, like ones involving strategy, investment, or human resource management issues, facing short time horizons (e.g. corporate planning, performance appraisal), or issues containing creative aspects, executives in organizations make intuitive judgments (Dane & Pratt 2007). Such decision-making can be comprehended neither as consequential nor under the logic of appropriateness, yet is integral to successfully completing tasks. Intuition is defined "[...] as affectively charged judgments that arise through rapid, non-conscious, and holistic associations" and under certain conditions may facilitate fast, yet effective decision-making in organizations (Dane & Pratt 2007, p. 33). It is suggested that experts can make highly accurate intuitive decisions as due to their engagement in repetitive practice over an extended period of time implicit, and explicit learning knowledge is acquired, complex and domain-relevant schemas created, and stored in memory (Dane & Pratt 2007). Hence, this could be an explanation for why advertisers when selecting a new agency are paying attention to its past performance. For, the agency that has delivered good results and either has received industry rewards or gets word-of-mouth spread by its clients, confirms being able to make right decisions and find true solutions for their clients regarding advertising. As advertising encompasses creativity and foreseeing the future, it can be argued that such

decisions involve the intuition. Advertisers value such intuitive decision-making by experts and tend to follow them when they leave an agency (Morgan, Spake, Crutchfield, & D'Souza). Further, intuitive decision-making in expert-teams refer to implicitly or explicitly shared mental models as when faced with a decision-making situation team members would intuitively compare the situation to the knowledge in the shared mental models (Orasanu & Salas 1993). Only, additionally to time requisite to become an expert, here time requisite for a team has to be applied; for, in order to develop shared mental models (of team norms, team goals, team identity, situational) working together for a longer time is necessary (*ibid.*). Thus, it can be assumed that advertiser, whose decision-making team is an expert-team with developed shared mental models, would base their agency selection decision on less analytical or pitch specific data but see it more holistically.

Furthermore, an agency selection decisions are a multi-person phenomenon that is affected by an organizational structure (Lichtenthal & Shani 2000). Organizations are hierarchies where higher levels control lower levels (March & Simon 1993). As many things are happening at the same time and as organizations tend to function as less hierarchical networks of relations, instead of considering decision-making within and among coherent hierarchies, overlapping networks of linkages within and among organizations decision-making should be emphasized (Cyert & March 1992). Any decision-making in an organization involves a group of individuals, decision-makers that at the same time are involved in other things within the organization and/or outside of it, and cannot devote the necessary attention. Thus, the same decision will draw the different amount of attention depending on how many and how urgent other things potential decision-making participants have to do (*ibid.*). In cases of organized anarchy organizations, in which decision situations faces unclear or problematic preferences, and/or indistinct processes that operates on the basis of simple trial-and-error, and where possible decision makers change impulsively, decision-making should be considered through a garbage can model (Cohen et al. 1972). In fact, this is to some extent applicable to any organization part of the time (*ibid.*). The garbage can model perceives the organization as a garbage can into which all problems, choice situations, potential decision-makers, and solutions are continuously dumped. The particular combinations of current garbage cans, and the overall load on the system, as well as timing influence the decision. For, all the elements arrange and rearrange themselves, and now and then some clusters of the elements in the can coincide, and hence, produce a decision (Cohen et al. 1972). Besides content, relevance and competence that partly regulates the matching of problems, choices and decision makers, organizational structure impacts it as well. The organizational structure determines decision structure and the problem access structure, influences the allocation of the energy of potential decision-makers and energy distribution (*ibid.*). Several studies have examined the organizational structure impact on agency selection decisions through a business buying behaviour perspective with attention on 'selection team' (Marshall and Na 1994) and the roles that its members

play (Marshall & Na 1994; Dowling 1994; West & Paliwoda 1996; West 1997; Lichtenthal & Shani 2000; Jansen van Rensburg et al. 2010). Though the members of selection team can more or less be identified, the roles each member is playing, and their power of influence in a selection decision-making will vary depending on the situation a buying organization/advertiser is facing. Advertiser's selection team consist of a variety of managers responsible for areas within an organization that might have an impact from the advertising activities, and all of them will play in an agency selection decision one or few of the roles: the user, the buyer, the influencer, the decider or the gatekeeper (Beltramini & Pitta 1991). The authority of selection team members for an agency selection decision may be formal or informal and, therefore, makes it difficult to identify. However, there are three roles that are likely to be carried by up to three individuals: a gatekeeper, that controls the information coming from an agency; a buyer, negotiator – opinion leader effecting the preferences of other buying group members; and an initiator, a person who has initiated the agency search process (Lichtenthal & Shani 2000). As the purchasing department role is increasing in an agency selection decisions, they may count as influencers having direct or indirect influence (West 1997). Nevertheless, there may be many other influencers that are remote from a direct contact and consequently, are difficult to identify, and to address their concerns directly. Similarly, the decider that determines the final stage of selection may vary in its formal or informal power, and may not necessary be the buyer; yet, it is very potential to incorporate subjective decision criteria (Beltramini & Pitta 1991). In general research data show that an average size of the selection team depends upon the sales revenue (Marshall & Na 1994) and consist of three to five members (Marshall & Na 1994; Dowling 1994; Na & Marshall 2001; Jansen van Rensburg et al. 2010), where senior executives (senior marketing and advertising executives, as well as chief executive officers) are the key decision-makers (Na & Marshall 2001; Jansen van Rensburg et al. 2010). Despite the growing general importance of procurement in the advertising industry, a financial director is not found to be a key decision maker in agency selection decisions (Jansen van Rensburg et al. 2010) thought their involvement is greater in small companies (West & Paliwoda 1996). Further, the influence varies throughout the selection process and end with the final decision resting mainly on the chief executive officer, the managing director or the marketing manager (Marshall & Na 1994; Dowling 1994; Na & Marshall 2001; Na et al. 2003). Furthermore, there is an aspect of corporate organizational culture that impacts the distribution of influence in a final agency selection decision stage. For, the power of influence of the chief executive officer dominates in smaller companies, and in very traditional and authoritarian societies (Na & Marshall 2001). All things considered, it can be claimed that the same agency selection decision will draw the different amount of an individual and organizational attention. Further, the power distribution will vary depending on the situation and its importance to the organization, and to each member of selection team at that period of time.

5.5 Chapter conclusion

The critical review of existing knowledge in regards to client-agency selection, relationship, and termination, as well as organizational decision-making aspects, provide the foundation for the next chapter in which a conceptual framework for attributes impacting advertiser's decision-making when selecting a new media agency are proposed.

6 The Conceptual Framework

6.1 Chapter introduction

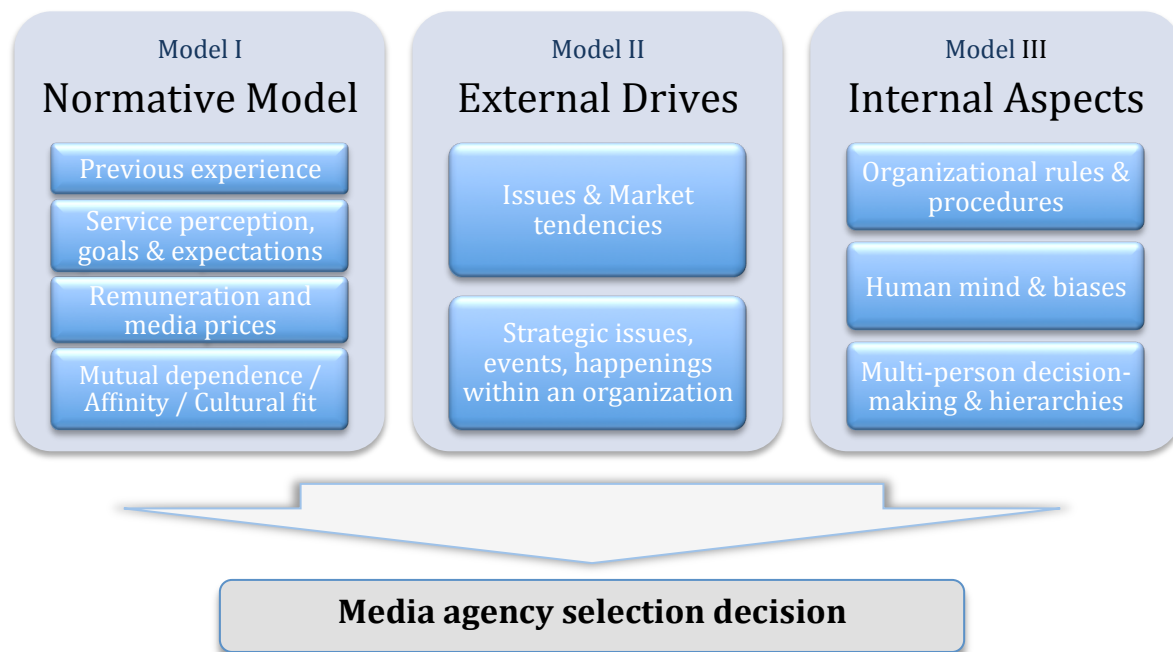
This chapter proposes and introduces a conceptual framework for the study and analysis of an advertiser's decision-making when choosing a media service provider. The proposed conceptual framework organizes various underlying aspects that contribute to advertiser's decision-making behaviour when selecting a media agency. The developed ontology is built on the literature review of existing studies about advertiser-agency relationship and organizational decision-making aspects (cf. Chapter 5). Further, reflecting upon the proposed conceptual framework twelve assumptions are raised. These assumptions will assist in answering this thesis research's objective and the research questions.

6.2 The Conceptual Framework for Agency Selection Decision-Making Analysis

This thesis proceeds from the premise that marked improvement in our understanding of advertiser's decision-making when choosing a new communication partner depends on the conceptual lens through which we strain to understand the problem. Here, three conceptual models are employed focusing primarily on explanation. In attempting to explain a particular matter, understanding of its aspects is required. Therefore, relevant and significant determinants of the issue should be singled out, as well as antecedent conditions serving for motivational explanation and general laws encountered (Hempel & Oppenheim, 1948). What leads an advertiser to look for a new communication partner? What are the most important aspects in order to have a long and successful client-media agency relationship? Nevertheless, it is essential to summarize the various determining factors as they in conjunction affect the event in question. There is a logical similarity between explanation and prediction: an explanation is directed towards past occurrences, prediction – towards future ones (ibid.). Hence, the research made for this thesis may be used for to predict an outcome. Yet, this thesis aims to search for a motivational explanation for: 'why an advertiser has awarded with an account a particular media

agency?’ also, ‘on what aspects was an advertiser’s decision based and why?’ Each of the criteria may have varying importance to an advertiser selecting a new agency (Harvey & Rupert, 1988). For, potential clients request varying compositions of selection criteria when evaluating a possible partnership depending on their individual requirements (Fam & Waller, Factors in winning accounts: the view of agency account directors in New Zealand, 1999). Thus, the understanding of what are the goals and values of a potential client, and what forces are impacting the decision-making in his organization before the pitching begins is imperative (ibid.). The following Figure 5 depicts the suggested Conceptual Framework comprising three models that address various aspects affecting advertisers’ decision-making.

Figure 5: Conceptual Framework for Analysis of Advertiser’s decision-making when selecting a media agency



Normative (Model I) tries to explain (and predict) the behaviour of an advertiser as an outcome in terms of more or less purposive acts given the strategic problem that advertiser is faced. The advertiser’s service perception and expectations are influencing the announced and hidden criteria for a new media agency. Likewise, the previous advertiser – media agency relationship is affecting the behaviour, as well as remuneration, the competitiveness of proposed media channel prices, mutual dependence, affinity, and cultural fit. Two following conceptual models, labelled as *External Drives* (model II) and *Internal Aspects* (model III) serve as a basis for improved explanation, and prediction. Since all acts and choices, that Model I categorize, are outputs of larger events, Model II (*External Drives*) is employed. It identifies the relevant aspects from which the action has emerged and could also be called as ‘Forces of Change’. Here, the current issues and emerging tendencies within the

communication industry are playing the major role. Besides, the strategic issues of an advertiser that urges for the change are comprised. The third model focuses on the internal facets, displays in-house organizational processes and their effect on decision-making, perceptions, motivations, positions, a power of principal decision makers within advertiser's organisation and is labelled the *Internal Aspects* (Model III). Happenings are understood through internal organizational structure and procedures, politics and internal work of the human mind, judgment and decision-making. The model provides input on how steering group/buying centre makes decisions in demanding, real-world situations.

These three conceptual models (*Normative*, *External Drives*, and *Internal Aspects*) explain and provide understanding to fundamental aspects that contribute to advertisers' decision-making and below are described more in detail.

6.2.1 Model I – Normative Model

- Previous advertiser – media agency relationship experience
- Service perception, goals and expectations
- Remuneration and media prices
- Mutual dependence / Affinity / Cultural fit

Normative Model approach is considered as organizations strive to optimize decision-making by choosing the alternative with the greatest value. Here, decision-making is seen as consequential, preference-driven, reasonable choice, with the main focus on attaining violated organizational goals. Thus, previous advertiser's experience and the past client – media agency relationship will influence the decision-making criteria by forming the expectations for the future relationship. Hence, it could be assumed, that:

A1: The previous client – media agency relationship will influence the selection criteria for a new agency and will be amongst the criteria that a new agency has to fulfil.

Further, the expectations are going to be influenced by the current advertiser's situation, and the organizational and individual goals. Perceptions are constructed based not only on previous experience but also on situational awareness. According to the Normative model, compensation costs or media channel prices offered by agency gives to an advertiser some degree of the certainty that is necessary for to make calculations in order to compare the alternatives. Furthermore, organizations, which fail to attain the budget goals have more measurable expectations, prefer early cost estimates versus optimistic ones, are less risk seeking, and, concentrate on the tangible proposal aspects. Likewise,

when a brand is continuously profitable or when the main focus is on ROI and short-term results. Hence, the following assumption is:

A2: An advertiser, who emphasizes the use of media communication for to attain specific goals and obliges to keep within the given media budget is risk-averse and will favour tangibility instead of creativity and innovation.

However, organizations, who in a great degree fail to achieve their organizational goals, or during the times of high ambiguity are more risk seeking and, therefore:

A3: An advertiser experiencing 'hard' times or failing to attain its organizational goals to a high degree will look for creative and innovative solutions.

Similarly,

A4: An advertiser that introduces new product or service to the market will favour creativity and novelty of media plan approach.

In contrast, an advertiser that has a developed marketing department and prefers to take risky advertising and media decisions itself is behaving similarly to the one that is trying to balance the alignment of goals and the budget for to achieve greater efficiency and effectiveness. Hence:

A5: An advertiser that makes most of the advertising decisions within its marketing department, when looking for a media agency will place more value on tangible aspects, like remuneration and offered prices or discounts for media channels.

The search becomes more concentrated as the decision-making process approaches implementation. Here, other aspects are considered. Agency selection decisions count for strategically important ones, highly uncertain, and a significant financial commitment. Therefore, an agency's experience with the type of business, knowledge and expertise in the client's area and the reputation for delivering the results that are found to influence the agency selection decisions could also be seen by advertisers in Lithuania as conveying some degree of certainty. Moreover, the ability to provide technology, data and content are found to be essential for creative and effective employment of media channels to deliver required performance results. However, as most of the media agencies operating in Lithuania belong to or are in partnership with worldwide networks providing media planning services, it can be

assumed that all agencies have equivalent technologies and skills to handle the never-ending change and have the knowledge or access to numerous cases within an advertiser's area. Further, as there are not that many companies providing media agency services in Lithuania coupled with 'competitive accounts' restraint, most of the media agencies have a variety of clients within different industries and most likely have previously had a client in the field that agency is pitching. Hence, the knowledge, expertise and experience of an agency would be considered, mainly, only in the first stage of an agency selection process. On the other hand, the reputation that induces trust and is generated by quality and integrity of the account people, are of key importance when assessing the capabilities of an agency. Similar, mutual dependence and a cultural fit could be attributed to the criteria transmitting assurance, though not as significant as the tangible ones, and are most likely to be taken into account as selection progresses. Bigger network companies might prefer similar network agencies for to be sure that the agency granted the account would know how to handle it. Alternatively, a smaller media budget advertiser would rather prioritise an agency similar to its organization avoiding to be overlooked by an agency that is busy with big and generous clients. Likewise, international background companies based or operating in Lithuania or firms positioning towards international markets might favour agencies whose teams engage employees with international background or experience. Summing this up, following assumptions would be:

A6: Reputation or proven track record of results are considered more substantial than knowledge gained from agency's network.

A7: An advertiser selects a new media agency reflecting on the affinity characteristics and the experience handling the similar size accounts.

However, generally speaking, any alternative that respond to the urgent issues of an advertiser, largely satisfy cost, and is in aligning with company's planning will be acceptable. While Normative model categorizes the acts and choices that are, basically, outputs of larger events, it does not identify the relevant aspects from which the actions has emerged. For to gain a profounder understanding of motivations behind the advertisers' acts and choices when selecting a media agency, Model II and Model III should be employed.

6.2.2 Model II – External Drives

- Current market issues and tendencies
- Strategic issues, events, happenings within organization

Current issues and emerging tendencies both within communication and advertiser's industry are playing a significant role in agency selection decision-making. Even more, strategic issues and organizational change that advertiser faces urge for the change and may be factors for alterations of accustomed selection criteria. Therefore, following assumptions could be raised:

A8: Declared or hidden criteria will to some degree mirror the present tendencies of communication or advertiser's industry.

A9: An advertiser's strategically significant organizational events will attribute for change in decision criteria that correspondingly will reflect the advertiser's new situation.

6.2.3 Model III – Internal Aspects

- Internal organizational rules and procedures
- Human mind & biases
- Multi-person decision making & hierarchies

The internal organizational characteristics and procedures affect evaluation criteria and influence organizational decisions. For, organizational decision-making is driven by organization's structure, rules, and procedures. Besides, an organization is a group of individuals that also has more or less independent goals and expectations. Furthermore, although organizational rules and procedures try to ensure discipline and consistency into the decision-making process, the actual decision-making by individuals comprises high levels of unconscious behaviour. Due to perceptual differences among departments and the differing goals, conscious and unconscious bias may appear. For example, a positive bias that is caused by self-confidence gained through past individual, advertiser's or an agency's performance successes and beliefs that those successes are attributable to favourable outcomes. Even, word-of-mouth can play a vital role in agency selection decisions for people tend to rely on it in matters that comprise high levels of uncertainty and intangibility. Similarly, executives when approaching such vague matters and make decisions like ones concerning strategy, investment or creative aspects, tend to make intuitive judgments. Furthermore, agency selection decision-making in final stages relies more on soft criteria such as chemistry and synergism between advertiser and agency personnel. Hence, organizational rules and procedures that are for to ensure some degree of consistency in organizational preferences will be declared to agencies participating in pitch. Whereas, both internal goals and objectives of different departments and individual goals of separate people influencing agency selection decision within an organization are hidden and influenced by conscious and unconscious biases. Therefore, following assumptions are made:

A10: Beside formal organizational criteria, soft criteria are playing a vital role in agency selection decision-making.

Further, agency selection decisions are a multi-person phenomenon that is affected by an organizational structure. Though, formal agency-selection team is always revealed by an advertiser announcing a pitch, the roles and power of influence in a selection decision-making vary not only from one to another organization but also depending on the situation a buying organization is facing. Selection team tend to consist of three to five members, where senior executives are the key decision-makers. As for a chief executive officer, this rank dominates solely in smaller companies, or in very traditional and authoritarian societies. Also, regardless of growing general importance of the procurement in the advertising industry, a financial director is found to have a greater involvement only in smaller companies. Having in mind, that Lithuania is a small country (even the Baltic States together) that is dominated by small and medium-sized enterprises (The European Commission, 2016) it can be assumed that:

A11: The key decision-maker is a chief executive officer, who will tend to make the agency selection decision intuitively.

A12: A financial director is likely to have a greater involvement and thus, to induce the significance of financial aspects.

6.3 Chapter conclusion

Based on critical literature review provided in the previous chapter, this chapter has introduced the conceptual framework for the analysis of decision-making by organizations in search for a media planning service provider. Correspondingly, twelve assumptions were raised. These are going to be challenged by qualitative research and will contribute to answering the thesis' research question. In following chapters, the framework will serve as the analytical tool. Hence, will be applied, and tested. Accordingly, assumptions are going to be challenged.

Part III – Application and Analysis

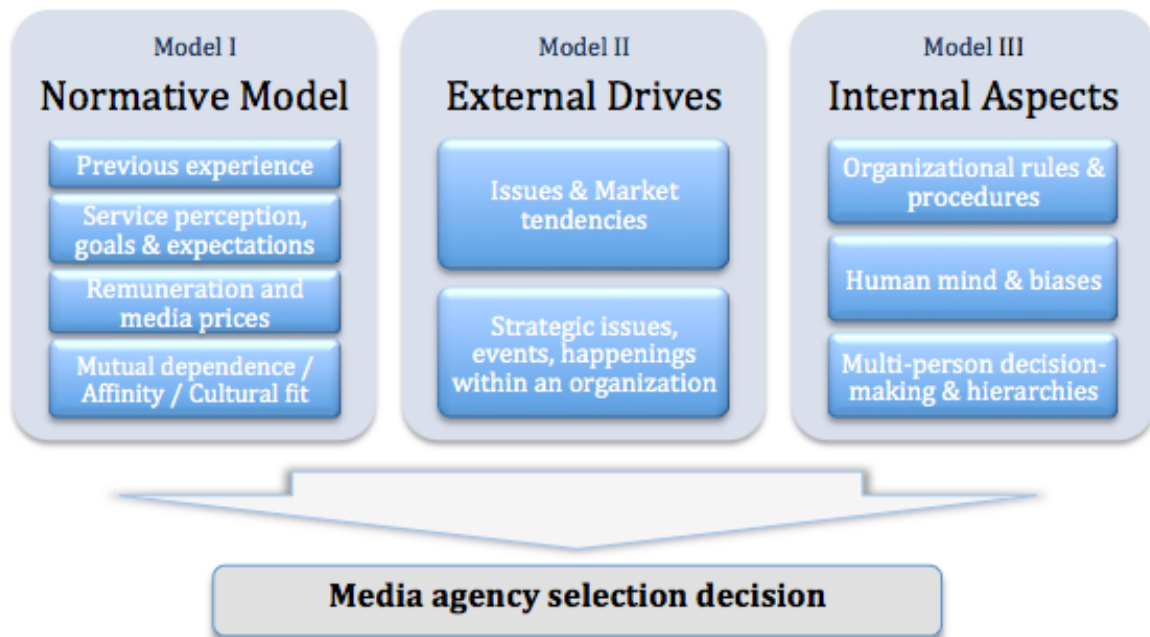
Part III – Application and Analysis – consist of one chapter. This part of the thesis presents the results of the case study data analysis by applying and testing the proposed conceptual framework. In this manner, a profounder understanding of advertiser’s decision-making when selecting a media agency will be gained as well as the specific framework to deploy multifaceted agency selection decision-making will be assessed.

7 Application of the Conceptual Framework: case study analysis

7.1 Chapter Introduction

The proposed conceptual framework (Figure 6) for analysis of advertiser’s decision-making when selecting a media agency will guide the analysis in a structured system. The Application and Analysis chapter proceeds following. First, the proposed conceptual framework will be applied and gathered data analysed based on the three conceptual framework’s models (Normative, External Drives, and Internal Aspects) and their respective sub-elements. Concurrently, the collected data will be used to test in a previous chapter stated assumptions. Then, the answer to the thesis’ sub-questions will be provided. The chapter will close with a summary and conclusions of the case study findings.

Figure 6: Conceptual Framework for Analysis of Advertiser’s decision-making when selecting a media agency



7.2 Applying the Conceptual Framework

7.2.1 Model I – Normative Model

Previous experience

Previous advertisers experience, specifically, the unsatisfactory aspects of past client – media agency relationships are found to be reflected in advertisers decision-making criteria when revising media accounts. Although it was not defined whether the dissatisfaction aspects or other reasons like an expiration of the contract were the reasons for to announce a review of an account, advertisers have expressed their discontent mainly with the media buying conditions (Interview 2, and 4) and service level provided by agency's people assigned to the account (Interview 1, and 5). Later, the research's data identified these aspects to be amongst the weightiest selection criteria. For example, the case-company E recalls its prior media agency experience as “[...] disappointed in their previously provided service. After the campaign, we had to contact them many times and ask for the promised data” (Interview 5, 169). Then, many other phrases relating to the selection criteria contain meanings linking to the importance of the people assigned to the account: “[...] keeping the deadlines, being prepared for the meetings and a professional proposal”, “[...] the high quality of the account people”, “The personnel is important”, “[...] a proper understanding of advertiser's business”, “[...] a professional proposal”, “[...] the professionalism counts higher for us”, “Preference is for the agency, whose personnel assigned to an account does the presentation”, “[...] because of a professional service provided during the pitching” (ibid.). Similarly, the advertisers that have declared media buying conditions to be the reason for the account's revision claimed the favourable media rates criterion to be the most significant when selecting a new media agency (Interview 2 and 4). Further, ‘small’ companies (under one hundred employees) have identified the disappointment in the service level, whereas ‘big’ companies the necessity for better media rates. Interestingly, all respondents have included their incumbent agency in the shortlist. Nevertheless, none of the incumbent agencies got rewarded the same account again. To sum up, the findings of the study confirm the direct link between prior advertiser's experience and the selection criteria. Hence, the first assumption is confirmed by data that cannot be misapprehended.

A1: *The previous client – media agency relationship will influence the criteria and will be amongst those that a new agency has to fulfil.*

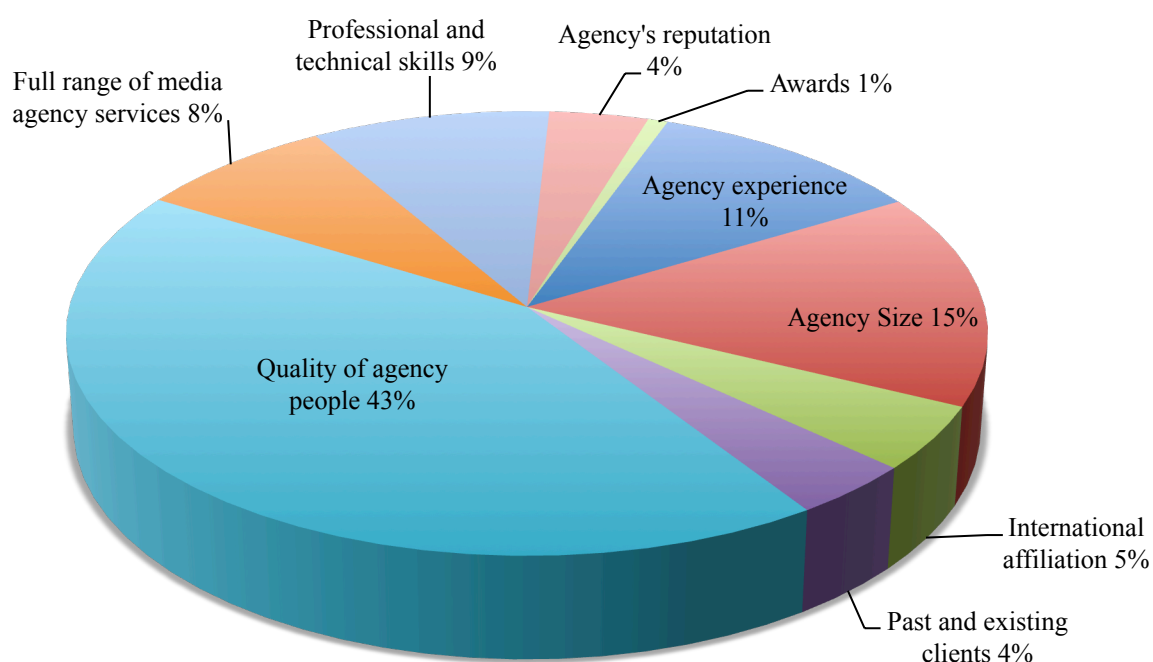


Service perception, goals and expectations

Advertiser's perception of an agency status and its service as depicted in Figure 7 rests primarily on the account people's professional service aspects like timing, proactivity, business understanding and teamwork (Interview 1, 2, 3, 4, and 5). As a next most important characteristic, the size of an agency is

comprehended as the affirmative quality contributing to the positive agency status. First, because in the case of having issues with agency's account people "[...] it is much easier to change personnel. We had an experience of asking for another account manager – it solved a problem without changing the agency" (Interview 1, 87). Second, an agency that belongs to a network or has some 'big-budget' clients are generally accounted as experienced for either can provide expertise from the same industry thought from other countries (Interview 2) or are accounted to be good negotiators that are competent in bargaining with media channels (Interview 4).

Figure 7: What contributes to the perceived media agency status



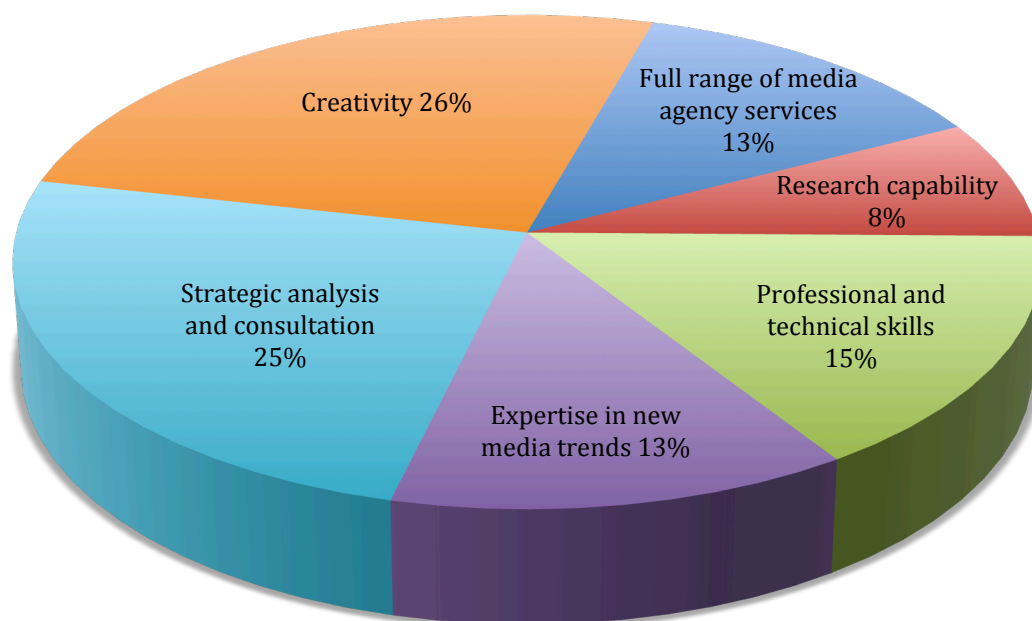
Nevertheless, respondents claim the international affiliation to make no vast influence on agency selection decision with the exception to one that sees it as "[...] extra value – tools for planning, more insights and best practices for our industry but from other countries" (Interview 2, 52). Yet, the results from data triangulation show that advertisers tend to pay more attention to the international affiliation as they admit. For, in fact, they gather such data before deciding whom to include into a shortlist (Appendix 2: Additional data A and B).

An agency's experience in the industry is found to be imperative only by some advertisers (Interview 1, 3 and 4). Though all are looking for a partnership with a knowledgeable agency, some advertisers are particularly keen and favour the ones that provide account people with the industry experience (Interview 1, 2 and 4). Unanimously all respondents prefer the account people to participate in pitching process so that advertisers could evaluate and foresee their quality and service level.

While the respondents do not find industry awards or agency's reputation as such affecting their selection decision, the reputation that is generated by the quality of an agency's chiefly account people are found inducing trust. Markedly, the research uncovered that advertisers' trust is also partly caused by a level of advertiser's account importance to a media agency especially by advertisers 'smaller' in organizational size (Interview 3, 46; Interview 5, line 51, 61, 142).

Further, regardless of Figure 7 accentuating the quality of agency people, the media agency capabilities are indispensable to investigate, as some advertisers claim: "Capabilities are vital, as it is much easier to change personnel." (Interview 1, 87), and "[...] services become important too because agencies start heavily compete on digital solutions – how they provide this, what expertise and tools they have for this. As digital plays more and more important role, the part of a range of services gains its importance" (Interview 2, 84). Beside the professional and technical skills, advertisers look for media agencies that can deliver strategic analysis and consultation, are creative in media planning and capable of providing a full package of media services (Figure 8). Although, some advertisers are considering only very particular media services, the argument is "[...] if the agency is very small and do not provide the range of services, most likely, it is neither going to be competitive in media channel prices" (Interview 5, 78).

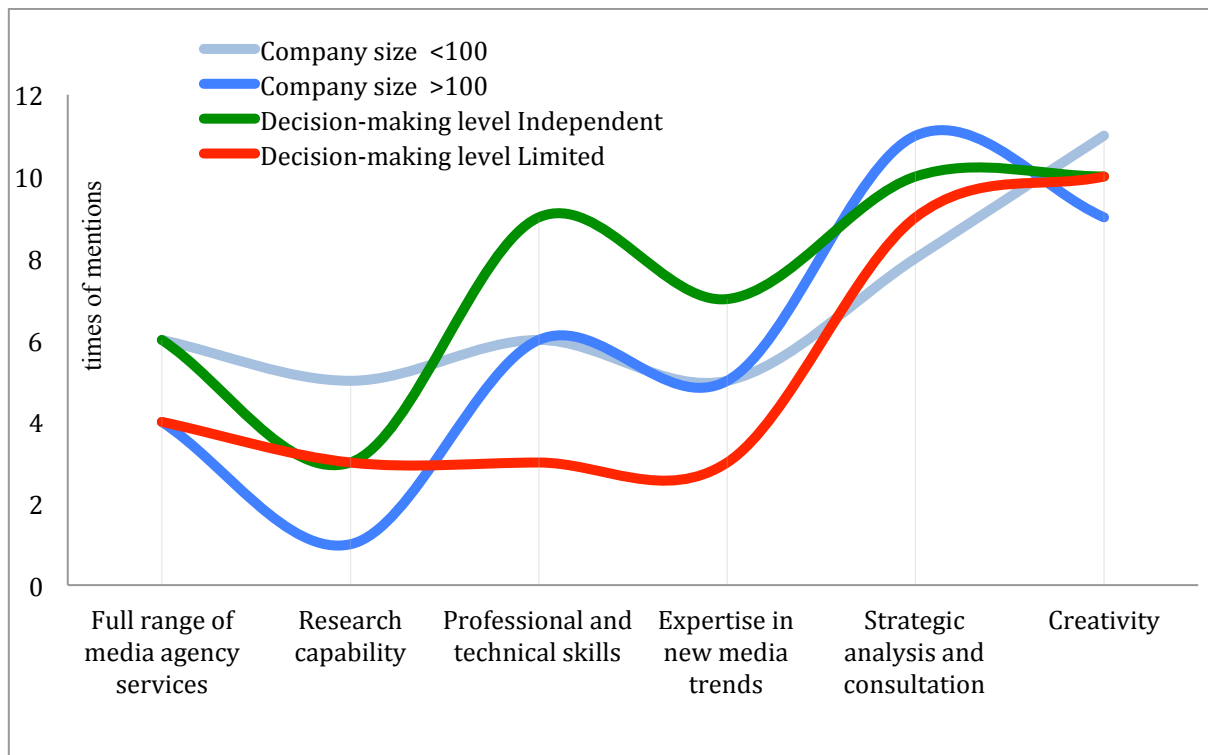
Figure 8: The identified criteria referring to media agency range of services and capabilities



However, advertisers that make decisions independently tend to place more attention and value on an agency's professional and technical skills as well as the potential to provide a full range of media

agency services than those advertisers whose decision-making powers are limited (Figure 9). In addition, the ‘independent’ decision-making advertisers accentuate a media service provider’s level of expertise in new media trends. Likewise, the skill to provide strategic analysis and consultation is identified to be more focal to advertisers who are making decisions autonomously thought the variance is minor. The research capability and creative media planning ability are found to be of the same standing for either party.

Figure 9: The importance of a media agency range of services and capabilities (viewed by advertiser’s size and decision-making level)



When examining data by advertiser’s organizational size, following tendencies are identified. The organizational size does not make any difference neither on ‘Expertise in new media trends’ attribute nor ‘Professional and technical skills’ – these are seen alike. In contrast, advertisers that employ less than 100 employees expect media agencies to be particularly capable of doing research as well as be able to deliver a full range of media services and show more creativity in media planning (Figure 9). Comparatively, bigger organizations (that employ more than 100 employees) disregard the agencies’ research capabilities, and require less creativity in their media plans, instead, emphasizing media agencies’ strategic analysis skills and consultation competence. In essence, the full range media agency services are perceived particularly significant for smaller organizational size advertisers that make strategic decisions independently.

Thus, all things considered, media agency's capabilities, such as technologies and skills, expertise and experience gained from its international affiliation or network are identified to be of lower weight as advertisers hire agencies based on professionalism, knowledge, and capabilities of an agency's local office people. Hence, the findings support the preliminary assumption No. 6.

A6: *Reputation or proven track records of results are considered more substantial than knowledge gained from agency's network.*



Further, an advertiser's media agency selection criteria and decision-making behaviour appear to be influenced not only by the advertiser's perceptions of media service provider and its capabilities but, also, by the advertiser's organizational goals. Contrary to the cloudless data linkage between advertisers prior experience and new agency selection criteria, the records intended to specify a connection between advertisers goals, expectations and the agency selection criteria are mixed and perplexed. All respondents emphasize the advertising budget: either stress the annual budget that still gives some flexibility and 'playground' for specific advertising campaigns (Interview 1, 101; Interview 2, 105; Interview 5, 92) or have a stiffly defined financial frame for every project (Interview 3, 84; Interview 4, 106). For to recognize the interaction between the advertiser's prioritised criterion and the organisational goals, during the interviews three situations were described asking advertisers to envision it and to name a preferential decision criterion from two options: either the financial aspects or the creativity and innovation. The described situations were as following: 1) the task for the pitching agencies has very straightforward goals and a fixed budget, 2) organization is failing highly to attain the organizational goals, and 3) a new product introduction to the market. The next figure (Figure 10) demonstrates the received feedback to the three above stated situations in contrast to times of respondent-mentions of the requirement 'to work within the budget' highlighted by each company-respondent. All respondents have indicated precisely the same prioritised criterion for agency selection in the first situation where the task for a pitch had straightforward goals and a very rigid budget. Hence, this homogeneous data strengthens the assumption no. 2.

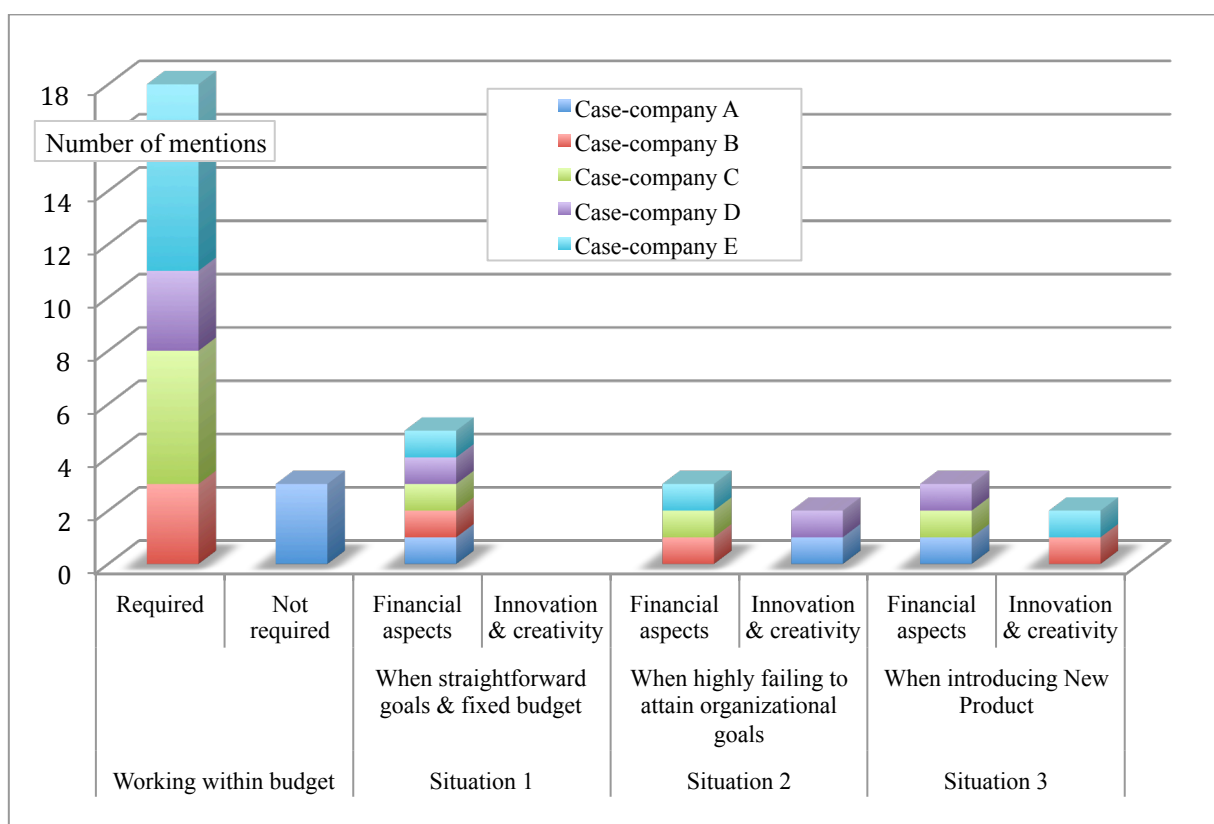
A2: *An advertiser, who emphasizes the use of media communication for to attain specific goals and obliges to keep within the given media budget is risk-averse and will favour tangibility instead of creativity and innovation.*



However, the puzzle of data occurs when analysing data from other two described situations. In general, advertisers tend to have very strict advertising budgets (with no intention to alter it for the sake of innovation or creativity), and the financial aspects of a proposal are likely to be the prioritised criterion in any organizational situation ahead of the creative and innovative media solutions.

However, when looking deeper into the data: the respondent predominantly stressing the significance to attain specific goals and always imposing to keep within the given media budget has recalled of taking a risk and going for the creative solution when (Situation 2) highly failing to achieve the organizational goals (Interview 4, 162). Quite the opposite is the behaviour of the organization that, in general, is more flexible with its advertising budget: when selecting a new media agency and giving a task of introducing a new product to the market would evaluate a pitching team on the budget consciousness (Interview 1; Appendix 2, Additional data A).

Figure 10: Preferred agency selection criteria for the 3 situations compared to ‘working within budget’ number of mentions



Though, creativity as in a mix and use of media channels is found by the research to be wanted by all advertisers. Nevertheless, the data depicted in Figure 10 and the above-stated data findings' contradictions lead to the rejection of the third and fourth assumptions.

A3: *An advertiser experiencing ‘hard’ times or failing to attain its organizational goals to a high degree will look for creative and innovative solutions.*

X

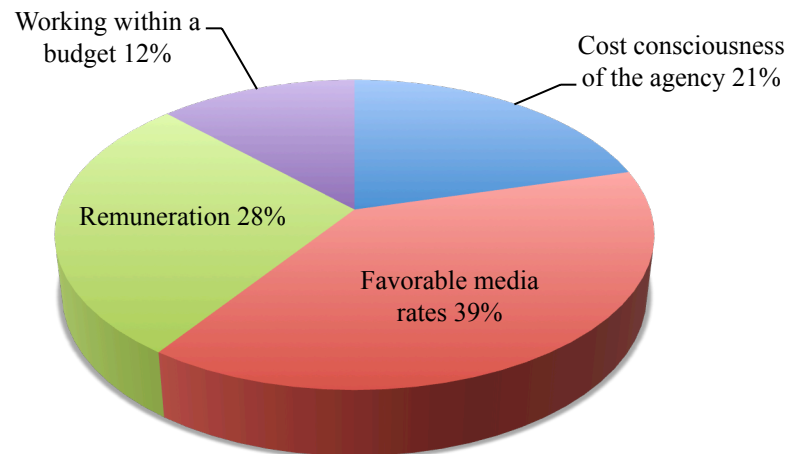
A4: *An advertiser that introduces new product or service to the market will favour creativity and novelty of media plan approach.*

X

Remuneration and Media prices

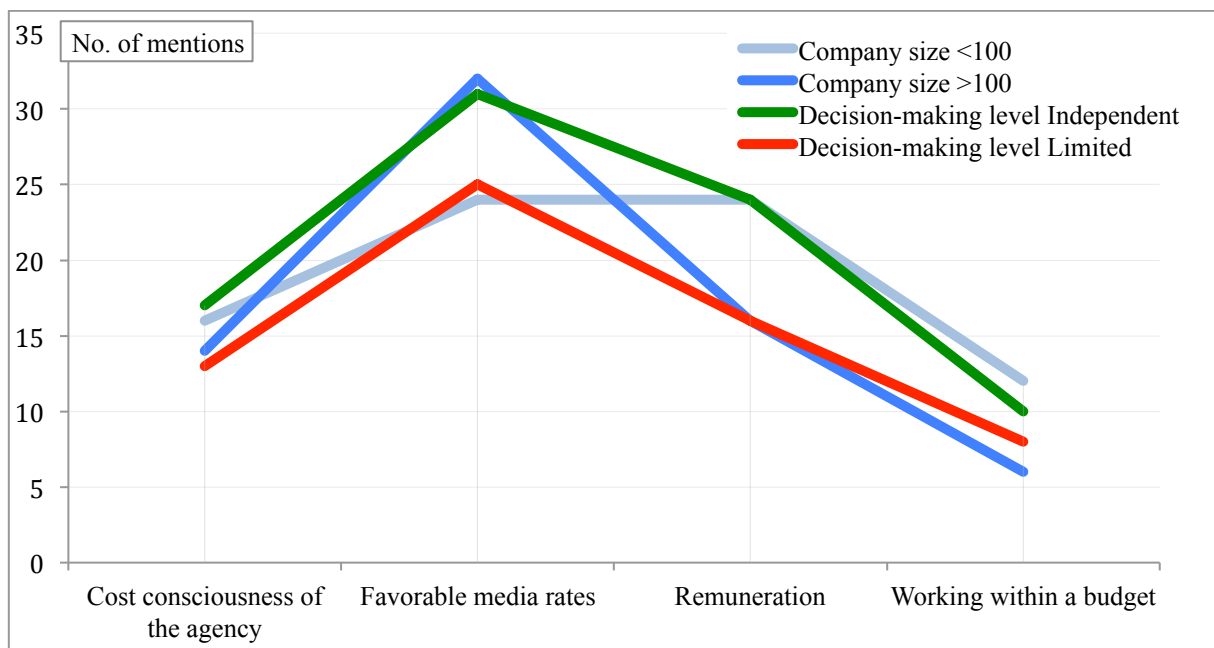
The financial aspects: remuneration, cost consciousness, ability to work within the budget, and above all the favourable media rates are found to be one of the most significant criteria when choosing a media communication partner (Figure 11 and Table 9).

Figure 11: The importance of identified financial aspects



Though, the proposed media prices are the key criterion in regards to the financial features when pitching, some data deviation can be identified when scrutinizing the findings and comparing the data at the decision-making level and organizational size of the company (Figure 12).

Figure 12: The importance of financial aspects by decision-making level and organizational size



Companies that employ more than a hundred employees or make decisions independently find the offered media channel rates influencing their decision-making more than companies that have limited decision authorities or are 'small' in size. Contrary to 'bigger' companies that find remuneration at the half as fundamental as media channel rates, the 'smaller' companies experience remuneration equally central. Further, the research data specifies remuneration to be particular pivotal to 'smaller' and independent decision-making advertisers. Hence, this confirms the preliminary assumption no. 5.

A5: *An advertiser that makes most of the advertising decisions within its marketing department, when looking for a media agency will place more value on tangible aspects, like remuneration and offered prices or discounts for media channels.*



Mutual dependence / Affinity / Cultural Fit

The interviews and the additional media agency selection data received from respondents reinforce the assumed relation between the mutual dependence, the affinity, the cultural fit and decision-making criteria. Advertisers that perceive themselves as 'big' accounts require agencies to prove as being able to serve an account by providing the information of the agency's gross advertising billings (Interview 1, 2, 3; Appendix 2, Additional data B). Further, advertisers prefer to work with the agency that has a similar network, meaning that can provide services in the countries where the advertiser is running the business or is responsible for it (Interview 1, 5). Similarly, advertisers whose office language is English choose account people not only based on their industry knowledge, but also on English fluency (Interview 4, 90). At the same time, the importance of the advertiser's account to a media agency matters a lot to some advertisers: "[...] we would prefer to work with the agency that could cover Pan-Baltic. However, such agencies have neither the time nor the interest for us." (Interview 5, 55), "[...] it was significant that an agency would prioritise us for the company can be counted as a 'big' budget advertiser" (Interview 3, 46). Advertisers accept the reality "[...] media agencies continuously pitch for other accounts. Nevertheless, it depends a lot on how the agency approaches this issue." (Interview 4, 66) and evaluate what aspects are essential and what criteria could be laid down. Therefore, in situations where advertisers have to choose between the quality of provided service level and the affinity aspects, the latter are left as replaceable (Interview 5). Though people assigned to an account are found essential in agency selection decisions, beside language no other specific compatibility aspects influencing decision-making were distinguished. All things considered, the assumption no. 7 is found to be rejected.

A7: *An advertiser selects a new media agency reflecting on the affinity characteristics and the experience handling the similar size accounts.*



7.2.2 Sub-conclusion Model I – Normative Model

Model I – Normative Model has analysed the data by examining advertisers previous client-agency experience and its influence on the selection criteria when revising a media account. Then, advertisers service perception is taken under the loop, followed by expectations. In short, the advertisers previous experience, mainly, the discontent with the media buying conditions and service level provided by agency's people assigned to the account result into precisely the same criteria to be amongst the weightiest ones during an account's revision. Further, the perceived agency status by advertisers rests primarily on the quality of agency's people, in particular, people assigned to the account and their professionalism and knowledge of an advertiser's industry. An agency's size plays only the affirmative service quality role concerning two aspects: first, is associated with a capacity to offer favourable media rates; secondly, with mutual dependence and affinity aspects. Although the range of media agency services does not impact the advertiser's perception of agencies' capabilities as well as advertisers are not planning to use the full range of services, still, to some extent, expect the agency to be able to provide it. However, the general emphasis is on agency's capability to provide creative media plans on the basis of the strategic analysis, professional and technical skills, and the expertise in new media trends. The agency people are the ones who communicate the level of agencies capabilities, as advertisers do not sense awards, the general agency's reputation or international affiliation assuring an agency to provide required level of service. Further, the financial aspects play very significant role in agency selection decisions. Most advertisers have stringent advertising budgets and, in most cases, prioritise the financial aspect criteria ahead of innovation and creativity. The attempt to distinguish the connection between the organizational goals and the priority of these criteria (Financial aspects and Innovation & Creativity) has failed except for the situation where straightforward goals and fixed budget are given. In general, all advertisers stress the significance of the favourable media rates and the quality of agency people in agency selection decisions. The financial aspects as criteria are likely to be expressed explicitly, whereas the quality of agency people is seen very broadly and is encompassing both qualities, capabilities of the agency, as well as professionalism and experience of people assigned to an account.

7.2.3 Model II – External Drives

Current market issues and tendencies

Current issues and emerging tendencies both within communication and advertiser's industry are found playing a role in agency selection decision-making. All advertisers recognize the change in media consumption habits, the significance of digital, e-commerce, social media, advancing of new technologies, and raise of new communication channels. Although some advertisers do not admit

reflecting upon it when appointing new media communication agency “[...] neither the industry events nor the market change our selection criteria that are mostly cost oriented.” (Interview 4, 178), yet the data from triangulation show the opposite. They do want to be knowledgeable about what is going on both in the advertisers market and in the advertising / communication industries: “Analysis of the activities of the main competitors in the media”, “Analysis of media consumption in the target group(s)”, “Recommending media strategy, including communication channels (please note that we are open for fresh ideas in terms of media channels selection)” (Appendix, Additional data B). Also, some received data specifies “[...] this is not the priority in our media agency selection decision-making. Nevertheless, we expect the agency to provide us with the newest industry insights and performance data analysis. [...] this aspect is not within our declared criteria for an agency, yet it plays some part in a final decision-making.” (Interview 5, 123). Further, it could be stated that the current market issues and tendencies affect advertisers’ perception of an agency’s capabilities. For Figure 8 depicts ‘Expertise in new media trends’ as a significant attribute when considering an agency’s competencies, in particular, for independent decision-makers. Consequently, this provides the basis to approve the assumption No. 8.

A8: *Declared or hidden criteria will to some degree mirror the present tendencies of communication or advertiser’s industry.*



Strategic issues, events, happenings within an organization

Similarly, strategic issues and organizational change that advertisers face are identified to impact the media agency selection criteria by all respondents. Specifically, the research data indicate the organizational events to be factors for alterations of accustomed selection criteria: “if we would expand more by deciding to concentrate on entering some other international markets, affiliation aspects would be more critical.” (Interview 1, 68) or the respondent when explaining the change in agency selection criteria as a result of the organizational decision to turn toward ‘in-house’ advertising strategy “Meaning we do not have a need for a full range media agency as our media needs are clearly defined. If, however, we need something special, our internal person does the planning [...]” (Interview 2, 182). Interestingly, the data received from one advertiser had following statement “New brand manager – change brand strategy. New marketing director – change agency. New CEO – change marketing director!” (Appendix 2, Additional data B). Also, significant strategic changes within an organization like mergers “[...] such big organizational events like merger will always contribute to the revision of media account.” (Interview 3, 172) or acquisitions “We are looking for the synergy to buy media together in order to get additional discounts.” (Interview 4, 183) further imply the alteration in

selection and evaluation criteria, as well as the increased importance of affinity factors. Even organizational happenings (like a revision of media account in the parent-company's another country branch) that some might classify as not major ones affect the decision-making "Company XY was initiating the media agency pitch, and it was decided to do it in Lithuania as well. The XY hired media audit experts from "W" to evaluate media agency proposals." (Interview 4, 3; Appendix 2, Additional data B). The explanation for the effect of such organizational happenings is justified by the respondent as following: "[...] media is a significant and strategic aspect highly affecting firm's performance: you spend a lot on it from your budget (it's a big financial commitment) (Interview 3, 174).

Briefly, the study findings identify the major organizational events to affect the advertisers service expectations, meaning the range of required services, alter affinity levels, and increase a conviction to obtain favourable media rates. Hence, the assumption No. 9 is ratified by the research data.

A9: *An advertiser's strategically significant organizational events will attribute for change in decision criteria that correspondingly will reflect the new advertiser's situation.*



7.2.4 Sub-conclusion Model II – External Drives

Model II – External Drives has analysed the impact of external events on the agency selection criteria. External events here were defined as current issues, emerging tendencies both within communication and advertiser's industry, as well as strategic matters and change within an advertiser's organization. The research data indicates the following effect on agency selection criteria: A) Market issues and tendencies stress the weight of an agency's capabilities to provide the strategic insight and the ability to propose media solutions that are reflecting contemporary industry trends. While some advertisers will state such media agency's proficiency as implicit selection criteria, others will not. Nevertheless, this is identified as a desirable skill that demonstrates agency's professional and technical capabilities that positively contribute to the level of an agency's rank as perceived by the advertiser. B) Strategic issues, happenings and other similar events within advertiser's organisation alter an agency selection and evaluation criteria in following ways: 1) the organizational expansion, mergers and acquisitions will result in the significance of the affiliation criteria looking for appropriate service provider with attention to procuring favourable media channel rates; 2) other organizational changes like restructuring will emphasize organizational effectiveness, meaning increased significance of specific services, constructive remuneration and media channel prices.

7.2.5 Model III – Internal Aspects

Internal organizational rules and procedures

The gathered data show that ‘independent’ decision makers do not have an implicit set of organizational media agency selection procedures for either companies are small “No particular procedure as the company is quite small and informal.” (Interview 1, 22) or the bigger ones settle it “[...] each time agency selection takes place (Interview 2, 24). Yet, some still might have to follow some organizational rules like “[...] a person from Financial Department and Procurement manager with some guidance from CFO, have to participate” (Interview 2, 25) or “[...] in very exceptional cases, like when choosing not a 'Case-company E typical' media approach, I would have to contact my boss” (Interview 5, 33). In contrast, the limited decision-making advertisers are following very precise organizational procurement procedures “[...] according to the law of Public procurement procedures and conducted by [...], the company who provides procurement services for all Group’ companies” (Interview 3, 3), “The company XY hired media audit experts from [...] to evaluate media agency proposals.” (Interview 4, 4) coupled with the ‘approval’ rules “[...] procurement terms were approved by Group Z.” (Interview 3, 23), “[...] decisions regarding marketing activities are taken and approved by the Marketing team in Poland” (Interview 4, 3). Such organizational procedures and rules reflect the level of granted decision-making power and is found, especially, to affect the priority of the decision criteria at the very final selection stage: one respondent remained consistently firm in regards to the budget and the priority to keep working within the budget no matter situation organization is facing. Though, when regarding to the situation where the organization is failing to attain goals to a high degree, have, for a moment, considered to favour an innovation and creativity instead of the budget; however, the idea was discarded quickly recalling that the executives would stick to the severely strict advertising budget (Interview 3, 140). Likewise, another interviewee, generally, entitled to make agency selection decision autonomously, despite its stringent advertising budgets would favour creativity and innovation, when introducing a new product or service, but was “[...] not sure whether the people to whom I report would have the same opinion” (Interview 5, 153). Besides the stated above, another organizational purchase procedure could be singled out: limited decision advertisers are following the requirement to revise the media account every two years (Interview 3, and 4). The purchase procedures whether set by the superior organization or by the independent decision makers themselves are seen as stimulating transparency and efficiency (Interview 2, Interview 3, and 4). Further, the gathered data emphasize the importance of the specified organizational advertising budget. The budget is in most cases as a mandatory rule (Interview 2, 3, 4, and 5). Thus, the size of an advertiser’s organization and its structure, particularly, the attributed decision-making level will determine the set of purchase procedures that have to be followed when

selecting a media agency. Nevertheless, even those advertisers who claim to have no specific organizational procedures to follow still may have some organizational rules to respect.

Human mind and biases

The identified agency selection criteria can be analysed in terms of their perception by a human mind. Dividing agency selection criteria into two parts, criteria with either ‘soft’ or tangible attributes, will disclose which of those two parts control the decision-making and how much the agency selection decision is exposed to human mind biases. So far, the gathered data has indicated the agency people, particularly the people assigned to advertiser’s account, aspect to be highly significant in agency selection decision. As depicted in Figure 2, it vastly contributes to an advertiser’s perception of a media agency’s capabilities. However, the financial aspects are also specified to be vital when evaluating the pitching agencies, tasks execution and financial proposals. Both criteria are very differently perceived by human mind: the people criterion – encompass a subjective evaluation, the financial aspects – an objective comparison. The following table (Table 6) lists the identified agency selection decision-criteria according to ‘soft’ and tangible characteristics.

Table 6: Identified selection criteria classified by ‘soft’ and tangible characteristics

‘Soft’ criteria		Tangible criteria	
Previous professional relationships	0,6%	Favourable media rates	17,3%
Recommendations	1,5%	Remuneration	12,3%
Compatible personality traits	2,2%	Budget management	9,3%
Quality of agency people	17,0%	Agency experience: past and existing clients	1,5%
Agency's reputation	1,5%	Awards	0,3%
Creativity of media plans	6,2%	International affiliation	1,9%
Advertising industry trends	2,2%	Agency size	6,2%
Account's importance for agency	2,5%	Research capability	1,9%
Expertise in new media trends	3,1%	Full range of media agency services	3,1%
Strategic analysis and consultation	5,9%	Professional and technical skills	3,7%
Total	42,6%	Total	57,4%

Interestingly, some of ‘soft’ criteria were acknowledged by advertisers as contributing to biases in decision-making. To avoid the biases, some advertisers employ respective organizational procedures (Interview 3, and 4) and some simply try to stay as rational as possible by paying more attention to tangible attributes of an executed task (Interview 1, and 2). Further, selection criteria exercise their power of significance at different stages of an agency selection process. Therefore, the comparison is very general. For example, the previous professional relationships, recommendations or awards are taken into account in the initial stage of an agency selection process, when the shortlists are set up (Interview 2). Whereas, the favourable media rates and remuneration are of the key significance

during the final deliberations (Interview 2, 4). Also, some organizational goals or situations are inducing the additional importance of certain criteria like emphasizing the creativity and depreciating the financial aspects. Such situations and the change in criteria significance were discussed by few advertisers, yet the relationships cannot be specified as the data is too dispersed (Interview 3, and 4). Nevertheless, the data in Table 1 evidently disclose the tangible decision criteria to be more substantial in agency selection decisions. Thus, having in mind the data in regards to advertisers organizational rules and procedures and the recent discussion of ‘soft’ and tangible criteria the assumption No. 10 can be stated as rejected.

A10: *Beside formal organizational criteria, soft criteria are playing a vital role in agency selection decision-making.* X

Multi-person decision-making and hierarchies

The size of an advertiser’s media agency selection team and its structure is depicted in Table 7. The data imply a connection between the selection team and the organizational size of an advertiser. Specifically, the ‘bigger’ size organizations (referring to the number of employees) engage selection teams that embody not only more people but also represent various departments of an advertiser.

Table 7: Selection team structure by each company-respondent

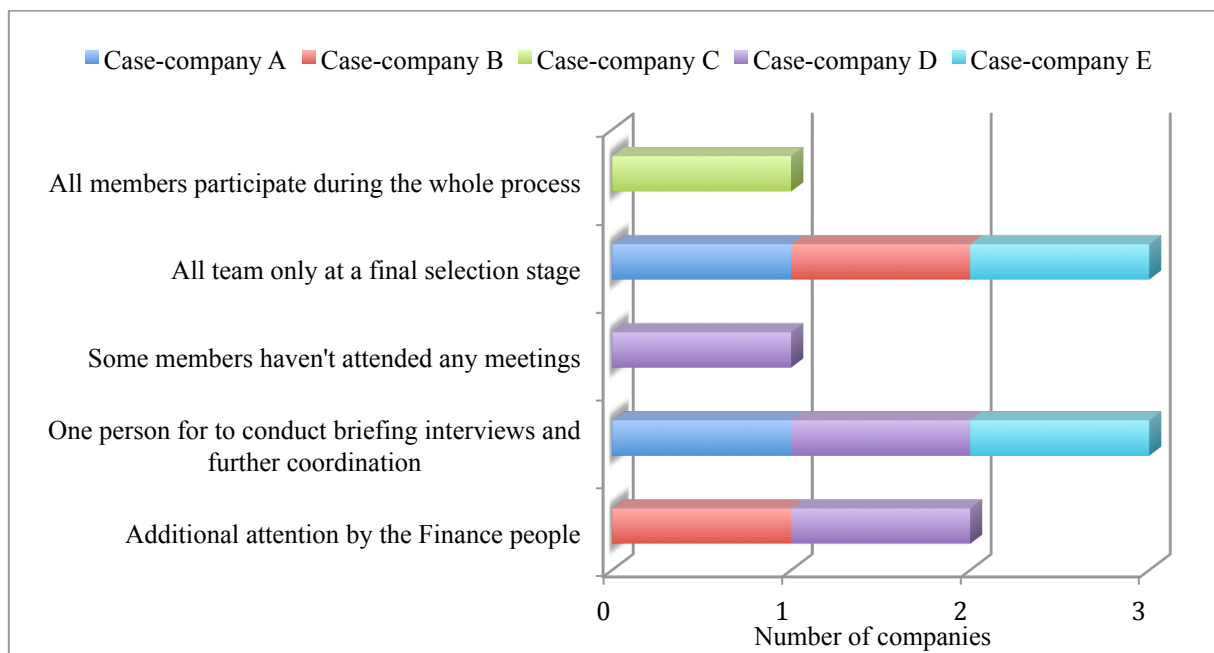
Position within organization	Case-company A	Case-company B	Case-company C	Case-company D	Case-company E
CEO		1		1	
Board members				2	
Chief Finance Officer		1			
Chief Communication Manager		1	2	1	
Chief Marketing Officer	1	1		1	
Procurement manager		1			
Marketing Manager				1	1
Marketing coordinator				1	
Other Marketing department people					2
Brand managers	2	2	1		
Sales department representatives			2		
Media buying expert				1	
Size of the team:	3	7	5	8	3

Further, the CEO, the CFO and even board members of ‘bigger’ companies/advertisers appear to take their time and participate in a media agency selection decisions. Whereas, the advertisers that employ

less than a hundred employees have media agency selection teams consisting of three to five members with neither the finance or procurement department people nor the Chief Executive Officer taking part in the decision-making process. In relation to a company's decision-making power (limited or independent), limited decision-making advertisers tend to include some representatives from a companies group body that owns power of decision-making (Interview 3, and 4).

Moreover, the selection process, meaning the participation of the separate team members in the agency selection process varies (Figure 13). Predominantly, advertisers have one team member to coordinate the selection process; this person does not execute much power in the final decision stage. Usually, the whole selection team meets only at a final decision-making stage when the pitching meetings begin. In addition, the 'larger' organizations accent the financial aspects and, therefore, have professionals like Procurement Manager, Chief Finance Officer or Board members responsible for the financial company's results to evaluate the final proposal and supervise in negotiating (Interview 2, and 4).

Figure 13: Selection team participation in the agency selection process.



However, data also show some advertisers to have the whole team participating throughout the entire selection process, and, the contrary, some members / decision-makers never appear at the official agency selection meetings. The former situation is identified to emerge in 'limited' decision organizations that have to follow very rigid procurement procedures, for example due to public procurement procedure laws (Interview 3). The latter is likely to be representative for big organizations with 'limited' decision power where the final decision-makers are the top-level

managers of an advertiser's parent company (Interview 4). While all respondents claim to have had an absolute consensus during the last media agency selection, the subsequent sheet (Table 8) demonstrates who is taking the final agency selection decision in a case of a dispute.

Table 8: Final decision-maker in case of disagreement by each company-respondent

Final decision makes	Case-company A	Case-company B	Case-company C	Case-company D	Case-company E
CEO				1	1*
Board members				2	
Chief Marketing Officer	1	1		1	
Chief Communication Manager		1			
Marketing Manager					1
Chief Communication Manager			2		
Brand managers			1		
Sales department representatives			2		
Total of people making a final decision:	1	2	5	4	1

* Only in exceptional cases (Interview 5)

As the received data is very dispersed, it is only possible to conclude that: a) a Chief Marketing Position is most likely to be amongst ones that take the final media agency selection decision, and b) the advertisers that have to follow the public procurement law will have the whole team to make the final decision. Further, this data discards both the assumption No. 11 and No. 12.

A11: *The key decision-maker is a chief executive officer, who might tend to make the agency selection decision intuitively.*

X

A12: *A financial director is likely to have a greater involvement and thus, to induce the significance of the financial aspects.*

X

7.2.6 Sub-conclusion Model III – Internal Aspects

Model III – Internal Aspect has analysed data through internal organizational structure and procedures, politics and internal work of the human mind. Briefly, the media agency selection process with the view of the procedures and rules the advertiser has to follow depends on the organizational size of an advertiser and its organizational structure. In particular, the credited level of decision-making power is affecting the final decision-making choice and the selection criteria priority order. The perceived significance of one or another criteria or set of it is contingent on the situation

organization is facing or its goals. However, the data failed in providing a clear relationship. Further, the advertiser's selection team size and its structure are affected by the advertiser's organizational size: 'larger' advertisers tend to have teams of more than five members. Identically, the limited decision-making power advertisers' teams consist of more members than teams of 'small' advertisers with independent decision-making level. Further, the media agency selection team consist of three to eight members. In most cases one member is coordinating the selection process by running the initial stage. The whole team meets for the final phase when the pitching begins. Nevertheless, some 'large' organizations' agency selection teams may include some members that do not take part at the pitching meeting, yet who are influencing the final negotiations. Such 'secret' selection team members express their opinions, mostly, concerning the financial aspects. Moreover, selection team members usually have absolute consensus in regard whom to grant with the account. In the case of dispute the final decision-making varies a lot and no generalisation can be made except for that the Chief Marketing Officer is most likely to be amongst ones taking the final decision.

7.3 Summary of Findings

The collected research data has been analysed based on the proposed Conceptual Framework for analysis of advertiser's decision-making when selecting a media agency. The analysis implies the efficacy and value of the developed conceptual framework as all gathered data referred to one or other model and its sub-elements. Further, no missing conceptual framework elements were distinguished. More importantly, the conceptual framework has assisted as a structured and comprehensive approach to reveal the core aspects that contribute to the advertiser's agency selection decision-making as well as provides the answers to the research sub-questions:

Sub-question 1: *Why does an advertiser decide to look for a new communication partner?*

Advertisers announce the revision of media account due to the following reasons 1) dissatisfaction with the current agency services, particularly, level of the provided service or seeking to improve media channel buying prices; 2) the strategically important happenings within an advertisers organization like mergers, acquisitions, expansion into other markets, or change in an advertisers management.

Sub-question 2: *What are the criteria an advertiser is most likely going to employ when selecting a media agency?*

The most important criteria are financial aspects (media buying rates, remuneration, and cost-consciousness of the agency), quality of agency people, creativity, agency size, the ability to provide strategic analysis and consultation, and agency experience. The set of the criteria and the importance

of each criterion vary upon organizational procedures, rules, the credited decision-making power level, the selection team structure, and the situational factors. All identified agency selection criteria and their significance in a media agency selection decision-making are depicted in Table 9.

Table 9: Media agency selection criteria

Media agency selection criteria	Number of mentions	Rank
Agency characteristics		
Agency size	20	5/6
International affiliation	6	
Agency experience	17	8
Awards	1	
Reputation	5	
No conflict of interest	4	
Importance of advertiser's account	8	
Range of services and capabilities		
Research capabilities	6	
Expertise in new media trends	10	
Professional and technical skills	12	10
Strategic analysis and consultation	19	7
Full range of media services	10	
Agency people		
Quality of people assigned to the account	46	2
Knowledge of advertiser's business	9	
Professional formal presentations	13	9
Compatible personality traits	7	
Creativity of media plans	20	5/6
Financial aspects		
Favourable media prices	56	1
Remuneration	40	3
Cost-consciousness of the agency	30	4

Sub-question 3: *Who is going to exercise the power in decision-making when choosing a media agency?*

The study findings show advertisers' selection teams to have consensus regarding the final agency selection decision. In a case of a dispute, senior managers are the ones who decide. In many cases, it would be a Chief Marketing Officer. However, some advertisers might have influential decision-makers who do not participate in pitching meetings, yet are the ones who take the final decision. Advertisers, who have to follow Public Procurement rules, claim the whole team to make the decision.

Part IV – Discussion and Conclusion

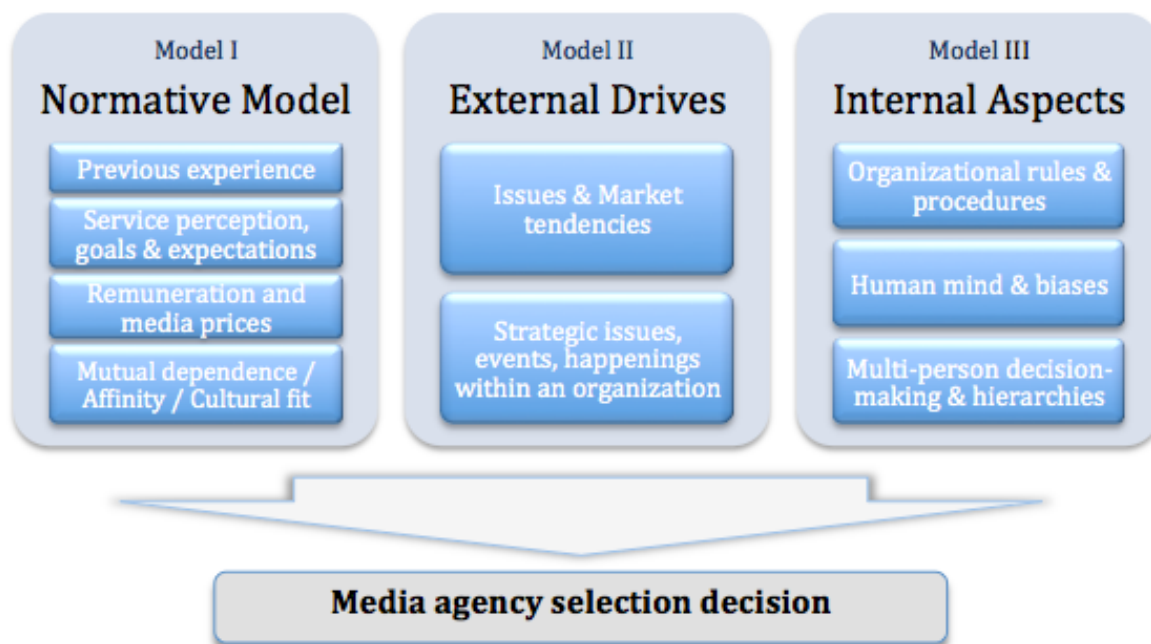
Part IV – Discussion and Conclusion – has two chapters. Chapter 8 presents a discussion and inferences based on the findings of the case study analysis and the assumptions that in relation to the proposed Conceptual Framework have derived both from the theory and the prior research studies. Next, Chapter 9 states the overall conclusion and implies future research.

8 Discussion and Implications

8.1 Chapter Introduction

This chapter imparts the discussion based on the findings of the case study analysis. First, the differences between the predicted outcomes and the actual research findings will be discussed as well as the variance among the case companies debated. Concurrently, the study findings will be reflected upon the prior studies. Next, the suitability of the proposed Conceptual Framework and managerial implications will be presented.

Figure 14: The Conceptual Framework for Analysis of Advertiser’s decision-making when selecting a media agency



8.2 Discussion

The major goal of this study is to identify the aspects impacting the advertiser’s decision-making and the selection criteria when choosing a media agency. Moreover, to underpin the conception and the

relationship between various aspects that influence the situational significance of some criteria the Conceptual Framework containing three models was proposed and examined (Figure 1). Model I – Normative model - tries to explain the behaviour of an advertiser as an outcome in terms of more or less purposive acts. Two following conceptual models, Model II - External Drives, and Model III - Internal Aspects serve to provide an improved explanation of organizational behaviour and convey predictions of decision criteria and their significance level. In addition, a number of assumptions were developed and tested for to deliver more explicitness. Table 10 précises the results of the study in relation to the each of the assumptions that were investigated.

Table 10: A summary of the investigated assumptions and results

Research assumptions	Results
A1: The previous client – media agency relationship will influence the selection criteria for a new media agency and will be amongst the criteria that a new agency has to fulfil.	Confirmed
A2: An advertiser, who emphasizes the use of media communication for to attain specific goals and obliges to keep within the given media budget is risk-averse and will favour tangibility instead of creativity and innovation.	Confirmed
A3: An advertiser experiencing ‘hard’ times or failing to attain its organizational goals to a high degree will look for creative and innovative solutions.	Rejected
A4: An advertiser that introduces new product or service to the market will favour creativity and novelty of media plan approach.	Rejected
A5: An advertiser that makes most of the advertising decisions within its marketing department, when looking for a media agency will place more value on tangible aspects, like remuneration and offered prices or discounts for media channels.	Confirmed
A6: Reputation or proven track record of results is considered more substantial than knowledge gained from agency's network.	Confirmed
A7: An advertiser selects a new media agency reflecting on the affinity characteristics and the experience handling the similar size accounts.	Rejected
A8: Declared or hidden criteria will to some degree mirror the present tendencies of communication or advertiser’s industry.	Confirmed
A9: An advertiser’s strategically significant organizational events will attribute for change in decision criteria that correspondingly will reflect the advertiser's new situation.	Confirmed
A10: Beside formal organizational criteria, soft criteria are playing a vital role in agency selection decision-making.	Rejected
A11: The key decision-maker is a chief executive office, who might tend to make the agency selection decision intuitively.	Rejected
A12: A financial director is likely to have a greater involvement and thus, to induce the significance of financial aspects.	Rejected

Overall, the examination of the proposed Conceptual Framework confirm all the elements constituting the three suggested models directly or indirectly are influencing the advertiser’s decision-making when selecting a media agency. The investigation of the assumptions put forward indicates the relationship and the degree of an impact of separate conceptual framework elements on the decision-making criteria. The following discussion highlights the interplay between the sub-elements of the

three models and their situational effect resulting fluctuation in the significance of decision-making criteria.

The advertiser's behaviour is more or less purposive acts given the strategic problem that advertiser is facing and is predominantly steered by advertiser's perceptions and expectations. The findings of the study confirm the direct link between the prior advertiser's experience and the selection criteria; namely, the aspects of dissatisfaction will be amongst the criteria for the announced media account pitch. Though some advertisers announce a revision of their media account due to contract expiries, organizational rules, or newly arisen affinity attributes, still the criteria for pitching companies will encompass some previous relationship's dissatisfaction aspects. Two factors for discontent that were distinguished by this study's findings, namely, people assigned to the account and the media buying conditions, are similar to by previous studies identified forces prompting a split-up (Michell, Cataquet, & Hague 1992; Dowling 1994; Henke 1995; Palihawadana & Barnes 2005). Though, many studies distinguish dissatisfaction with agency performance as the reason for changing agency (Michell 1986; Wackman, Salmon, & Salmon 1986; Michell, Cataquet, & Hague 1992; Henke 1995; Taylor 1999; Palihawadana & Barnes 2005), only Dowling (1994) singles out 'cost' as one of the causal elements. Yet, there, poor agency's media buying was ranked as last in the list of twelve and did not refer advertisers' dissatisfaction specifically with media rates. Further, all respondents seem to show some level of trust and willingness to give another chance to their incumbent agencies, as they have been included into the short-lists. As none of them have managed to retain the account, it could be argued that the incumbent agencies either had no knowledge of the reasons for client's dissatisfaction or have failed in convincing being able to change and deliver flawless media planning and buying services. The latter explanation seems to be more likely as the trustworthiness of an agency is proven to be one of the important motives in agency selection decisions (Henke 1995; Dowling 1994).

Further, the study results clearly indicate advertisers decision-making to be steered by financial aspects and quality of agency people as the key criteria followed by the creativity of media plans, the size of the agency, and the ability to provide strategic analysis and consultation. The distinguished criteria are the same as ones recorded by various scholars previously. However, the main difference is in the ranking order of the criteria significance. Prior studies identify creativity as the key criterion, followed by quality of agency people, then cost-awareness, agency's experience, affinity aspects, and perspective. The prominence of creativity aspects in prior studies could be explained by the fact that most of carried out research regarded advertising agencies as providing both creative and media solutions. As for the quality of agency people, this criterion is defined quite similar both by prior studies (Cagley & Roberts 1984; Cagley 1986; Marshall & Na 1994; Dowling 1994; West 1997; Na & Marshall 2001; Na, Marshall, & Son 2003; Fam & Waller 2008; Turnbull & Wheeler 2014) and by the

findings of this study. However, there are some slight exceptions. First, advertisers in Lithuania expect or favour agencies that can assign to an account people that already have the client's industry experience and are familiar with all business peculiarities. Whereas, Cagley and Roberts (1984) findings highlight the requirement for account people "to learn the characteristics of the advertiser's business" meaning after the account was handed to an agency. Secondly, prior studies emphasize the interpersonal factors (Marshall & Na 1994; Na & Marshall 2001; Fam & Waller 2008), yet advertisers in Lithuania find compatible personality traits to be of very little impact, as it does not guarantee an expected level of service. Instead, stress is on the professional characteristics of assigned people: the industry experience and current knowledge of advertisers business and industry peculiarities. As the latest studies (Jansen van Rensburg et al. 2010; Turnbull & Wheeler 2014) have, also, connoted professional and technical skills of account people, it could be alleged the interpersonal compatibility and chemistry to be replaced by more tangible criteria that reflect current industry issues demanding a higher level of knowledge and skills (Joseph, 2015).

Likewise, in this study identified boost of the financial aspects' significance in media agency selection decisions could be argued as the consequence of the current attention on a performance (Morse, 2015; Cookson & Bond, 2015) or as a direct influence of procurement and finance people involvement in agency selection decisions (West, 1997). However, the study findings did not confirm the procurement or finance people dominance in the agency selection process. On the other hand, many prior studies have identified the cost-consciousness as one of the three key criteria in agency selection decisions, specifying: fairness in charging (Wackman, Salmon, & Salmon 1986), strong cost awareness (Dowling 1994), performance orientation (West 1997; Jansen van Rensburg et al., 2010), and good negotiation skills (Turnbull & Wheeler 2014). As argued earlier, the favourable media rates criterion in prior studies have less appeared due to studies examining decision-making in relation to the traditional full-service agencies. Such approach was reasonable then, as most of these studies have conducted their surveys before the change in the advertising industry ensuing the unbundling of agency services into separate creative and media agencies. Hence, this detaching of media from creative has resulted in the shift in selection criteria significance ranking. Presently, the significance status of the financial aspects and the creativity in strategic decisions like media agency selection is very blurry. While, financial aspects are more accentuated, creativity is still wanted and seems to attract the advertisers' curiosity and attention. In situations where goals are very straightforward, and a fixed budget is set, advertisers will favour the financial aspects criterion. However, in the literature distinguished certain situations where organizations tend to take riskier alternatives and prefer creative and innovative solutions were not confirmed by the study findings. Such situations are 1) when an organization experiences 'hard' times or fails to attain its organizational goals to a high degree, 2) when new product or service to the market is introduced (West & Berthon 1997; Sasser, Koslow, &

Kilgour 2013). These authors claim the creativity and novelty of media plans to be perceived as the key criterion when advertiser faces either of these two situations. However, the study findings have failed to confirm the legitimacy of such claim due to the controversiality and discrepancy of the received results. The inconsistency of findings in regards to the organizational goals and two of the three presented situations could have appeared due to respondents perplexing given situations by the belief that each of situations require to respond differently, or could not relate to any of the situations and, therefore, have chosen a random answer. In a case of the latter explanation being the truth, the answer by one respondent (Interview 4) that have identified itself with one of the given situations would tend to confirm the creativity criterion to play the key role when ‘an organization experiences ‘hard’ times or is failing to attain its organizational goals to a high degree’. Nevertheless, such statement requires more reliable data.

Further, striving to detect any other context that impacts the financial aspects’ significance role in the media agency selection decisions, two following justifications are discussed. First, the attention to the financial aspects, particularly, expectations for media rates could be provoked by advertisers experiential learning. As goals adapt fast to the experience, outcomes that are poor may be interpreted as successes and the opposite (March, 1991). Hence, the prior acquired media rates drive an advertiser’s attention on financial aspects turning it, almost, to be as a rule for media agency selection decisions. However, as the intelligence of rules cannot be guaranteed, the occasional deviation due to intuition occurs (Cyert & March, 1992). Therefore, the unexpected decision criteria, like the creativity can be the key criterion. This argument resembles the situation that was cited by the company that is in general highly cost oriented (Interview 4). Second, the relationship between the financial aspect criterion and the marketing department’s development level should be questioned. The data findings distinguish the independent decision-making level and ‘big’ organizational size advertisers to place more value on the financial aspects when selecting a media agency. Correspondingly, this could be argued as: ‘big’ and ‘independent’ decision-making level advertisers have developed marketing departments that take the risky advertising decisions themselves, for, they eliminate uncertainty carrying creativity by, mainly, asking media agencies for very specific channels (Interview 2, and 4). Therefore, their decision-making concentrates on the tangible, meaning financial, aspects. Also, the ‘big’ advertisers’ have greater media budgets, consequently, feeling to be entitled to receive favourable media rates would impel additional weight on this criterion significance. Such reasoning seems to be valid, as ‘big’ organizational size advertisers have stated in their interviews to be amongst the biggest budget accounts in the industry and have expressed less concern with remuneration aspect. Whereas, ‘small’ advertisers see remuneration and favourable media rates as equally significant. Moreover, the agency size is perceived to be as a guarantee for a high probability of receiving favourable media rates both by ‘big’ and ‘small’ organizational size advertisers. While ‘big’ ones

think they are entitled, the ‘small’ ones hope to get it as a consequence of agency having many clients and thus, having the foundation to negotiate it greatly with media channels. Nevertheless, the common understanding ends here. For, all advertisers seek to get an expected level of attention to their account: ‘big’ organizational size advertisers prefer agencies that are capable of serving their account, smaller – look for agencies that despite other clients provide professional services and tend to sacrifice the affinity aspects like a regional network. In other words, the advertisers perceive the size of an agency as the indicator of what to expect in terms of financial aspects and an agency’ attention level. As both financial criteria and quality of agency people are the key criteria in agency selection decisions, the affinity characteristics are going to be perceived as secondary facets that can be put away. Though a quite recent study by Turnbull and Wheeler (2014) have identified the affinity aspects as weighty features both in agency selection decisions and contributing to the development of good client-agency partnership, no such reflection is detected by the study findings. Unless the affinity factor significance emerges due to major organisational changes that transform the whole agency selection process. The study findings have revealed the significant events within an organization to urge a revision of media account and to impel the change in accustomed selection criteria (Interview 3, 4, and 5) by an affinity factor suppressing financial aspects (Interview 5). Also, the changes in the advertising and media industry are found to modify selection criteria. The study findings confirm the suggestion by Turnbull and Wheeler (2014) and the indications found in the industry magazines (Cookson & Bond 2015; Goodwin 2015; Morse 2015) claiming that advertisers are expecting the knowledge, insights, and technological skills for to tackle the current advertising and media industry events. Here, the advertisers see the opportunity for agencies to manifest their creativity or innovation. For, the creativity criterion as in a mix and a use of media channels is found by the research results as wanted by advertisers. However, due to the high level of uncertainty that is involved, advertisers tend to rely on tangible aspects, except for, when a proposed creative approach encompasses strategic insight and is presented by an account people in a highly professional manner (Interview 4).

Further, this thesis argues the significance of awards (Helgesen 1994; Henke 1995), agency’s corporate reputation (Dowling, 1994), international affiliation (Michell 1988; Turnbull & Wheeler 2014), and agency’s past performance (Henke 1995; Palihawadana & Barnes 2005; Jansen van Rensburg, Venter, & Strydom 2010) selection criteria as specified in previous studies. These attributes can only help a media agency to get included into a short-list. During the further selection process, an agency is evaluated on the knowledge, capabilities, and skills presented during pitch meetings.

The selection process, as well as an advertiser’s agency selection decision, will highly rely on the organizational culture, procedures, rules, and the structure. Organizational culture is like a frame through which organizational decisions are taken (West & Berthon, 1997), thus, organizations that are less stringent will be more open to creativity and innovation (Interview 1). Organizational rules steer

an agency selection process by defining procedures who and how selects agencies to be invited to participate in an announced pitch. The study findings distinguish 'limited' decision advertisers having to follow especially rigid organizational procurement rules and procedures eliminating possible biases (March & Simon, 1993) by applying various control mechanisms to select an objectively evaluated optimum fit (Harvey & Rupert, 1988). Additionally, such advertisers are found to have more members in their selection teams. This fact confirms the resource allocation role and the importance and power in decision-making (Harvey & Rupert, 1988). Also, the findings show 'big' organizations in terms of employees' number to have more people participating in the selection decisions. On the other hand, the sales revenues cannot be used to examine its impact here as advertisers act in very diverse industries. Hence, this thesis disputes the sales revenue to determine the size of the selection team (Marshall & Na, 1994) and states the size of an organization, the organizational structure, and a credited decision level to determine the size of the selection team.

Moreover, 'limited' decision-making organizations are more likely to comprise some affinity aspects like a size of billings (Michell, 1988), cultural compatibility (Na, Marshall, & Son, 1999), geographic areas (Harvey & Rupert, 1988), or match the prestige (Michell, 1995). Nevertheless, the study findings show the 'size of billings' criterion to be related to an agency's capability to serve the account only within a given market and not the all markets organization is active (Interview 4). Similarly, a very narrow perspective is taken for the 'cultural compatibility' as only language level is perceived as significant (ibid.). These affinity aspects are questioned by advertisers in the initial stage of agency selection process. Further, advertisers have various members of the selection team active at different stages of decision-making confirming findings of prior studies (Dowling, 1994). Nonetheless, selection teams in Lithuania are bigger than the industry average that is 3 to 5 (Marshall & Na 1994; Dowling 1994; Na & Marshall 2001; Jansen van Rensburg, Venter, & Strydom 2010) and consist of 3 to 8 members. As the agency search proceeds, more influential members join the team. In 'big' companies the organization's most powerful people are identified to take part in decision-making without necessarily attending the pitching meetings. Likewise, the purchasing or finance department role as well as chief executive officers are participating in the decision-making formally or informally only in big organization size companies. Hence, the study findings disagree with the chief executive officers dominating the decision-making in smaller companies (West & Paliwoda, 1996; Na & Marshall 2001), instead, keep the broader perspective that final decision rest on senior executives (Jansen van Rensburg, Venter & Strydom, 2010). Interestingly, all respondents expressed having had agency selection decision consensus. This phenomenon could be explained by: 1) the word-of-mouth effect that is particularly common for in decision-making regarding purchasing professional services as the uncertainty and perceived risk are reduced by buying team members discussing with each other (Dawes, Dowling, & Patterson, 1991), 2) selection team is an expert team working together for a

longer time and, thus, sharing mental models (Orasanu & Salas, 1993), or 3) senior managers of buying group make their views known and the other members seek consistency with the attitudes of senior managers (Bazerman & Moore, 2013).

With the view of all the complexity, uncertainty, and many various elements contributing to the agency selection decision-making, such decisions could be considered through a garbage can model (Cohen, March, & Olsen, 1972). However, the study findings present advertisers as organizations who either follow rigid rules or who are small, with fewer loads in the system. Further, all organizations take media agency selection decision seriously as find it strategically important, have a clear understanding who is participating in decision-making and have clear agreement what are the key decision criteria for a given situation. Situational aspects will influence the decision-making, but will reflect organizational goals, procedures and rules. Only, a small deviation is possible due to individual team members' bias. Similarly, some advertisers tend to negotiate the media rates with the two finalists. Therefore, in those cases agency's negotiation skills, professionalism or creativity of media plans will determine the outcome. On the whole, all the elements of the conceptual framework have considered carefully in regards to the advertisers' behaviour knowledge, an agency decision-making could be predicted.

8.3 Implications

This thesis investigates the dynamic sector that has transformed immensely during past years and reports the findings of the Lithuanian market research. The study focuses on advertisers' decision-making and aims to distinguish and analyse factors that influence advertisers' decision-making when selecting a media agency. It is believed that the findings of the study will contribute positively to the existing advertiser-agency knowledge and serve as a starting point for further studies concentrating on media agencies. Further, the presented conceptual framework can be employed both by academics and practitioners alike when analysing organizational buying of professional services.

8.3.1 Implications for field of study

There are three unique contributions of this study to the existing knowledge. First, this thesis has focused on the acquiring media accounts unlike previous studies, which have centred exclusively on full-service agencies. Second, the study has addressed the agency-selection in under-researched region, namely the post-Soviet countries. Furthermore, the advertisers' decision-making was approached by applying a conceptual framework that investigates the issue in question holistically.

The proposed framework can be used for analysis of business-to-business buying behaviour concerning the services.

8.3.2 Recommendations to media agencies

Advertisers employ various sets of selection criteria that depend on many various aspects. This thesis has proposed framework for the analysis of advertisers' decision-making when selecting a media agency. The employing of this framework will facilitate the prediction both of advertisers' hidden selection criteria and the identification of criteria significance in decision-making. Nevertheless, media agencies have to be conscious that advertisers are in particular concerned with financial aspects, require high quality of people to be assigned to their account, and expect the creative media planning conveying both the strategic insights and cost-consciousness. While the quality of agency people matters for all advertisers and in all situations, favourable media rates, remuneration, and agency cost-consciousness sometimes can be surpassed by the creative solution of proposed media plan.

8.4 Chapter conclusion

This chapter has presented the discussion based on the findings of the case study. First, the differences between the predicted outcomes and the actual findings were deliberated as well as the variance among the case companies considered. Finally, the implications for the field study and managerial recommendations were presented.

9 Conclusion and Indications for further research

9.1 Conclusion

This thesis reports the findings of a research investigating advertisers decision-making when selecting a media agency in Lithuania. The study has focused on the aspects influencing advertisers decision-making and how these aspects are reflected in agency selection criteria. Further, the study aims to provide a framework for the analysis of advertisers' decision-making when selecting a media agency. The proposed conceptual framework singles out relevant and significant determinants of the advertiser's decision-making, as well as encounters general laws and antecedent conditions serving for motivational explanation. Furthermore, it summarizes the various determining factors as they in conjunction affect the advertiser's decision-making. The results of the research indicate the advertisers orientation for short-term results as advertisers' expectations and objective focus on acquiring favourable media rates and the quality account people. Though, some situational factors account for

more variation in risk affecting the advertisers' connotation of criteria like creativity. In contrast, organizational decision-making aspects such as structure, procedures, and rules serve to provide the consistency in organizational preferences. The study identifies the size and the structure of the buying group in Lithuania along with set of selection criteria. In addition, the findings show advertiser selection team members to have consensus when making final decision.

In summary, the thesis contributes positively to the existing knowledge of the advertiser-agency literature as well as provides new insight into the organizational buying for media services in under-researched market. It also provides a good foundation for supplying advice to agencies such as what criteria advertisers value, when, and why. As there is a logical similarity between explanation and prediction, the research made for this thesis may be used for to predict an outcome.

9.2 Reflections and Further Research

The thesis is not free of limitations, but future research can certainly address them so that sturdier understanding of advertisers decision-making is developed. First, as it was the exploratory-explanatory type of study, the qualitative research was appropriate as qualitative data provide broad explanations. However, the study findings have derived from words that can be interpreted in multiple meanings. Despite the thorough interaction between the data collection and the data analysis, the further quantitative studies could test reliability of the thesis' findings as well as expand generalizability. The second threat that inflicts the external validity of the results reported in this thesis occurs because a single person per case company was interviewed. While this is a common data collection method due to the difficulties associated with interviewing multiple people particularly in buying group, it is believed to result in underreporting. The primary reason for this is that the key informant may forget, be unaware, or underestimate the perceptions of other buying group members that participate and influence agency selection decisions. Moreover, the agency selection decision-making is a process having several stages. Advertisers at each of the stages may employ varying sets of the criteria as well as the significance of the active criteria may differ. Therefore, the future studies should encompass these agency selection aspects.

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11 APPENDICES

Appendix 1: Data collection Interviews

Interview 1

Case-company A, responded by Chief of Marketing Department

1 *Could you describe the last Case-company A' media agency selection process briefly? How many*
2 *agencies have expressed interest to pitch?*

3 I have contacted 7 agencies, which I ranked as pretty big and experienced, having no direct
4 conflict (no cosmetic client in agency client list). Two agencies were not interested: one had some
5 doubts if it is a real pitch; the second was too busy with existing business.

6
7 *Did your final shortlist include the incumbent agency?*

8 Yes. The incumbent agency was within our shortlisted agencies.
9

10 *Why did the company A decide to change a media agency last time?*

11 We were not happy with client service.
12

13 *What positions embody your company's agency selection team? (The steering team)*

14 All marketing department: Chief Marketing officer and two Brand Managers. Neither CEO of the
15 company nor finance people participate in this decision.
16

17 *Did all the members participate throughout entire selection stages?*

18 One person was conducting briefing and re-briefing interviews, made a pitch material and agreed
19 about presentations. All team gathered together only for final reviews.
20

21 *Does the company A have any particular media agency selection procedure to follow?*

22 No particular procedure as the company is quite small and informal.
23

24 *Who takes the definitive decision if it is a dispute or uncertainty whom from the final participants*
25 *to select as the winner of the pitch?*

26 Marketing Manager.
27

28 *Did you have a disagreement during the last agency selection process?*

29 No, all three persons had a very similar opinion and same ranking.
30

31 In the presentation about the case-company A media agency selection in 2013 you state the main
32 agency evaluation criteria: a) qualification of the agency people, b) remuneration, c) strategic
33 insight, and d) creative media solutions.
34

35 *Is this in the order of the criteria priority?*

36 No.
37

38 Following questions ask to explain the above-mentioned selection criteria.
39

40 *Qualification of the agency people:*

41 *Do you mean the qualification of the agency in general OR the people that are going to work with*
42 *your company's account?*

43 We insisted on meeting "real" people during a pitch, and all agencies showed their selected teams.
44 The account manager was A MUST to see and talk.

45
46 *Would you say that chemistry between the company A and agency's employees make a difference?*
47 For sure, chemistry matters as people are going to work on the daily basis.

48
49 *How significant are the media agency's personnel presentation skills when pitching?*
50 Very important. It is difficult to describe, but good presentations make you believe that agency
51 knows their business.

52
53 *Lithuania is a very small country. Here, it is said, everyone knows each other, especially if*
54 *working in the same industry. How does this influence your search for a new media agency? Do*
55 *you ask people around for recommendations or similar?*

56 I myself used to work in media agency before, so I know many people in this business and hear
57 many stories from other marketing people. Recommendations are very important, but they also
58 must be based on facts and evaluations, not on personal feelings so much.

59
60 *Does the agency size matter?*

61 Yes, we did not consider very small agencies – they do not have an economy of scale and are
62 weak in negotiations with media channels.

63
64 *How important is the international affiliation, meaning the agency is well established and*
65 *affiliated with an international agency?*

66 The international affiliation was not so critical for us, as the majority of business is local. But with
67 new campaigns for Latvia and Estonia, we have asked sister-agencies of our partners here. It was
68 quick and easy. However, if we would expand more by deciding to concentrate on entering some
69 other international markets, affiliation aspects would be more critical.

70
71 *Does the importance of the company A account for a media agency play a role in your agency*
72 *selection decision?*

73 None.

74
75 *How an agency's reputation influences the company A selection decision?*

76 Reputation is important, but it is not a priority.

77
78 *Would advertising awards of media agency impact the selection decision?*

79 No.

80
81 *How the media agency's prior experience in the industry affect your decision?*

82 It is an advantage, especially if your account manager has such experience (it was a case in our
83 pitch – proposed media agency-candidate had previous experience in beauty business).

84
85 *What do you find more important: the personnel assigned to the account OR the range of services*
86 *and agency's capabilities?*

87 Capabilities are vital, as it is much easier to change personnel. We had an experience of asking for
88 another account manager – it solved a problem without changing the agency. This can be offered
89 only by bigger agencies – thus, this is another reason to cross out small agencies.

90
91 Remuneration:

92 *What would you say is a procurement role in your company's agency selection decision?*

93 Finance people of our company do not participate in the decision-making. But the financial
94 aspects are one of the most important factors.

95
96 *How important are the financial aspects? Why?*

It is very difficult to evaluate media services in general, but financial terms are very comparable and transparent.

How important is for the company A that agency would be working strictly within a budget?

We're quite flexible with budgeting as it may fluctuate over time or between campaigns, so only annual control and media liabilities are important.

Would you prioritise the budget OR creative solution?

For media, we would prioritise the budget, so to say, the financial proposal's aspects.

How much the agency' offered price for media channels matter in the company A agency selection decision?

Very important, it shows how an agency is competent in negotiation.

There are a lot of buzz about the transparency issues and cost. How do you deal with it?

I take advice from one businessman: "you think that you know a lot about the media business, but agencies always know more. So don't try to control everything. You will never get full transparency." Yet, an agency's cost-consciousness always matters.

Strategic insight:

Would you expect a media agency to create an overall strategy OR only a media plan for a certain campaign?

Yes, we expect to get strategic recommendations as well.

The media industry, as well as advertising, have been extremely changing over the past years and, most likely, will continue so. How important is for the case-company A that media agency would be innovative and have the highest expertise in data and technology?

Agency must follow new trends, especially in digital communications. They must also understand e-commerce.

Having in mind that success of an advertising campaign also depends on factors that are out of a media agency's responsibility reach, how do you evaluate agency's performance?

We evaluate what depends on media agency directly: timing, proactivity, creativity, teamwork, etc.

Creative media solutions:

What characteristic of a media agency do you find essential: a proper understanding of client business OR creative?

Strategic thinking, as it includes business understanding, is more important. We have creative agencies for creativity.

Imagine: the case-company A is failing to attain organizational goals to a high degree and at the same time is changing a media agency. What would be the priority: creative and innovative solution OR a 'smart' solution at a given budget?

Very difficult to say. The innovative and creative way may be a better solution.

Another situation: the case-company A is changing a media agency. The pitching task for agencies is to introduce new product or service to the market: What would be the priority: creative and innovative solution OR a 'smart' solution at a given budget?

Smart solution, I guess.

The third situation: the task for the pitching agencies has very straightforward goals and a fixed budget. You get professionally executed proposals that are either a) a 'traditional' media plan

150 *approach at low media and remuneration rates b) a media plan with a creative and innovative*
151 *twist yet at higher media and remuneration cost. All are within the same fixed budget. What*
152 *would you choose?*

153 It's hard to say... Usually, various aspects contribute to the final decision. Also, for great
154 proposals we can 'unfix' our budgets. However, if there are only two options – lower media and
155 remuneration rates.

156
157 *How does a previous experience working with media agencies influence your media agency*
158 *service perception and expectations when selecting an agency?*

159 As always – experience helps; you don't need too much time to understand processes.

160
161 *Why did you choose your current media agency? What do you think about the decision now?*

162 Strategic thinking, business understanding, negotiation skills. We still work with the same agency
163 and have no plans for pitching.

Interview 2

Case-company B, responded by a former Head of Brand Communication Department

1 *Could you describe the last company's media agency selection process?*

2 We have invited several selected companies to provide their proposals for media conditions, and
3 gave them one task in media planning.

4
5 *How did you choose what agencies to invite to pitch?*

6 We have reviewed the biggest agencies from the list of last year's turnover. Also, there were 1 or
7 2 agencies we new are good from other companies' recommendations, or we worked with them in
8 our previous companies. In addition, we have invited our current agency as well as excluded the
9 agencies that are working with competitors.

10
11 *Why did the company B decide to change a media agency last time?*

12 The revision of media account was for to improve our media buying conditions.

13
14 *What have positions embodied the company B agency selection team?*

15 Two Brand managers (prepaid and post-paid); Head of Brand Communication department (me),
16 Marketing Director, Procurement Manager. CFO and CEO participated partly at some stages.

17
18 *Did other members participate in all selection stages?*

19 No. Procurement Manager did not select the shortlist or organisation part. However, she has
20 reviewed the tasks that were given to the shortlisted agencies, evaluated their proposals, and has
21 helped with final negotiations.

22
23 *Did your company have any particular media agency selection procedure to follow?*

24 These types of procedures are, mostly, settled each time agency selection takes place. Yet, one
25 procedure is a must: a person from Financial Department and Procurement manager with some
26 guidance from CFO, have to participate.

27
28 *Did you have any directives from head office?*

29 No, we do not have a head office. LV and LT offices operate quite independently. However, when
30 media agency selection takes place in LV, our LT Marketing Director helps, advices and controls
31 as LT has much more experience in this.

Who would take the definitive decision if it is an uncertainty whom from the final participants to select as the winner of the pitch?

Marketing Director closely with Head of Brand Communication department.

Did you have a disagreement during the last agency selection process?

No, but it was a discussion as it was not 100 per cent clear who should be the winner.

What were the main evaluation criteria?

1) Biggest discounts in the main media channels (TV, Internet, outdoor, print). 2) Lowest monthly fee. 3) Best integrated media strategy proposed for the campaign in the task. 4) Best team offered for account management.

Did the agency size matter?

It was important when making the shortlist. The bigger the company, the better discounts from media channels they can get. However when evaluating the shortlisted agencies during the media agency pitch, this was not a criterion for selection of the winner in the final stage.

How important was the international affiliation, meaning the agency is well established and affiliated with an international agency?

Yes, it is always a positive thing – this way a client can expect extra value – tools for planning, more insights and best practices for our industry but from other countries.

Did the importance of your company's media account for a media agency play a role in agency selection decision?

Not really. Important is, only, what team they will give. If the agency is giving it's best people for our account – excellent.

How an agency's reputation influences your company's agency selection decision?

Very much. If there are at least any hesitations (not necessarily facts), it is not included in the pitch.

Would advertising awards of media agency impact the selection decision?

For the selection, it might influence. For example, if we know that an agency has won some awards, yet, we are not very well familiar with the agency, we might give a chance and include to our shortlist. However, this was not the case in our situation.

Did the media agency's prior experience and the industry expertise affect your company's agency selection decision?

It gave some plus that the agency has an international network, and has some expertise from other countries. Yet, the most crucial was for account managers to have experience in working with other players from our industry.

Would you expect a media agency to be able to create a general strategy OR only a media plan for a certain campaign?

Yes, it should create a communication strategy. However, this is always a question, who should do this – creative agency or media agency. I think it is a role of both agencies and media agency has to lead, as it knows where the target group is and how to reach it.

What did you find more important: the personnel assigned to the account OR the range of services and agency's capabilities?

Till recently, personnel for sure were way more important because all agencies were offering quite similar services. Now personnel still keeps its importance, but services become important too because agencies start heavily compete on digital solutions – how they provide this, what

expertise and tools they have for this. As digital plays more and more important role, the part of a range of services gains its importance. So I'd say it is close to equal, but still personnel is more important.

What characteristic of a media agency did you find essential: a proper understanding of client business OR creative?

A proper understanding of client business is essential, because this is the only way of creating an effective campaign. Otherwise, it is creativeness just for creativeness sake or for awards. It is one of the weaknesses many agencies have.

How important were financial aspects?

Most important because media costs (especially TV) makes major marketing budget costs. And marketing costs are significant costs for the company. Therefore, when it comes to the media agency selection, the main criteria is always financial conditions, mostly, proposed discounts.

How important was working within a budget?

It is a must.

Would you prioritise the budget OR creative solution?

Budget is the priority. But sometimes the budget can be agreed upon the situation and the need for extra creative solutions.

How much an agency's offered price for media channels has mattered in your company's agency selection decision?

It was the main criteria for selecting the agency.

There were (and still are) a lot of buzz about the transparency issues: cost and transparency. How did you deal with it?

It is a good question. In this industry in LT, everybody knows that agencies are receiving bonus money from media channels. Actually, some of the money are quite well known. One way to deal with this is to give the agency a good monthly fee; otherwise, they will depend only on the channels, and this will influence a lot what channels they will propose to include in the media plan. However, it is still a common case in the industry that companies are paying agencies around only 1/4 of what they should receive in order to operate normally. So, all additional money comes from media channels. One more way to deal with this is to have direct agreements with the channels but, even, in this case, agencies receive some percentage.

Would you say that chemistry between the company B marketing people and agency's employees has influenced the selection decision?

Yes, you have to trust people who will work for your business.

Lithuania is a very small country. Here, it is said everyone knows each other, especially if working in the same industry. How did this influence the company B search for a new media agency? Did you ask people around for recommendations or similar?

Yes, asking for recommendations – agencies and personnel, in order to get the best people for our account.

The media industry, as well as advertising, has been extremely changing over the past years. How important was for your company that media agency would be innovative and have the highest expertise in data and technology?

It is very important. However, the company B has decided to take a separate agency for all digital media. Still it is important that media agency has this expertise – they constantly give their recommendations how to improve this area, what are novelties, etc. Of course, they mostly do this

because they want to take over this part as well, but knowing alternatives is always good, it stimulates progress.

Performance: having in mind that success of an advertising campaign also depends on factors that are out of agency's responsibility reach, how did you use to evaluate agency's performance?

Extra discounts from the agreed ones. Also, cooperation with personnel – flexibility, initiatives, availability, business understanding. Budget management.

How important were the media agency's personnel presentation skills when pitching?

Very much, but only because you can spoil the best idea if you cannot present it properly. It is also important how people talk – do they really do their best, give their efforts, is the presentation really thought through well? Did they understand the task? Did they ask additional questions during the preparation to understand clearly our expectations? Are they honest, friendly, not arrogant, responsible, and professional?

You have a previous experience working with media agencies. How did it influence your media agency service perception and expectations when selecting an agency?

It gives some starting point for what to expect, what is good and what is excellent, also what is important in the cooperation.

Imagine: your company is failing to attain organizational goals to a high degree and at the same time is changing a media agency. What would be the priority: creative and innovative solution OR a 'smart' solution at a given budget?

Smart solution at a given budget. It can be very creative and innovative, only not costly.

Another situation: your company is changing a media agency. The pitching task for agencies is to introduce new product or service to the market: What would be the priority: creative and innovative solution OR a 'smart' solution at a given budget?

The creative and innovative solution.

The third situation: the task for the pitching agencies has very straightforward goals and a fixed budget. You get professionally executed proposals that are either a) a 'traditional' media plan approach at low media and remuneration rates b) a media plan with a creative and innovative twist yet at higher media and remuneration cost. All are within the same fixed budget. What would you choose?

A 'traditional' media plan at lower media and remuneration rates. We know what we want and our use of different media is limited. Thus, rates are what count.

You have mentioned that the company B has turned toward in-house agency strategy? Why? What do you think about the decision now?

Based on efficiency test, internally we agreed to diminish the number of used media channels to TV and the Internet. For the Internet, we have a separate partner, digital agency. For TV, we negotiate and buy the so called "Run by station" TRPs. Meaning the TV channels do the planning themselves and our role is only to place the orders and check if all is ok. Other media channels (for example outdoor) we use from time to time, but this is only special occasions. Meaning we do not have a need for a full range media agency as our media needs are clearly defined. If, however, we need something special, our internal person does the planning, or negotiation or he hires some agency particularly for this job. Yes, in our case this year it was absolutely the right choice. We have saved a lot of money with the same efficiency.

Interview 3

Case-company C, responded by a former Communications Manager

Could you describe Case-company C' media agency selection process?

The case-company C is a state-owned company; therefore, a media agency selection was carried out according to the law of Public procurement procedures and conducted by company ZY, the company who provides procurement services for all Group' companies. Shortlisted agencies got three assignments to perform. Each task was rated separately. The agency that got in total most points were announced the winner of the account. There was signed two years contract.

How did you choose what agencies to invite to pitch?

It could participate all agencies that conform to the company C set requirements. Basically, the requirements were: the size of the agency's gross advertising billings, experience, quality of agency people, agency reputation, and its past and existing clients.

What positions embody the agency selection team?

Communications Manager, few communication specialists from the Group other companies, as well as Heads of Communications and Sales departments. In total: Five people: three from the case-company C and two from other Group' companies.

Did all the members participate throughout entire selection stages?

Yes, all the members participate in all selection stages.

Did you have any directives from the shareholder office?

Yes, procurement terms were approved by Z.

Who takes the definitive decision if there is an uncertainty whom from the final participants to select as the winner of the pitch?

The whole selection team.

Did you have any disagreement during the agency selection process?

No, we didn't have any disagreement, as the rating results were quite indicative.

What were the main agency evaluation criteria?

Professionalism and quality, creative solution, cost and remuneration.

Did the agency's size matter?

The most important is the size of the agency meaning gross advertising billings and the experience. The number of employees is not that relevant.

How important was the international affiliation, meaning the agency is well established and affiliated with an international agency?

None importance.

Did you consider the importance of your company's account for a media agency? (Meaning how much interest and time agency is going to devote, whether they see you as important client and similar).

Yes, it was significant that an agency would prioritise us for the company can be counted as a 'big' budget advertiser.

Did an agency's reputation influence the agency selection decision?

Yes, it did influence.

51 *Would advertising awards of media agency impact the selection decision?*

52 Not really.

53
54
55 *Do the media agency's prior experience in the similar sector or the industry expertise affect your*
56 *company's media agency selection decision?*

57 No, agencies' prior experience in the similar sector as well as the industry expertise did not affect
58 our decision.

59
60 *Did your company expect a media agency to create a general strategy OR only a media plan for a*
61 *certain campaign?*

62 We were looking for all media services, including a strategy and media planning.

63
64 *What did you find more important: the personnel assigned to the account OR the range of services*
65 *and agency's capabilities?*

66 The most important is the personnel assigned to the account. For, an agency can have a good
67 name, but if account people are not highly qualified, it will not work.

68
69 *What characteristic of a media agency the company C finds essential: a proper understanding of*
70 *client business OR creative?*

71 Creativity was fundamental: the ability to provide innovative media solutions advertising our
72 business.

73
74 *What would you say was the company C' procurement role (financial department people) in*
75 *agency selection decision?*

76 No Finance department people participated in the selection process. The company ZY role here is
77 to assist us in the selection process and to ensure the transparency.

78
79 *How important were financial aspects?*

80 We had a one-year budget at our disposition. Thus, agencies had to convince us that their proposal
81 is the best way to employ it striving to accomplish our goals.

82
83 *How important is for the company C working within a budget?*

84 Our budget is very rigid.

85
86 *Would the company C prioritise the budget OR creative solution?*

87 Creative media solutions were prioritised. The remuneration or media channel prices did not play
88 a substantial role. I would say it was 60/40 per cent.

89
90 *How much did the agency's offered media channel prices matter in the company C' agency*
91 *selection decision?*

92 It is difficult to answer. We evaluated the total package.

93
94 *There are a lot of buzz about the transparency issues: cost and transparency. How did the*
95 *company C approach this issue?*

96 Our procurement procedures, as well as terms, are quite clear. Hence, we know what we are
97 buying and what we are paying.

98
99 *Would you say that chemistry between company C and agency's employees did make a difference*
100 *in agency selection decision?*

101 The compelling, fluent and persuasive presentation by the agency people could contribute a little
102 bit to the upgrade of the overall agency evaluation.

Lithuania is a very small country. Here, it is said, everyone knows each other, especially if working in the same industry. How does this influence your company search for a media agency? Did you ask people around for recommendations or similar?

We did not ask for recommendations; however I knew some of the agencies participating in the pitch. Yet, I do not think that it has influenced my decision-making as I was evaluating various assignments on numerous aspects. Also, the final decision resulted from the assessments of all members of the selection team, who, except me, were not acquainted with the presenting people of participating agencies.

The media industry, as well as advertising, have been extremely changing over the past years and, most likely, will continue so. How important was for your company that media agency would be innovative and have the latest expertise in data and technology?

This was vital, for we position us as a modern and innovative company, and this is a way we want to be both presented and seen.

Performance: having in mind that success of an advertising campaign also depends on factors that are out of a media agency's responsibility reach, how does your company evaluate agency's performance?

In our case, I think, the agency is accountable for the major part of the performance: whether the advertising of our company's activities can be counted as successful or not.

How does your previous experience working within communication industry influence your media agency service perception and expectations when selecting an agency? Are there any particular aspects you keep an eye on?

Yes, my previous experience, as well as one by my colleagues, is quite substantial when we evaluate whether the agency is capable of executing the service that is needed. I would say, that essential is not the remuneration aspects or proposed media prices, but the agency people, their quality and experience. The information provided by agencies also containing details about people assigned to the account and the quality of the presentations when pitching indicates the level of the quality. The agency may have capabilities and general knowledge, yet if the people assigned to the account do not exercise it, it is worthless.

Imagine: your company is failing to attain organizational goals to a high degree and at the same time is changing a media agency. What would be the priority: creative and innovative solution OR a 'smart' solution at a given budget?

It is more likely, the second option. We might prefer the first, the creative and innovative solution, yet our executives might not.

Another situation: your company is changing a media agency. The pitching task for agencies is to introduce new product or service to the market: What would be the priority: creative and innovative solution OR a 'smart' solution at a given budget?

A 'smart' solution at a given budget.

The third situation: the task for the pitching agencies has very straightforward goals and a fixed budget. You get professionally executed proposals that are either a) a 'traditional' media plan approach at low media and remuneration rates b) a media plan with a creative and innovative twist yet at higher media and remuneration cost. All are within the same fixed budget. What would you choose?

A 'traditional' media plan at lower media and remuneration rates.

Why did your company choose its current media agency? What do you think about the decision now after you have been working together for around one year?

We have selected the best option from the agencies that have decided to pitch for the account. The chosen was not the one with the lowest cost, yet the creative solution ideas were preeminent. I have not changed my opinion: the decision was right.

The case-company C is in the reorganization process due to the merger. Do you think the current media agency is going to be revised after the merger is over?

Yes, the reorganization process is going to initiate the revision of media account.

As you left the company, the case-company C has employed a new Communication Manager. What do you think, how likely is that a new Communication Manager is going to announce a media agency pitch?

The new Communication Manager has actually participated in the current media agency selection as he was working at that time in Group Z, the parent company. Thus, there should be no changes just because of new Communication Manager.

Would it be different if the organization would be not a state-controlled?

I think, that such big organizational events like merger will always contribute to the revision of media account. First, a merger, in general, forces to review everything within an organization. Second, because media is a significant and strategic aspect highly affecting firm's performance: you spend a lot on it from your budget (it's a big financial commitment) and, obvious, you expect a significant and positive impact in return. Further, I believe that due to the merger decision criteria will change as well. For, there are other, new aspects that have to be approached. Ex. alone our current customers have to be informed of the change. Thus, a media agency will be expected to incorporate this into the media strategy. Here, some new agency strengths may be required, like a previous experience to assist the advertiser in informing its customers. This experience might even be considered as more vital as an industry experience. Hence, decision criteria change depending on the situation company faces.

Interview 4

Case-company D, responded by Marketing Manager

Could you describe the last media agency selection process?

Case-company D is the branch of a company XY, so decisions regarding marketing activities are taken and approved by the Marketing team of XY. At the end of 2014, the company XY was initiating the media agency pitch, and it was decided to do it in Lithuania as well. The company XY hired media audit experts from "Instytut Audytu Mediowego" to evaluate media agency proposals.

Process was the following:

6 media agencies were selected internally and send request to participate in the pitch

Agencies had to fill two surveys: Agency information and Media Market information

Based on "Instytut Audytu Mediowego" report 3 finalists there selected agencies

Brief was sent to 3 selected agencies

During the meeting, 3 media agencies presented the ideas

2 agencies were selected with whom we conducted final negotiations and finally chose one.

How did you choose what agencies to invite to pitch?

The biggest and the best, but which are not working with our competitors

Did your final shortlist include the incumbent agency?

Yes. The incumbent agency was between those three finalists.

Why did the company D decide to change a media agency?

We were looking for ideas for media buying strategy, mainly TV. Also, we were interested in better TV buying prices.

What positions embodied the agency selection team?

Marketing manager in Lithuania, PR manager in Lithuania, the company D Director (located from XY), Head of Marketing (Company XY), Media buying expert (Poland), Marketing coordinator who has organized the whole selection process (company XY), and 2 board members (company XY).

In total: 3 employees from Lithuanian office, 4 from the Polish office: 2 colleagues and 2 Board members, and 1 media expert.

Did all the members participate throughout all selection stages?

No. Most of us met only the shortlisted agencies. However, the Board members did not participate in any meeting with the pitching media agencies.

Does your company have any particular media agency selection procedure to follow?

No, but we follow group purchase procedures according to the purchase amount, so for media buying there is a recommendation to do a pitch and to repeat it every 2 years.

Did you have any directives from the head office?

We belong to X group in Great Britain and no we don't have directive only purchase procedures, which are group directives and concerns, mostly, transparency.

Who would take the definitive decision in a case of uncertainty or debate whom from the final participants to select as the winner of a pitch?

Head of Marketing in Poland and Director in Lithuania as the main budget holders.

Did you have a disagreement during the last agency selection process?

No, just it was the risk of choosing the new agency with a new approach or existing agency with the old approach.

What were the main evaluation criteria?

It was combined – financial attractiveness of the offer, strategy, price and questionnaire about task presentation.

Did the agency size matter?

Yes, the agency's size does matter because it influences TV discounts.

How important was the international affiliation, meaning the agency is well established and affiliated with an international agency?

We do not see the agency's international affiliation as being important.

Did the importance of your company's account for a media agency play a role in your agency selection decision?

Yes, we were considering it. This issue always exists as media agencies continuously pitch for other accounts. Nevertheless, it depends a lot on how the agency approaches this issue. The agency we are working now cares about the level of provided service. Every quarter, we evaluate their key account and other agency people that we work with and besides once a year, we respond to their survey.

How an agency's reputation influences your company's selection decision?

In some small way it was important.

75 *Would advertising awards of media agency impact the selection decision?*

76 No

77
78 *Did the media agency's prior experience and the industry expertise affect the case-company D*
79 *decision?*

80 Yes, the media agency's prior experience and the industry expertise affect a lot the selection
81 decision.

82
83 *Would you expect a media agency to be able to create a general strategy OR only a media plan*
84 *for a certain campaign?*

85 Strategy is the most important.

86
87 *What did you find more important: the personnel assigned to the account OR the range of services*
88 *and agency's capabilities?*

89 We can choose the key account people. When selecting, we pay attention to previous experience
90 in the industry, plus English fluency. The range of services is not very important because we are
91 buying mainly TV, other media from time to time. For digital, we have another agency that
92 specializes in display, and for Google, we have an internal expert.

93
94 *What characteristic of a media agency do you find essential: a proper understanding of client*
95 *business OR creative media solutions? Why?*

96 We looked at proposed media strategy, professional team, and the experience in the industry.

97
98 *What would you say was your Finance department people's role in agency selection decision?*

99 As the final decision was approved by two board members, the Finance department and purchase
100 department role was significant.

101
102 *How important were financial aspects? Why?*

103 Costs savings, cost per acquisition - are paramount.

104
105 *How important was working within a budget?*

106 Vital. The agency must be flexible if budget is cut or increased.

107
108 *Would you prioritise the budget (financial aspects) OR creative media solution?*

109 The budget is a head the creativity.

110
111 *How much media channel prices offered by agencies have influenced the Case-company D media*
112 *agency selection decision?*

113 One of the key criteria

114
115 *There were (and still are) a lot of buzz about the transparency issues: cost and transparency in*
116 *regards to prices for media channels and remuneration of agency's services. How do you deal*
117 *with it?*

118 Remuneration of the agency is defined in the contract. We are buying mainly TV, so we trust TV
119 Metrai and TNS, as there are no other alternatives.

120
121 *Would you say that chemistry between your company's marketing people and agency's employees*
122 *has influenced the selection decision?*

123 No, the chemistry does not influence the selection decision as the process is quite complicated and
124 few decision makers do not participate at all in the pitching.

125
126 *Lithuania is a very small country. Here, it is said everyone knows each other, especially if*
127 *working in the same industry. How does this influence your company's search for a new media*

agency? Would people you know from prior your working experience affect your evaluation decision if they participate in a pitching?

It did not influence at all because I, personally, didn't know the people from the agency that got the account. However, the remaining 2 I knew very well from the past, but they remained diplomatic and only after the pitch asked me for constructive feedback what they could have done differently. However, our colleagues from XY were more careful and followed the pitch mainly from distance without participating in the formal meetings. I was just taking part in the process and providing recommendations from the local market.

The media industry, as well as advertising, has been extremely changing over the past years. How important was for your company that media agency would be innovative and have the highest expertise and capabilities in data and technology?

Very important, especially, in analysing big data.

Performance: having in mind that success of an advertising campaign also depends on factors that are out of agency's responsibility reach, how do you evaluate agency's performance?

Very well. We are looking for a partnership, and we exchange the results daily if needed.

How important were the media agency's personnel presentation skills when pitching?

Quite important.

You have a previous experience working with media agencies. How did it influence your media agency service perception and expectations when selecting an agency? Is it something in particular that you would recommend paying attention when selecting a media agency?

I think that organisation must be very well prepared and know what result is expected. I think it's a must to write a very good media agency brief. I also would suggest selecting the key account who will be managing your daily tasks very carefully and how professional is the whole team, are they a team, do they have experience in the industry or you are looking at some benchmark from other industry and think that it can work for you. Openly discuss your expectations with your agency and make sure you are selecting the right one.

Imagine: your company is failing to attain organizational goals to a high degree and at the same time is changing a media agency. What would be the priority: creative and innovative media solution OR a 'smart' solution at a given budget?

We were exactly at described situation, and we would go for 'smart' solution at a given budget. Yet, we took a risk and have changed the strategy for TV buying and improved our results. But not at once, for we had to change creative part as well.

Another situation: your company is changing a media agency. The pitching task for agencies is to introduce new product or service to the market: What would be the priority: creative and innovative media solution OR a 'smart' solution at a given budget?

The 'smart' solution at a given budget, because we are cost oriented company

The third situation: the task for the pitching agencies has very straightforward goals and a fixed budget. You get professionally executed proposals that are either a) a 'traditional' media plan approach at low media and remuneration rates b) a media plan with a creative and innovative twist yet at higher media and remuneration cost. All are within the same fixed budget. What would you choose?

The offer with lower media and remuneration rates.

Do the events in your industry and the market influence your agency selection criteria?

No, neither the industry events nor the market change our selection criteria that are mostly cost oriented.

181
182 *Do the X group activities like the acquisition of Q group affect your advertising activities and*
183 *agency selection criteria?*

184 Yes and no. We are looking for the synergy to buy media together in order to get additional
185 discounts. But until the companies (X and Q) are not merged and may never be, it will be difficult
186 due to legal and customer confidentiality issues.

187
188 *Why did you choose your current media agency?*

189 Because they are the best.

Interview 5

Case-Company E, responded by Marketing Manager for Baltic States

1 *Could you describe the last media agency selection process?*

2 We were looking for an agency to work on one advertising project. We do most of the marketing
3 activities ourselves, just time to time for certain projects we need help.

4
5 *How do you choose what agencies to invite to pitch?*

6 We, simply, have sent invitations to as many agencies as possible (there are not that many here, in
7 the Baltics). As our budget is limited, not many agencies show interest. Basically, we are happy to
8 get any reply at all. Last time it was around four agencies that have responded.

9
10 *Did your final shortlist include the incumbent agency?*

11 Yes, the one that was working with us on our last project.

12
13 *Why did your company decide to change a media agency last time?*

14 We do not have one in particular that we work on a constant basis. Only a small part of our
15 advertising budget money is going for buying advertising channels or similar. Most of what we do
16 come from our head office in Denmark and needs only adaptations. Even all three Baltic countries
17 advertising budget is too small for many agencies as well as the projects, where some external
18 help is needed are quite seldom.

19
20 *What positions embody your company's agency selection team?*

21 In general, it is me (Marketing Manager for the Baltic States) and one or two marketing colleagues
22 of mine from our local office.

23
24 *Did all the members participate in all selection stages?*

25 Colleague of mine goes through the first stage: sending out the invitations and working on
26 responds, provides the necessary information for the agencies. Later in the process, the rest joins
27 for the meetings and presentations.

28
29 *Do you have a particular media agency selection procedure to follow?*

30 No. It is up to our office what and how in regards to the Baltics.

31
32 *Do you have any directives from the head office in Denmark or the management you report?*

33 No. We take our decisions here. However, in very exceptional cases, like when choosing not a
34 'Case-company E typical' media approach, I would have to contact my boss. However, Case-
35 company E group got a new CEO, and there is a lot reorganization happening in the company.
36 Who knows, perhaps in the future it is going to be not up to us to decide who is doing the media
37 planning. For example, not that long time ago we had to review our printing house account
38 because the company's strategy has changed in regards to it. Now, we use services of a printing

house that is decided by the Head company office even the services are more expensive for us and not that convenient.

Who takes the definitive decision if it is an uncertainty whom from the final participants to select as the winner of the pitch?

Usually, my colleagues and I would see the situation similarly. Otherwise, it would be up to me, except what I mentioned earlier.

So, you did not have any disagreements when evaluating agencies during the last selection process?

No, we did all agree on who is the best for us. That was quite clear.

What were the main agency evaluation criteria?

The interest to work with us even we are a small budget advertiser, and then professionalism, keeping the deadlines, being prepared for the meetings and a professional proposal.

Does the agency size matter?

We do not have this luxury. Of course, we would prefer to work with the agency that could cover Pan-Baltic. However, such agencies have neither the time nor the interest for us. Thus, we work with three different agencies.

Did I understand right: the most significant criteria in a line of the order were the importance of your company's account for a media agency, and then the high quality of the account people?

Yes, that is right.

Would an agency's reputation influence your company's agency selection decision?

Only a bit, meaning, if we have two good finalists then we might look who has similar industry expertise or experience. That would be the preference as our business has many peculiarities that are quite remarkable.

Would advertising awards of media agency impact the selection decision?

No, not really.

Would you expect a media agency to create a whole strategy for a project OR only a plan for your initially preferred media channels?

A different approach to media channels would be welcomed if supported by a good argument. Yet, we are too small, and our head office is the one who takes the general strategy decisions.

What do you find more important: the personnel assigned to the account OR the range of services and agency's capabilities?

Both. The personnel is important, however if the agency is very small and do not provide the range of services, most likely, it is neither going to be competitive in media channel prices.

What characteristic of a media agency do you find essential: a proper understanding of client business OR creative media execution?

A proper understanding of advertiser's business. There is not much left for media creativity for a separate country; our head office defines general media strategy. Also, our budget does not give much room to play.

What would you say is a procurement role (the finance people) in your company's agency selection decision?

None, at least, here in the Baltic States.

92 *How important are financial aspects and working within a budget?*

93 We have a yearly budget. Specific projects have individual budgets, but nevertheless, it is a bit
94 flexible.

96 *So, would you prioritise the budget OR creative solution?*

97 A professional proposal.

99 *How much an agency's offered price for media channels matter in agency selection decision?*

100 It matters, however, some agencies can offer a very competitive price, but their remuneration is
101 often higher as well. Thus, channel price is not everything.

103 *There are a lot of buzz about the transparency issues: cost and transparency. How do you deal
104 with it?*

105 It is hard. I think there is truth in it, yet as for us, this issue is not essential as we hire agency only
106 for a project. The media channel prices that we acquire this way are much lower than if we would
107 try to do everything ourselves. Also, we appreciate the additional service. Therefore, we count as a
108 price for a package.

110 *Would you say that chemistry between your company's and agency's employees make a
111 difference?*

112 Yes, perhaps. However, the professionalism counts higher for us. As said, we do not have much
113 from what to choose.

115 *Lithuania is a very small country. Here, it is said, everyone knows each other, especially if
116 working in the same industry. How does this influence your search for a new media agency? Do
117 you ask people around for recommendations or similar?*

118 Yes, we might pay attention especially to those with similar budgets: with who are they working
119 and how is the service. However, it always depends on who shows interest in working with us.

121 *The media industry, as well as advertising, have been extremely changing over the past years and,
122 most likely, will continue so. How important is for your company that media agency would be
123 innovative and have the highest expertise in data and technology?*

124 It would be nice if this would be our biggest concern. We would love to learn about the new
125 technologies and how it could be employed in our case. Yet, this is not the priority in our media
126 agency selection decision-making. Nevertheless, we expect the agency to provide us with the
127 newest industry insights and performance data analysis. The simple ones we can run ourselves,
128 thus in a way, I would say this aspect is not within our declared criteria for an agency, yet it plays
129 some part in a final decision-making.

131 *Performance: having in mind that success of an advertising campaign also depends on factors
132 that are out of a media agency's responsibility reach, how do you evaluate agency's
133 performance?*

134 Professional approach, keeping deadlines and providing promised service without any additional
135 reminder or request.

137 *How important are the media agency's personnel presentation skills when pitching?*

138 It is important. It contributes to trust that an agency is going to provide professional services if
139 chosen. Preference is for the agency, whose personnel assigned to an account does the
140 presentation.

142 *How does a previous experience working with media agencies influence your media agency
143 service perception and expectations when selecting an agency?*

The amount of initiative and interest in the account from the initial selection stages provides insight into the service one might get later, at least in our case.

Imagine: your company is failing to attain organizational goals to a high degree and at the same time is changing a media agency. What would be the priority: creative and innovative solution OR a 'smart' solution at a given budget?

The 'smart' solution at a given budget.

Another situation: your company is changing a media agency. The pitching task for agencies is to introduce new product or service to the market: What would be the priority: creative and innovative solution OR a 'smart' solution at a given budget?

Creative and innovative solution likely to be preferred by us, but I am not sure whether the people to whom I report would have the same opinion.

The third situation: the task for the pitching agencies has very straightforward goals and a fixed budget. You get professionally executed proposals that are either a) a 'traditional' media plan approach at low media and remuneration rates b) a media plan with a creative and innovative twist yet at higher media and remuneration cost. All are within the same fixed budget. What would you choose?

As I said, our budgets are tiny, thus we would go for the lowest media and remuneration rates.

Why did you choose your current media agency? What do you think about the decision now?

Because of a professional service provided during the pitching. We haven't changed our opinion; the promised service was delivered in full.

Why did you not choose your previous project media agency? You have mentioned earlier, that this agency was amongst the pitching ones.

We were a bit disappointed in their previously provided service. After the campaign, we had to contact them many times and ask for the promised data.

Appendix 2: Additional data provided by Interviewees

Additional data A

Media Agency selection – Case-company A

Removed due to confidentiality restrictions

Removed due to confidentiality restrictions

Additional data B

Media Agency selection – data from the Case-company D

Removed due to confidentiality restrictions

Removed due to confidentiality restrictions

Removed due to confidentiality restrictions

Removed due to confidentiality restrictions

Removed due to confidentiality restrictions

Appendix 3: NVivo report – List of Nodes

Name	Sources	References
Advertisers' reason for account review	4	4
Dissatisfaction with agency's client service	2	2
Dissatisfaction with media buying conditions	2	2
Advertising industry trends	6	7
Negative	1	1
Change in decision criteria	5	7
Change of strategy	4	6
Credibility	1	1
Decision making	5	76
Directives from head office	5	11
Final decision making	5	8
Consensus	5	7
Key decision maker	5	8
Organizational decision-making structure	5	15
Externally controlled	3	9
Independent	3	6
Organizational rules and procedures	5	10
Participation	5	5
Previous professional relationships	2	2
Procurement prescriptions	5	7
Recommendations	4	5
Negative	1	1
Selection team structure	5	5
Invited incumbent agency	4	5
Market tendencies	6	10
Organizational events	5	9
Past and existing clients	4	6
Selection criteria	7	380
Agency experience	7	17
Agency Size	7	20
Compatible personality traits	4	7
Creativity of agency media plans	7	24
Creativity of media plans	7	20
Negative	3	4
Financial aspects	7	158
Cost consciousness of the agency	7	30
Favourable media rates	7	56
Remuneration	7	41
Working within budget	6	21
Not required working within the budget	2	3
Working within the Budget	4	18
Importance of advertiser's account for agency	5	10

Account's importance for agency	4	8
Not important	2	2
International affiliation No Yes	6	8
International affiliation	4	6
Negative	2	2
No conflict of interest	4	4
Quality of agency people	7	61
Quality of agency people assigned to the account	7	50
Knowledge of advertiser's business	4	9
Professional formal presentations	7	13
Range of services	7	57
Expertise in new media trends	6	10
Full range of media agency services	6	10
Professional and technical skills	6	12
Research capability	4	6
Strategic analysis and consultation	6	19
Reputation	4	10
Agency's reputation	3	5
Awards (no and yes)	5	5
Awards (Yes)	1	1
Service evaluation criteria during relationship	5	6
Specific goals	3	6
When highly failing to attain organizational goals	5	6
Financial aspects	3	3
Innovative and creative solution	3	3
When introducing new product	5	8
Financial aspects	4	5
Innovative and creative solution	3	3
When straightforward goals & fixed budget	5	5
Financial aspects	5	5
Innovation & creativity	0	0

Appendix 4: NVivo report - Node 'Quality of agency people'

Node Name: Quality of agency people

Internals\\Case-company A> - 10 references coded [5,63% Coverage]

Reference 1

were not happy with client service

References 2-3

qualification of the agency people

qualification of the agency people

Reference 4

The account manager was A MUST to see and talk

References 5-6

Very important.

It is difficult to describe, but good presentations make you believe that agency knows their business

Reference 7

It is an advantage, especially if your account manager has such experience (it was a case in our pitch – proposed media agency-candidate had previous experience in beauty business).

Reference 8

teamwork

Reference 9

Strategic thinking, as it includes business understanding, is more important.

Reference 10

business understanding,

Internals\\Case-company A additional data> - 6 references coded [5,36% Coverage]

Reference 1

¶14: Qualification of account people

References 2-3

¶14: Strategic thinking

¶14: argumentation

Reference 4

¶16: competitive advantage

Reference 5

¶23: Who will be assigned to „Case-company A“ account? Please, present the account team.

Reference 6

¶28: not assigned, please recommend in accordance to our declared goals, the level of competition in the market, and media-consumption habits of a target audience.

Internals\\Case-company B> - 14 references coded [12,53% Coverage]

Reference 1

Best team offered for account management.

Reference 2

Important is, only, what team they will give. If the agency is giving its best people for our account – excellent.

Reference 3

the most crucial was for account managers to have experience in working with other players from our industry.

Reference 4

media agency has to lead as it knows where the target group is and how to reach it.

Reference 5

personnel for sure were way more important because all agencies were offering quite similar services. Now personnel still keeps its importance, but services become important too because agencies start heavily compete on digital solutions – how they provide this, what expertise and tools they have for this.

Reference 6

still personnel is more important.

Reference 7

A proper understanding of client business is essential, because this is the only way of creating an effective campaign. Otherwise, it is creativeness just for creativeness sake or for awards.

Reference 8

you have to trust people who will work for your business

Reference 9

in order to get the best people for our account.

References 10-11

cooperation with personnel
flexibility, initiatives, availability, business understanding.

Reference 12

you can spoil the best idea if you can not present it properly

Reference 13

important how people talk – do they really do their best, give their efforts, is the presentation really thought through well? Did they understand the task? Did they ask additional questions during the preparation to understand clearly our expectations?

Reference 14

It gives some starting point for what to expect, what is good and what is excellent, also what is important in the cooperation.

Internals\\Case-company C> - 6 references coded [4,33% Coverage]

Reference 1

quality of agency people,

Reference 2

Professionalism and quality

Reference 3

The most important is the personnel assigned to the account. For, an agency can have a good name, but if account people are not highly qualified, it will not work.

Reference 4

The compelling, fluent and persuasive presentation by the agency people could contribute a little bit to the upgrade of the overall agency evaluation.

Reference 5

the agency people, their quality and experience.

Reference 6

the quality of the presentations when pitching indicates the level of the quality.

Internals\\Case-company D> - 8 references coded [7,72% Coverage]

Reference 1

it depends a lot on how the agency approaches this issue. The agency we are working now cares about the level of provided service. Every quarter, we evaluate their key account and other agency people that we work with and besides once a year, we respond to their survey.

Reference 2

the media agency's prior experience and the industry expertise affect a lot the selection decision.

Reference 3

We can choose the key account people. When selecting, we pay attention to previous experience in the industry, plus English fluency.

Reference 4

professional team

Reference 5

We are looking for a partnership, and we exchange the results daily if needed.

Reference 6

Quite important.

Reference 7

the key account who will be managing your daily tasks very carefully and how professional is the whole team, are they a team,

Reference 8

do they have experience in the industry or you are looking at some benchmark from other industry and think that it can work for you

Internals\\Case-company D agency selection> - 4 references coded [2,77% Coverage]

References 1-2

¶10: Ability to work in English

¶11: Ability to work in English

Reference 3

¶32: Please quote the currency target group definitions for main TV channels/ TV channel groups

Reference 4

¶33: Please give the minute definition of Prime Time which has different (higher) CPP price

¶34: levels if buying GRP packages. Please recommend one common definition of Prime Time that could be used by the Client as average for most important TV channels.

Internals\\Case-company E> - 13 references coded [8,88% Coverage]

Reference 1

keeping the deadlines, being prepared for the meetings and a professional proposal

Reference 2

the high quality of the account people

Reference 3

we might look who has similar industry expertise or experience. That would be the preference as our business has many peculiarities that are quite remarkable.

Reference 4

The personnel is important,

Reference 5

a proper understanding of advertiser's business

Reference 6

a professional proposal.

Reference 7

the professionalism counts higher for us

Reference 8

professional approach, keeping deadlines and providing promised service without any additional reminder or request.

Reference 9

it is important. It contributes to trust that an agency is going to provide professional services if chosen.

References 10-11

Preference is for the agency, whose personnel assigned to an account does the presentation.

professionalism

Reference 12

because of a professional service provided during the pitching

Reference 13

were a bit disappointed in their previously provided service. After the campaign, we had to contact them many times and ask for the promised data.