Advertising planning, ad-agency use of advertising models, and the academic practitioner divide

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Abstract

Purpose – To examine the extent to which “account planners” in advertising agencies use formal academic models of “how advertising works” and to identify the factors that discourage non-users from applying academic advertising theory.

Design/methodology/approach – Account executives in 152 full-service and 72 creative advertising agencies in the UK completed a questionnaire concerning the use of formal models, preferences for developing those in-house versus adopting pre-existing “textbook” prescriptions, and factors that might discouraged application of academic advertising theory in any form. The data collected were interpreted by means of factor analysis, structural equation modelling and correspondence analysis, and conclusions drawn with respect to theory and practice.

Findings – There was considerable ignorance of formal models of advertising effect. Agencies using them typically favoured the hierarchy-of-effects variants. Although more than a third of the sample eschewed models, there was little evidence of animosity towards advertising theory of itself. Non-adoption was significantly explained by constructs drawn from the academic literature of knowledge dissemination.

Research limitations/implications – It was not possible in this study to establish precise details of agencies’ in-house proprietary models, so the degree to which those reflected either current practice or textbook prescriptions could not be determined.

Practical implications – The study emphasises the pressing need to harmonise formal models of “how advertising works” with conceptual frameworks used by advertising agencies in practice (if any), for the improvement of campaign planning and evaluation.

Originality/value – This is the first empirical study to investigate the extent to which advertising theory is actually used by account planners in advertising agencies.

Keywords Advertising agencies, Advertising effectiveness

Paper type Research paper

Introduction

Models of advertising effect

For several decades, marketing executives and academics have attempted to develop formal theories of “how advertising works” with the aim of facilitating the design of advertisements and the practical execution of campaigns. These theories appear in marketing textbooks and have been taught by marketing educators to successive generations of students in the business and management field. Notable examples of the prescriptive models arising from theories of how advertising works are attention, interest, desire, action (AIDA) and its numerous hierarchy-of-effects derivatives, such as ACIAS, ACALTA, AAPIS, DAGMAR and others (Barry and Howard, 1990), the FCB grid (Vaughn, 1980) and such descendants as the Rossiter-Percy configuration,
and various “affect” and “cognition”-based approaches (Vakratsas and Ambler, 1999). Other conceptual frameworks sometimes employed as a foundation for advertising planning are derived from the disciplines of semiotics (Williamson, 1978; Barthes, 1985), psycholinguistics (Vestergaard and Schroder, 1985; Fairclough, 1989; Bruthiaux, 1996) and discourse analysis (Myers, 1999; Cook, 2001). Semioticians have attempted to conceptualise the way advertising works in terms of how customers define and interpret signs and symbols within messages. Psycholinguists focus on the textual dimensions of advertisements, using linguistic theory. Discourse analysts see language as a prime determinant of the ways in which people ascribe meaning to advertisements. Cook (2001), in particular, proposed that advertisements can be systemically decoded by examining the properties of their textual elements and the relationships among objects in the vicinities of those elements.

Advertising agencies may or may not subscribe to such frameworks. Possibly, the advertising practitioner community has limited awareness of the work of marketing academics and little confidence in their ability to solve practical problems. This is a matter of substantial concern, because formal theories of how advertising works can form a basis for planning an entire advertising campaign. They provide a wider perspective on the advertising process and contribute marketing intelligence to the campaign planning task (Crosier and Pickton, 2003). The advertising agency function charged with the task of providing this input to campaign planning and development is “account planning”. In this particular context, “account” has no connection with financial accounting, but is the term historically used to denote an advertising agency’s client or, more precisely, those elements of its total advertising programme that it sub-contracts to that particular agency: for example, “the XYZ Bank home loans account”. Writing in a special issue of *Marketing Intelligence & Planning* devoted to account planning, Baskin and Pickton (2003) noted how clients as well as agencies benefited from a “disciplined system” for understanding customers and devising campaigns. Account planners unearthed key insights into communications solutions, with advertising modelling constituting a critical element of their role. In the same special issue, Crosier and Pickton (2003) recorded how account planning required integration across the whole marketing communications mix. Advertising models, which had long pedigrees, offered integrated perspectives that facilitated strategic marketing communications thinking and practice. The models had developed substantially over time. Also in that issue, Zambardino and Goodfellow (2003) traced the rapid expansion of integrated account planning from the application of sequential AIDA models in the 1970s to increasingly sophisticated approaches in later decades.

Academics naturally regard the integration of marketing theory and practice as being both valuable and desirable, and believe that it is they who should drive marketing knowledge forward. It is relevant to note in the present context, however, that a firm which puts together its own presumptions about the fundamental determinants of successful creative advertising might be able to gain a competitive edge over its rivals by convincing clients that it possesses unique knowledge of the ways in which customers mentally process and respond to advertisements (Brierley, 1998). Hence, it could use the possession of an independently developed in-house model as a means for inducing clients to believe that the firm offers a superior service (Brockman and Morgan, 1999). Brierley (1998) observed that advertising agencies
“actually differ very little from each other” and offer “essentially the same menu” to clients. Thus, a firm’s conspicuous assertion that it has special insights into the basic constituents of advertising effectiveness could differentiate it from rivals and bestow considerable public relations and reputation-enhancing benefits (Alpert, 1994). On the other hand, the creation in-house of plausible propositions that can be put before clients concerning the elemental nature of advertising could be costly and time-consuming, and clients might not be impressed by them in the first place (Sundbo and Gallouj, 2000). Smaller advertising services providers in particular may lack the time, knowledge and financial resources necessary to nurture in-house their own ideas about how advertising works (Caputo et al., 2002).

Practitioners’ use of academic marketing knowledge
Research-led marketing theory, according to Ottesen and Grønhaug (2004), should help practitioners to understand important issues and hence guide key decisions. Otherwise, they asserted, there was little justification for its existence. Yet, there was a considerable amount of evidence to suggest that the actual utilisation of marketing theory by practitioners was limited, due perhaps to potential users finding the knowledge expounded by academics as arcane, banal, and/or intuitively obvious. Concomitantly, complicated theoretical offerings might be unintelligible to practitioner recipients, who might lack the education and backgrounds necessary to deploy intricate academic knowledge effectively. Advertising executives are busy people and are consequently restricted by the limits of their cognitive capacities. Also, they might demand hard evidence that a particular theory works before they are prepared to subscribe to it (Cohen and Levinthal, 1990).

The examination of evidence is a substantial task that could require close reading of large volumes of technical research literature, most of which will appear in peer-reviewed journals, academic textbooks and the proceedings of international conferences. Few practitioners access these materials, with the consequence, it has been alleged, that academics and practitioners “frequently operate in different worlds with different and often conflicting values, reward systems and languages” (Ottesen and Grønhaug, 2004, p. 522). Tapp (2004, p. 580) similarly noted the presence of a “sizeable gap” between the outlooks of academics and practitioners, with academics “talking to themselves” rather than to the dual community of scholars and practitioners. Indeed, the guest editor’s introduction to a different special issue of Marketing Intelligence & Planning, concerning the divide between marketing academics and practitioners (Brennan, 2004) suggested that the “gap” had in fact become a “chasm” with both the public and private business-to-business sectors believing that much of the discipline of marketing was inaccessible and/or inappropriate. The papers included in that issue revealed problems arising from differences in perceptions of what is important, of what academic marketing programmes should deliver, and of the usefulness of academic marketing journals. A contribution by McCole (2004) emphasised the need for academics to understand recent changes in both the concept and function of marketing and how, in the real world, marketing is carried out. Traditional teachings, he asserted, had to be revised (though not discarded), with marketing texts reflecting contemporary thinking and developments in the field.
Aims of the investigation
The study reported here sought to establish the degree to which a sample of UK advertising agencies subscribed to and thereafter applied (wholly or in part) academic prognostications regarding “how advertising works” to assist them with the creative design of advertisements and the creative dimensions of campaign planning. It examined the factors that induced some (but not other) to adopt and apply theories of advertising effectiveness that substantially corresponded to those described in marketing and advertising textbooks. Research of this nature is vital in view of the allegedly increasing magnitude of the gap between the knowledge that is created by marketing academics and that which is regarded as useful by practitioners (Tapp, 2004). It is also necessary to know why large amounts of academic marketing knowledge are apparently ignored by practitioners (McKenzie et al., 2002). Starkey and Madan (2001) noted the speed with which business needs were changing and that:

… unless business schools respond to the challenge of developing knowledge relevant to the changing situation they run the risk of being replaced by new providers – perhaps management consulting firms or corporate universities perceived as better able to fill the relevance gap.

Factors encouraging adoption
Although the question of whether advertising agencies actually follow academic prescriptions of “how advertising works” has not of itself been investigated (to the best of the authors’ knowledge), the wider literature pertaining to knowledge dissemination offers several indicators of the factors that could encourage a firm to apply academic theories to their work. A review of this literature suggested the following potential influences.

Knowledge and experience of a firm’s employees
An obvious pre-condition for the successful application of theoretical advertising frameworks is that a firm’s employees know that they exist (Rogers, 1995; Cooper, 1998). Moreover, the practical employment of theoretical models will presumably be more effective if a significant number of the organisation’s managers have an understanding of relevant academic propositions (Murphy and Southey, 2003). The existence within a business of well-educated and well-trained employees possessing such knowledge should in principle lead to more sophisticated decision making (Rogers, 1995) and to an improved “absorption capacity” in obtaining the maximum benefits from the application of theoretical concepts (Frambach, 1993). A firm with highly educated employees has greater access to formal marketing knowledge, both in published sources and via face-to-face contacts with knowledgeable peers. Moreover, employees of this nature might be more inclined to:

• to interact with communities outside the organisation, including contacts with academics, professional experts and information suppliers such as software companies; and
• read professional journals and magazines (Walker, 1981).

Knowledge incorporates general technical and professional skills (Caputo et al., 2002) and familiarity with specific concepts, models or leading edge practices
(Murphy and Southey, 2003). Familiarity itself depends in part on experience (Alba and Hutchinson, 1987). Staff with appropriate experience may be recruited from outside the organisation. Speece et al. (2003) argued that the employment of personnel with prior experience of working in large international advertising agencies accelerated the adoption of “best practice” advertising templates.

Involvement with professional bodies
In Britain and a number of other countries, there exist professional bodies, the function of which is to keep their members informed of the latest techniques and developments in marketing (Swan et al., 2000). There are also national trade associations, with memberships comprising firms rather than individuals, that fulfil a similar function. Enterprises that belong to trade associations and/or employ managers who themselves are members of professional bodies are thought more likely than others to absorb and practise sophisticated management methods (Murphy and Southey, 2003). Knowledge transmission may occur through educational courses, publications, conference presentations, and other forums where members can meet and discuss face-to-face the relative advantages and problems of various methods and systems. Knowledge received via professional bodies (especially information transmitted by word-of-mouth) can be extremely influential because it is likely to be better trusted (failures and mistakes will be outlined as well as claimed successes) and since it is possible to question the information source discretely and at length (Swan et al., 2000). Active members of professional bodies will be exposed to a variety of different concepts, ideas, practices and approaches, and this might result in a greater capacity to identify potential areas for improvement (Murphy and Southey, 2003). The details of particular theories of how advertising works and how to apply them will be (or should be) disseminated through professional associations in the advertising and marketing communication field (Rogers, 1995).

Firm size and resource situation
Large organisations may be better equipped to operationalise theoretical axioms than are small businesses because they are likely to possess the specialist staff, software and computing systems and other resources necessary for successful implementation (Damanpour, 1991; Cooper, 1998). Resource considerations might also affect whether a firm devises its own propositions regarding “how advertising works” in-house or relies on pre-existing conceptual frameworks. Moreover, the presence within a large or small organisation of slack resources might encourage in-house activities in this connection (Rogers, 1995). The existence of uncommitted resources allegedly enables a firm to experiment, to “absorb failure, bear the cost of instituting developments, and explore new ideas” (Damanpour, 1991). Also the availability of slack resources can assuage individual managers’ anxieties regarding possible withdrawals of authority and resources from particular individuals, should the application of the frameworks and models they have devised fail to improve performance (Fletcher et al., 1996).

Organisational culture
A business that employs managers with favourable attitudes towards change might have an internal climate conducive to the implementation of intellectually sophisticated ideas and methods (Damanpour, 1991; Martins and Terblanche, 2003).
Some executives are “fascinated by the new and exciting” (Alpert, 1994), and may in consequence have the motivational disposition to develop knowledge of theoretical models of how advertising works (Murphy and Southey, 2003). An “innovative” organisational culture provides shared values that ensure that individual managers continually strive to excel and improve a firm’s performance. Resources will be directed toward the development of creative ideas (Tesluk et al., 1997) and advanced methods will be absorbed into the firm’s internal processes (Tushman and O’Reilly, 1997), with consequent benefits for the firm’s organisation’s structures, policies and administrative practices (Martins and Terblanche, 2003). Managers are socialised into innovative norms (Tesluk et al., 1997). Creative solutions to problems are encouraged, supported and implemented, while failures resulting from experimentation will be tolerated (Judge et al., 1997).

Observation of other businesses
Brierley (1998) noted that the advertising industry is competitive and fast moving, and operates within a commercial environment wherein “anything that works” is “quickly copied by other agencies”. Hence, a firm may observe rival advertising services providers declaring to their clients that they possess unique insights into the advertising process (manifest perhaps in their proclaiming that they have devised their own in-house models of how advertising works) and consequently come to believe that it too should have a theoretical blueprint that it can promote to its clients (Abrahamson, 1996). Rogers (1995) argued that any new method was more likely to be adopted if it could be tried out before final acceptance, and trial could occur vicariously via the observation of other firms or by asking outsiders about their experiences.

According to Brockman and Morgan (1999), rational choices based on independent and logical analysis of the problems that a new method or approach would have to deal with, of the alternatives available and how easily the new method could be applied, were more likely to result in satisfactory outcomes than imitation. This was because imitation created the risk of a firm adopting an approach that the organisation’s managers did not fully understand and which was unsuitable for its requirements. Abrahamson (1996) blamed “management fads” for this situation and noted the damaging influences of certain “fashion setting” management consultants who, he alleged, were “adept at developing rhetorics that encouraged uniform (but often irrelevant) new methods”.

Figure 1 shows diagrammatically the factors suggested in the literature as favourable to adoption of innovations in general, and specifically of concepts, frameworks and models relating to advertising effect. The central hypothesised relationship links a firm’s “organisational knowledge” of theories of advertising effectiveness to the decision to apply them in practice, whether the propositions are drawn without alteration from the pre-existing academic literature or have been nurtured in-house. An enterprise in which managers are fundamentally ignorant of the existence of hypotheses regarding how advertising works may reasonably be anticipated not to base its creative strategies on theoretical models. Figure 1 shows that this mediating variable involving organisational knowledge of advertising theory (OKAT) itself derives from the experience, knowledge and training of employees, the company’s involvement with trade associations and/or its employees’ interactions with professional bodies, and the direct observation of rival businesses successfully
applying theoretical frameworks of how advertising works. Presumably, firms that have existed for long periods have had greater opportunity to acquire and develop knowledge of various approaches to advertising effectiveness than younger enterprises. It is proposed that, independently of an organisation’s knowledge of advertising theory, large advertising service providers may believe that they cannot afford to be seen not to operate elaborate theoretical models of advertising effectiveness (Brierley, 1998; Brockman and Morgan, 1999).

The presence within the company of an innovative organisational culture (IOC) might also encourage the practical application of theoretical principles of how advertising works. Likewise, managers who regard their clients as being favourably inclined towards the application of advertising theory might reasonably be anticipated to adopt and employ an advertising model. Organisational slack (OS) is hypothesised both to exert a direct impact upon and to moderate the strengths of the effects of IOC and of client attitudes on the decision to apply theories of advertising effectiveness. Thus, for instance, a company with a highly innovative internal culture and which has substantial uncommitted resources will probably be much more likely to adopt and develop theoretical advertising constructs than a firm with no spare capacity. Interaction effects concerning:

- innovative organisational culture; and
- client attitudes are also hypothesised to occur vis-à-vis the link between organisational knowledge and the decision to apply theory in actual practice.

**Theoretical approaches considered**

The main purpose of the study was to investigate practitioners’ employment of the academic theories of how advertising works that appear in textbooks and academic journals, with a view to evaluating practitioners’ assessments of the usefulness of these...
theories for advertising planning. Accordingly, the authors and a research assistant
examined all 177 advertising textbooks in the library of their home university and
listed the theoretical models of how advertising works mentioned in each text. A
review of relevant academic journal articles was then completed using the main
electronic academic journal databases and hard copy sources: notably the account of
456 studies of how advertising works by Broadbent (1992) and the review of over 250
journal articles and books on the subject by Vakratsas and Ambler (1999). Three
genres dominated the literature: those based on a hierarchy of effects; those concerned
with cognition or affect; and propositions relating in some way or other to customer
involvement. Every text with a section on “how advertising works” was found to
contain material on the most basic of the hierarchy-of-effect models: AIDA. This
so-called “model” was borrowed by E.K. Strong in 1925 from earlier writings of E. St
Elmo Lewis, to serve as a mnemonic to remind salespeople how to develop a pitch. It
was subsequently transferred to the advertising context by other authors, notably
Daniel Starch, who used it to measure responses to press advertisements (Vakratsas
and Ambler, 1999). Barry and Howard (1990) listed 19 variations of the AIDA
configuration since its inception. AICCA inserted “confidence” and “conviction” before
“action”; AIJA substituted “judgement” for “desire”; AIDMA inserted “memory” before
“action”; and ACALTA stood for “awareness, comprehension, attitude, legitimation,
trial and adoption”. Nevertheless, all of these assume rational consumer buying
behaviour and decision making (Barry and Howard, 1990; Brierley, 1998), and propose
that advertising effects occur in three linear stages: cognition, affect, and behaviour
(Vakratsas and Ambler, 1999).

Cognition approaches also assume that consumer decisions are rational. Thus,
advertising is deemed to be most effective when it focuses on conveying hard
information. However, linearity is not presupposed. Vakratsas and Ambler (1999)
suggested that practitioners tended to give great emphasis to cognition approaches
and the provision of factual information. Affect theories propose that, in order to be
effective, advertisements need to contain noticeable emotional and/or visual elements
rather than hard information about product attributes: see Vakratsas and Ambler for
details of the relevant literature. Involvement approaches suggest that people
deliberately and purposefully identify messages that are of personal interest to them
and filter out those which are not (Petty and Cacioppo, 1986). Hence, the main aim of an
advertisement should be to remind the potential customer of an item’s relevance to a
want or need (practical or emotional). A number of involvement-based frameworks
have been developed, summarised in Belch and Belch (2004, pp. 150-4) all of which
imply that it is essential to analyse carefully and deeply the likely level of product
involvement of the target audience (Ray, 1973). For example, the FCB grid (Vaughn,
1980) recommends informative advertising strategies for highly involving products,
affective strategies for highly involving “feeling” purchases, habit-formation strategies
for low-involvement “thinking” items, and self-satisfaction strategies for
low-involvement “feeling” products, as do Rossiter and Percy (1997).

The study
Drawing on the literature review, a questionnaire was designed to explore the
influences of the factors shown in Figure 1 on decisions to apply advertising
effectiveness theory to practical situations. A first draft was discussed with senior
account planners in ten UK advertising agencies to ensure that it captured all relevant issues, leading to the rewording of certain items before the questionnaire was pre-tested via:

- a mailing to 50 agencies drawn at random from the main sampling frame used for the investigation; and
- administration face-to-face to four advertising executives, in order to observe at first hand their reactions to each of the items.

Twenty of the 50 agencies were creative specialists, and 30 were traditional “full-service” agencies. Analysis of the 11 replies received led to further minor rewordings of a few items. The final questionnaire was then sent to the “head of account planning” in 300 creative agencies and 500 full-service agencies systematically selected from two advertising trade directories. The relative representation of the two categories matched their distribution in the source documents. Account planners were contacted because they analyse clients’ advertising needs and occupy a strategic role within agencies by “distilling insights from consumer research and integrating them into the creative development of advertising programmes” according to Hackley (2003), by modelling advertising effectiveness, developing creative activities around carefully researched propositions based on a proper understanding of consumer behaviour, and exercising creative control over the entire advertising implementation process. The work of an account planner, in the words of Zambardino and Goodfellow (2003), “spans a continuum between grand strategy and ad-tweaking”. Grant et al. (2003) found that, although many agencies did not have employees with the formal title of account planner, they invariably possessed one or more people responsible for the systems and procedures for developing a campaign strategy and then producing creative solutions. Since, these individuals work under a variety of job titles, it was concluded that a letter addressed to the “head of account planning” would be most likely to reach the person undertaking the relevant role.

The questionnaire
The questionnaire began with a section concerning the nature of the firm (creative or full-service agency and possible specialisation in a particular sector), number of employees, length of establishment, and membership of trade or professional associations. This was followed by three items adapted from Fletcher et al. (1996), to measure the levels of education and training of a company’s employees (Appendix, Section A), and three items based on the same source to assess whether the organisation had substantial “slack resources” (Appendix, Section B). IOC was evaluated via four items suggested by Alpert (1994), to be found in the Appendix at Section C. Organisational knowledge of theories of how advertising works was measured by modifying three items from relevant inventories in Bruner and Hensel (1998); see Appendix, Section D. Ad hoc items were used to assess whether many of the firm’s employees belonged to professional bodies and to establish whether the organisation recruited staff who previously had worked in:

- large and well-established agencies;
- multi-national agencies; and/or
agencies that applied formal models of advertising effectiveness when devising campaigns. These are shown in the Appendix at Section E. Apart from the factual information, all items were scored using five-point scales of agreement-disagreement, unless otherwise indicated elsewhere in this account.

The second section of the questionnaire asked the respondents whose agencies did not apply theories of how advertising works to indicate the strengths of their feelings about the reasons, including the issue of client attitudes towards the usefulness of advertising theory, by responding to 12 statement on a five-point scale of importance-unimportance, as shown in Table I. Participants from businesses that did apply advertising effectiveness theory were requested to state whether their approach had been developed in-house or was simply the implementation of a pre-existing framework, and then to rate their evaluations of the reasons why their companies had chosen to adopt or devise a model, by responding to nine statements on

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<th>Mean</th>
<th>Standard deviation</th>
<th>Percentage in A/SA categories</th>
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<tr>
<td>(1)</td>
<td>We have no confidence in the value of formal models of how advertising works</td>
<td>2.45</td>
<td>0.95</td>
<td>11</td>
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<tr>
<td>(2)</td>
<td>Academic models of advertising are too complicated to be applied in practice</td>
<td>3.75</td>
<td>1.12</td>
<td>60</td>
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<td>(3)</td>
<td>The academic models of advertising that are available do not relate to our clients' requirements</td>
<td>3.21</td>
<td>0.92</td>
<td>50</td>
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<td>(4)</td>
<td>We do not have the time or resources to apply or develop advertising models</td>
<td>3.50</td>
<td>1.23</td>
<td>67</td>
</tr>
<tr>
<td>(5)</td>
<td>We do not have staff who possess the requisite knowledge of formal advertising models</td>
<td>3.00</td>
<td>1.08</td>
<td>67</td>
</tr>
<tr>
<td>(6)</td>
<td>There is no demand from clients (NDC) for us to apply a formal advertising model</td>
<td>3.23</td>
<td>1.03</td>
<td>55</td>
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<tr>
<td>(7)</td>
<td>There is not enough hard evidence that academic advertising models are effective</td>
<td>2.51</td>
<td>1.06</td>
<td>15</td>
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<td>(8)</td>
<td>We have never thought of adopting or developing a model</td>
<td>2.89</td>
<td>1.20</td>
<td>28</td>
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<td>(9)</td>
<td>We would like to adopt or develop a model but have simply never got around to doing it</td>
<td>2.83</td>
<td>1.42</td>
<td>54</td>
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<td>(10)</td>
<td>We do not believe that the causes and effects of customer responses to advertising can be modelled in formal ways</td>
<td>3.39</td>
<td>1.20</td>
<td>39</td>
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<td>(11)</td>
<td>We prefer to develop advertising messages and campaigns on a one-to-one basis for each client rather than applying a uniform approach</td>
<td>4.11</td>
<td>0.83</td>
<td>72</td>
</tr>
<tr>
<td>(12)</td>
<td>Intuition and gut feelings are better for devising campaigns than the application of formal models</td>
<td>2.83</td>
<td>1.34</td>
<td>36</td>
</tr>
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Table I. Reasons for ignoring advertising theory
the same five-point scale as before: see Table II. These incorporated items concerning client attitudes towards advertising models: 8, 9, and 5-7. A “miscellaneous” section followed, which included items relating to whether the theory concerned was complicated or easy to apply, the monitoring and evaluation of and satisfaction with the approach employed, and four items regarding whether the scheme had been selected as the result of the observation and imitation of others or through rational choice. The procedure was again to respond to a selection of statement on five-point scales of agreement-disagreement: see Table III.

The final section investigated, in general outline, the basic features of the models of “how advertising works” used by the agencies that were actually employing models, although it was not possible to be precise in this regard. Configurations developed in-house are confidential and represent proprietary information that will not be disclosed to outsiders. Moreover, it was not always feasible to establish, from a reasonably short questionnaire constructed at a level of complexity that would not deter completion, the exact details of the approaches adopted, whether they were bespoke or pre-existing. This was because the characteristics of the various genres described in previous sections sometimes overlap (Parente, 2000). For instance, the Rossiter and Percy (1997) grid (a system that relies heavily on customer involvement) has “awareness” as a necessary pre-condition for advertising effectiveness and thus, like most involvement-based schemes, is “linear” and in that respect compatible with hierarchy-of-effects configurations. Likewise, agencies that emphasise the role of affect or of cognition might follow the AIDA prescription when devising advertisements (Vakratsas and Ambler, 1999). Differentiating factors do exist, however, so that, for instance, an approach which assumes customer rationality is not generally compatible with one based on affect, whilst an affect model that normally recommends the employment of emotional and visual elements in an advertisement at the expense of hard information is quite different from a cognition model that typically advocates the transmission of factual messages.

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<td>1</td>
<td>3.71</td>
<td>1.20</td>
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<td>2</td>
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<td>3</td>
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<td>1.12</td>
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<td>70</td>
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<tr>
<td>9</td>
<td>2.92</td>
<td>1.22</td>
<td>62</td>
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Table II. Reasons for developing a proprietary model

Ad-agency use of advertising models

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Hence, the final section of the questionnaire (Appendix, Section F) asked a series of questions based on textbook descriptions of the fundamental components of various frameworks: affect (F1), cognition (F2); hierarchy of effects (F3); and those related to involvement in some way or other (F4). Additional items asked if a firm’s approach focused on “reminder” advertising and if it considered the stage of the product life cycle that a brand or product occupied at the time of a campaign. The final questionnaire item asked the respondent to say which of the major textbook models he or she had heard of (Appendix, Section G).

After a follow up, 224 completed questionnaires were returned by 72 creative agencies and 152 full-service agencies: 28 per cent of the sampling frame. This response rate is similar to those achieved by other surveys of the advertising agency sector reported in the literature reviewed. The responding firms operated in a wide range of sectors with no single one predominating. Standard checks were completed for the possible existence of early response bias (by comparing the earliest and latest thirds of the received responses) and for content bias (by asking 100 non-respondents to give their reason for non-return, and analysing the replies). No evidence of bias emerged from either exercise.

**Results**
The agencies in the sample had a median of 37 employees and on the average had been in existence for eleven years; only ten per cent had been established for less than five years. Half belonged to at least one trade or professional association. An examination of the means, standard deviations, and correlations among the variables for the 152 full-service and 72 creative agencies did not reveal any meaningfully discernible

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<th>Table III. Selection, nature and use of models</th>
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<tbody>
<tr>
<td>(1) The model we have adopted or developed is not particularly complicated and is easy to use</td>
<td>4.08</td>
<td>0.86</td>
<td>76</td>
</tr>
<tr>
<td>(2) We heavily promote to our clients the fact that we use an advertising model</td>
<td>3.46</td>
<td>1.33</td>
<td>62</td>
</tr>
<tr>
<td>(3) We regularly monitor and evaluate the performance of the model we employ</td>
<td>3.85</td>
<td>1.07</td>
<td>68</td>
</tr>
<tr>
<td>(4) We seek feedback from clients about the effectiveness of our advertising model</td>
<td>2.02</td>
<td>0.87</td>
<td>14</td>
</tr>
<tr>
<td>(5) We continuously monitor the activities, successes and failures of competing firms</td>
<td>2.85</td>
<td>1.28</td>
<td>25</td>
</tr>
<tr>
<td>(6) We felt that we could not afford NOT to have an advertising model</td>
<td>3.55</td>
<td>1.13</td>
<td>54</td>
</tr>
<tr>
<td>(7) Many of our competitors have adopted or developed advertising models</td>
<td>2.92</td>
<td>0.76</td>
<td>23</td>
</tr>
<tr>
<td>(8) Our decision to operate a model resulted from a rational choice made by ourselves independent of what our rivals were doing</td>
<td>2.88</td>
<td>0.98</td>
<td>48</td>
</tr>
<tr>
<td>(9) Overall we have been very pleased with the performance of the model we have adopted/developed</td>
<td>3.78</td>
<td>0.92</td>
<td>64</td>
</tr>
</tbody>
</table>
differences in the patterns of results between the types. Thus, agency category was ignored in the remainder of the analysis.

Thirty-three per cent of the respondents claimed that their agencies had developed their own models of how advertising works in-house; 28 per cent stated that they followed standard pre-existing models to guide their activities. Thus, a clear majority of the agencies subscribed to a theoretical model of some kind. Table I gives the mean values for and the percentages of participants agreeing or strongly agreeing with the questionnaire items completed by respondents in the 87 agencies that did not employ any theoretical framework whatsoever regarding how advertising works. The dominant reason for failing to use a theoretical model was a preference for the unique customisation of messages and campaigns for each individual client, presumably for fear that that the application of a standard framework would inhibit an agency’s capacity to apply this approach (Item 11). Other major reasons offered for not employing a model were the belief that academic theories of advertising are too complicated to be applied in practice (Item 2), the absence of resources, and the lack of the staff needed to apply or develop models (Items 5-6). These last three variables were substantially intercorrelated: $R > 0.55$ in all cases. Perceived lack of client demand (Items 3 and 6) also exerted considerable influence. It is interesting to note, however, that there was little outright opposition to advertising theory 

Table II lists the reasons for having developed an in-house model that were given by the 57 agencies reporting that they had done this. Clearly the use of a proprietary model was seen as an excellent device for promoting the firm (Item 6), for attracting clients (Item 8), and for differentiating the agency from rivals (Item 1). The models involved were employed more for operational guidance (Items 3 and 5). Table III covers a number of miscellaneous issues connected with the employment of models developed in-house. Overwhelmingly, the participants described their agency’s model(s) as uncomplicated and relatively easy to use (Item 1). The performance of in-house models were regularly monitored and evaluated (Item 3), although client feedback was not normally considered. The respondents were generally satisfied with how their models had performed. An important motivation for developing a model was the feeling that the agency could not afford to be without an advertising model (Item 6).

Forty per cent of the respondents in agencies that had developed a model in-house confirmed that they had heard of the hierarchy-of-effects approach, with 36 per cent recognising the acronym AIDA. Forty per cent also knew about the FCB grid; 18 per cent were familiar with the elaboration likelihood model; ten per cent with the Rosser Reeves description of how advertisements should be formulated, and six per cent with the Rossiter-Percy variant. Responses to the question “Which of these models resembles the model you have developed in-house?” revealed that only two of these “textbook” approaches substantially matched the models the sample agencies had devised in-house: elaboration likelihood (18 per cent), and AIDA (12 per cent). Fewer
than five per cent of the respondents reported similarities between the model they employed and any of the other approaches.

As regards the respondents in agencies that used pre-existing models not developed internally, 50 per cent stated that they knew about the hierarchy-of-effects approach, with 20 per cent recognising the term AIDA; 38 per cent were familiar with the FCB grid, 25 per cent with the elaboration likelihood model, 20 per cent with Rosser Reeves and 12 per cent with Rossiter-Percy. The pre-existing model upon which a firm’s approach was based was reported to be the hierarchy of effects scheme in 46 per cent of the agencies, elaboration likelihood in 31 per cent and Rosser Reeves in 19 per cent. Rossiter-Percy and the FCB grid scored eleven per cent and nine per cent, respectively. (These figures do not total 100 because some respondents ticked more than one box, indicating that mixtures of the models cited would be employed in appropriate circumstances.)

**Test of the model**

**Formation of variables.** Items 1-3 in Section A of the Appendix, concerning the levels of education of a firm’s employees, did not intercorrelate significantly and thus were used as stand-alone variables. The four slack-resources items in Section B were factor-analysed, a one-dimensional solution emerging ($\lambda = 3.01$, Cronbach’s $\alpha = 0.88$). A single-factor solution also arose in respect of the four “IOC” items in Section C ($\lambda = 3.11$, $\alpha = 0.86$). Hence, the items in Sections B and C were averaged to form a composite scale. The two items in Section D measuring organisational knowledge of how advertising works were substantially intercorrelated ($R = 0.71$) and were therefore combined. In Section E, Items 2 and 3, relating to the recruitment of staff who previously worked for large and well-known agencies or for multinational agencies, were significantly correlated, and consequently averaged into a composite scale. The two remaining items in that section were left as separate variables. A factor analysis of the 21 items in Section F generated four significant factors, as expected a priori. However, the variances of F1 (1) and F5 (2 and 1-4) were spread relatively evenly across all the factors and were therefore removed from the analysis. Composite scales were created for the remaining items for affect ($\lambda = 2.99$, $\alpha = 0.78$), cognition ($\lambda = 2.88$, $\alpha = 0.75$), hierarchy of effects ($\lambda = 3.33$, $\alpha = 0.89$) and involvement ($\lambda = 2.89$, $\alpha = 0.84$). This factor structure was confirmed via the CFA procedure available in the AMOS 5 software package.

**Parameter estimates.** The model shown in Figure 1 was tested by the structural equation modelling facility of AMOS 5, with the dependent variable assuming the value of 1 if a firm had either developed its own model in-house or subscribed to a pre-existing theory, and zero otherwise. As this constitutes a non-metric measure, the parameter values and associated standard errors of the Figure 1 pathways were computed through the AMOS 5 bootstrapping procedure. (An agency’s membership of professional bodies was also measured nominally.) All the moderating variables were mean-centred to avoid multicollinearity. Table IV shows the statistically significant parameters ($p < 0.05$). The model was then re-run, firstly to compare the 74 agencies that had developed a model in-house against the 87 that did not subscribe to any sort of model, and secondly to contrast the 63 that employed a pre-existing approach they had not devised themselves with the 87 agencies that did not follow a model. However, the outcomes of the last two estimations did not differ substantially from those of the
initial all-sample estimation. There were no significant disparities concerning the variables that explained the adoption of a bespoke in-house model and those associated with the use of a pre-existing approach. Hence, Table IV lists only the results for the all-sample data.

It can be seen from Table IV that every variable shown in Figure 1 except firm size and length of establishment exerted significant direct influences on the relevant dependent variable. Moreover, the existence of an innovative culture within an agency was likely to strengthen the connection between the possession of knowledge about advertising theory and the use of an advertising model. As predicted, the presence of OS moderated the impact of innovative culture upwards but, contrary to expectations, did not moderate the influence of organisational knowledge. Client attitudes had a direct but not moderating effect on model adoption. Overall, the configuration shown in Figure 1 provided a sound fit to the data: GFI = 0.88, AGFI = 0.83, RMSEA = 0.04, model $\chi^2$ (90 df) = 118.1, $p = 0.9$.

Correspondence analysis. To obtain an overall picture of the organisational factors associated with each of the various approaches, a correspondence analysis was completed using the SPSS HOMALS software package. Agencies with responses that fell in the top two categories of the composite for the employment of the “affect” approach (accounting for 18 per cent of the 137 agencies using models) were coded at a value of 1 and zero otherwise, as were the cognition (14 per cent of the 137 cases), hierarchy of effects (37 per cent) and involvement (23 per cent) composites. Seven of the agencies responded in the top two categories of more than one composite and thus were deleted from the analysis, leaving a distinct four-way mutually exclusive classification of the remaining 130 organisations. Other composites and stand-alone items were dichotomised in terms of whether a firm’s response fell in the top two categories of the relevant variable (coded at 1) or in the bottom two divisions (coded at zero). Figure 2 shows the significant clusters in Table V to emerge from the exercise. A two-dimensional solution was selected, since the addition of a third dimension

<table>
<thead>
<tr>
<th>Variable</th>
<th>$\beta$</th>
<th>$T$-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm tends to employ staff who have formal marketing and/or advertising qualifications</td>
<td>0.44</td>
<td>(7.07)</td>
</tr>
<tr>
<td>Firm belongs to at least one trade or professional association</td>
<td>0.21</td>
<td>(2.06)</td>
</tr>
<tr>
<td>Firm recruits staff with experience of working in large multi-national agencies</td>
<td>0.33</td>
<td>(3.07)</td>
</tr>
<tr>
<td>Firm continuously monitors the activities of competing agencies (see Table III, Item 5)</td>
<td>0.19</td>
<td>(1.99)</td>
</tr>
<tr>
<td>OKAT</td>
<td>0.29</td>
<td>(4.04)</td>
</tr>
<tr>
<td>IOC</td>
<td>0.27</td>
<td>(3.91)</td>
</tr>
<tr>
<td>OS</td>
<td>0.24</td>
<td>(2.85)</td>
</tr>
<tr>
<td>There is NDC for the firm to apply a formal advertising model (see Table I, Item 6)</td>
<td>$-0.33$</td>
<td>(5.51)</td>
</tr>
<tr>
<td>(OS) × (IOC)</td>
<td>0.04</td>
<td>(3.55)</td>
</tr>
<tr>
<td>(OKAT) × (IOC)</td>
<td>0.03</td>
<td>(3.22)</td>
</tr>
</tbody>
</table>

Table IV. Parameter estimates

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Ad-agency use of advertising models
reduced the Kruskal stress coefficient by just 14 per cent (from 0.28 to 0.24), while the inclusion of a fourth dimension would have caused the stress coefficient to fall by barely four per cent. The first two eigenvalues explained 77.3 per cent of total inertia. Figure 2 and Table V display only the variables with dimensional factor loadings exceeding 0.5, the criterion recommended by Hair et al. (1998).

The variables involved in the clusters suggest that the first dimension, which according to Table V is heavily associated with the absence of innovative culture and a paucity of proactive marketing, may conveniently be labelled “conservatism”. Figure 2 shows conservatism with high values near the origin. Dimension 2 has been designated “organisational knowledge” as it consists mainly of variables connected with
knowledge and advertising qualifications. It is evident from Figure 2 that the use of hierarchy-of-effects approaches is closely associated with high conservatism and low organisational knowledge. Agencies that employed models based on hierarchy-of-effects elements tended to lack innovative culture, and to be less proactive in respect of competitor analysis and model promotion. Agencies with high OKAT were more inclined to apply involvement models. This was also true also for longer-established agencies. (Cognition-based approaches were not associated with any particular grouping of agency characteristics.)

Conclusion
The generic hierarchy-of-effects configuration was the most popular among agencies that did employ any model. However, it use was most prevalent among agencies that lacked an innovatory culture and possessed little OKAT. This model was also the best known among respondents. In general, nevertheless, there was considerable ignorance among the sample members of “textbook” advertising models. For instance, less than half the account planners in agencies that used a model actually recognised the term “hierarchy of effects”. The proportion of respondents who stated that they knew about the other models listed in the final section of the questionnaire ranged from nine to 38 per cent. Notwithstanding the respondents’ lack of familiarity with the names of these standard models, the elements of the approaches that agencies actually applied did factor into genres corresponding with well-known theoretical configurations. The main benefits ascribed to the in-house development of an advertising model focused on an agency’s ability to use the possession of a proprietary model to differentiate itself from rivals and to project a professional image.

Although well over a third of the sample eschewed the use of advertising models, there was little to suggest the presence of animosity towards advertising theory of itself. Only just over one in ten of the account planners in agencies that did not follow a model of how advertising works agreed or strongly agreed that they had “no confidence” in advertising theory. Similarly, just 15 per cent agreed that there was “no hard evidence” of the value of theoretical models. Rather, it appeared that the failure to employ a model was substantially due to resource constraints, time pressures, and not having staff who possessed the requisite knowledge. A little over half of respondents in agencies lacking a model agreed or strongly agreed that they would like to adopt or develop one. Those in agencies that used advertising models were generally satisfied with their models’ performances.

Constructs drawn from the academic literature on knowledge dissemination worked well as independent variables helping to explain decisions to employ a model. An agency’s membership of a professional body contributed significantly to the likelihood that it would report a high level of OKAT. Thus, to the extent that agencies without models would like to acquire more information about the options available and their qualities, joining an appropriate professional body, such as the Institute of Practitioners in Advertising in the UK, would be a beneficial move. Likewise, OKAT was greater within agencies that hired people with formal marketing or advertising qualifications, such as those offered worldwide by the UK-based Chartered Institute of Marketing. Hence, an agency that wishes to improve its stock of knowledge of how advertising works would be well advised to recruit individuals who have obtained qualifications of this nature.
A number of limitations need to be mentioned in relation to the research. Less than a third of the sampling frame returned the questionnaire, and it is conceivable that those respondents might consist disproportionately of account planners in agencies that did use models rather than others in those that ignored advertising theory. However, there are no a priori grounds for concluding that the results obtained from agencies that did not subscribe to models are not generalisable.

A more significant problem with the study was perhaps the fact that it was not possible to establish the precise details of the in-house proprietary models that agencies were actually using, and hence to establish the degree to which the treatments in academic textbooks reflected current practice. This is an important area for future research, as it is obviously desirable that the models described there are those applied within the advertising industry. Otherwise, practitioners will eschew any academic model of “how advertising works” possibly resulting in their seeking advice only from consultants. It is not clear how this conundrum can be resolved, because a proprietary model constitutes a valuable and necessary confidential corporate asset. Possibly a government agency or a professional body in the advertising field might be able to cajole agencies into disclose their essential characteristics, for the purpose of creating a synthesis of contemporary approaches to be disseminated to the academic community.

Future research might include comparisons of the advertising theories employed by agencies in different countries, and exploration of the influences of a wider range of variables than those covered by the present study. Another topic worthy of additional investigation is the impact on agencies’ modelling procedures of the ever increasing availability of computer software for advertising planning. To what extent do agencies construct their models around the features and capacities of these packages, if at all? Such matters are important because, in the broader business and strategic management contexts, the employment of advertising models has the capacity to inform and facilitate marketing planning as a whole. Their use encourages the astute application of knowledge and understanding about the market (Baskin and Pickton, 2003) and provides a means for evaluating creative work and campaign performance (Zambardino and Goodfellow, 2003). It is essential, therefore, that theory and practice concerning advertising planning do not diverge to any substantial extent.

References


Further reading

Appendix. Questionnaire items

A. Education and training
   (1) Managers employed by this firm are well qualified academically.
   (2) Managers in this firm concerned with advertising tend to possess a formal marketing and/or advertising qualification.
   (3) Managers in this firm concerned with advertising and marketing have attended many short courses and training programmes devoted to advertising and marketing.

B. Slack resources
   (1) If any of our departments concerned with the creative design of advertisements wanted to expand its activities a substantial amount of resources would be available.
   (2) We have people readily available to implement new approaches to the creative design of advertisements and campaigns.
   (3) Not all of the firm’s resources available for advertising campaign planning have been fully committed.

C. Innovative organisational culture
   (1) If a new advertising idea or technique emerges “we’ve just got to have it”.
   (2) This firm always seeks the novel and the really new.
   (3) We will adopt the latest advertising management methods even if they are very expensive to implement.
   (4) This firm actively encourages its employees to challenge its existing advertising strategies, approaches and methods.

D. Organisational knowledge of theories of how advertising works
   (1) This firm has employees who possess a detailed and extensive knowledge of academic theories of how advertising works.
   (2) We have employees who can identify those aspects of advertising models that are most likely to succeed or fail.

E. The agency’s employees
   (1) Many of the firm’s managers concerned with advertising and marketing belong to professional bodies (e.g. the Chartered Institute of Marketing).
   (2) This firm recruits employees who previously have worked for large and well-known advertising agencies or consultancies.
   (3) This firm recruits staff who previously have worked for multi-national advertising agencies.
F. Model features

(1) Affect
- When planning our creative strategies we consider it extremely important to use emotional appeals.
- When planning our creative strategies, we always consider it more effective to use emotional appeals for products such as liquid bleach and toilet paper.
- We tend to assume that it is usually more important to generate favourable overall images of a brand than to emphasise specific facts about the brand.
- Our approach tends to emphasise the emotional and visual elements of advertisements, not hard information.
- Our approach tends to place greater emphasis on inducing positive feelings, liking and emotions in relation to a brand or product than on providing factual information.

(2) Cognition
- We normally recommend advertisements and campaigns that emphasise the provision of factual information to customers.
- We believe that it is more important to know how customers think about a brand or product than to know how they feel about the brand or product.
- We normally assume that customers are rational.
- We consider rational arguments more applicable to products such as car insurance.

(3) Hierarchy of effects
- Our approach tends to assume that advertising effects occur over a period of time.
- We believe that creating attention and awareness of the brand must always be the first goal of advertising.
- Our approach tends to pre-assume that customers are systematic in their decision-making processes and make their decisions in an ordered manner.
- Our approach tends to assume that customers will not buy unless advertisements have first aroused strong interest in and liking for the brand or product.

(4) Involvement
- We believe that it is usually necessary to consider and analyse very carefully each potential customer group’s level of personal involvement with a product.
- We prioritise message themes that seek to increase the customer’s involvement with the brand or product.
- We believe that is normally necessary to consider and analyse carefully the personal relevance of a product to each potential customer group.
- We believe that it is usually necessary to consider and analyse very carefully each potential customer group’s innate motivation to mentally process the information given in advertisements.

(5) Miscellaneous
- We usually consider the stage of its product life cycle that a brand or product happens to be in when we devise campaigns.
Our approach emphasises the need to remind customers of the existence of a product rather than to make specific promises within advertising messages.

- We tend to focus more on the need to expose the customer to a brand or product than on the provision of hard information.
- As consumers of TV advertisements are passive recipients of information, it is more important in our creative planning to use music and humour in order to appeal to their emotions.

G. Familiarity with models
The respondents were asked which of the following models of “how advertising works” they were familiar with, and (assuming they recognised any of the models) which of them was closest to the approach employed by their agency:

- AIDA/FCB/Rossiter-Percy/elaboration likelihood/Rosser Reeves/hierarchy of effects.

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