

# Appointing an Advertising Agency

*Expert knowledge means success*



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Note: This publication has not been updated since it was last published. Some of the hyperlinks may have changed and may need updating. In addition, some of the information in this publication may be out of date.

## Introduction

This Publication aims to help you in choosing and appointing an advertising agency. It suggests ways in which the relationship between you and the agency can be optimised to ensure the best results from the relationship.

The procedures for appointing an advertising agency vary according to the size of project and the type of advertising involved - remember that selecting an advertising agency is a very complex matter:

- You require professionalism, patience, an understanding of your personal style and philosophy;
- You expect responsiveness, direction, resources and most of all - creativity and attention to detail.

### Definition of Advertising

#### *To advertise:*

1. to tell about or praise (a product, service, etc.) publicly, as through newspapers, handouts, radio, TV, etc., so as to make people want to buy it;
2. to make known; give notice of;
3. to call the public's attention to.

#### *An advertisement:*

1. the act of advertising;
2. a public notice or announcement, usually paid for, as of things for sale, needs, etc.

Thus, "advertising" is a sales effort that uses the mass media to bring a product (or service) to the attention of potential and current customers and is typically done with signs, brochures, commercials, direct mailings or e-mail messages, personal contact, etc.

## What do Advertising Agencies do?

Advertising agencies specialise in the planning, design, production and media buying of campaigns on behalf of client businesses who advertise.

Advertising agencies provide in-depth knowledge of the disciplines involved in marketing and advertising, together with the creative inspiration required to develop effective ideas.

Agency fees/charges vary depending upon type and volume of work and the calibre of personnel involved. Of course, if the agency achieves measurable results, their fees will be outweighed by the additional revenue and profits they generate.

The dynamics of an advertising campaign, beyond just its content, can have a distinct influence on buyers' impressions of the firm. Those suppliers seeking the advantages of being perceived as having greater resources, being an industry leader and being more experienced should utilise the strategy of larger, more colourful, more frequent advertising.

Choosing the right advertising agency is just as important to a small company as it is to a larger one. The reason is that advertising plays such an important role in the marketing of a product or service. In a study performed in the U.S. for Cahner's Publications of Boston ([www.cahnerscarr.com](http://www.cahnerscarr.com)), buyers were asked if they were aware of a product prior to seeing its advertisement. Six out of ten said no; in a similar study, nine out of 10 said they would buy an advertised product rather than one that had not been promoted. With so much riding on public perception, it's important that the people who create your advertising understand your business and your goals.

## Choosing an Advertising Agency

*Yellow Pages* and *Thomson Directories* will contain the advertising agencies based in your area.

The *Advertisers Annual* also gives comprehensive information. Contact their new business directors and ask them to send you details of how they work (agency profile) and some examples of their recent work. They will do this freely and without obligation.

*The Institute of Practitioners in Advertising (IPA)* is the professional body representing advertising agencies. Members have to satisfy a number of criteria relating to business practice prior to acceptance, so you may wish to seek their advice. You can call the IPA on 020 7235 7020.

### Advertising is salesmanship in print

The definition of advertising can be traced back to an agency called Lord & Thomas in Chicago at the start of the last century.

John E. Kennedy was hired by Lord & Thomas after he defined advertising in this way: "Advertising is salesmanship in print".

Trade magazines such as *Campaign*, *Marketing*, *Marketing Week*, *The Drum* and *Adline* provide independent comment and review on agencies. Consider studying these before going further.

*The AAR Group* (020 7612 1200) - [www.aargroup.co.uk/](http://www.aargroup.co.uk/) - provide a confidential service to potential advertisers. They have a library of agency presentations and specialise in matching client and agency needs.

Some things to consider when choosing an advertising agency are:

- The size of the advertising agency compared to your business;
- The range of services provided;
- What is the quality, relevance and economic viability of the creative strategies offered?
- Does the agency have relevant experience in the area of work you require?
- Does the agency have relevant experience of the user group or customers you are aiming to influence by advertising?
- Are you happy with the agency's client portfolio, track record and reputation?
- What is the professional relationship and ability of the agency to contribute to the overall perspective of the project?
- Does the agency have people you feel you can work well with?

The agency needs to have a good understanding not only of your business but also of your expectations. It pays dividends to spend time and effort choosing the right agency to work with and to build long term relationships with them. This allows the agency to develop its understanding of your business and working practices, leading to greater efficiency and effectiveness. A good relationship with an agency doesn't stop with their appointment – it's important to evaluate the effectiveness of each project they undertake against a set of specified, performance-related objectives.

## The stages in choosing an Advertising Agency

- Prepare an outline brief for the project;
- Research a shortlist of agencies you believe are qualified to do the job;
- Present your outline brief to the shortlisted agencies and invite proposals from them;
- Assess the proposals and select the advertising agency you wish to work with;
- Agree the terms of business with the agency for the project and confirm their appointment.

## Briefing the Agency

Choosing the right advertising agency to work with is vital to the success of any project. The first stage in choosing an agency is to think through what is required and write it down in an outline brief. This needs to contain sufficient information to enable shortlisted agencies to assess the nature and amount of work involved, what you're hoping to achieve, when the project is to be completed and how much you want to spend – so they can prepare proposals in response.

The brief is the document that describes what is required at the end of the project and the success criteria. It is created from a good understanding of the issues found by defining the requirements with the greatest clarity possible. A good brief directly affects the success of the outcome. It describes all relevant constraints, such as cost, materials and quality. It should define the deadlines for the deliverables and the checkpoints along the way and give a clear description of the role of each of the team participants. Thus, the brief is fundamental to choosing the right advertising agency for the job and should be clear and well considered, covering:

- Background information - include information about your organisation, the subject and context of the project, and the reasons why an advertising agency is being called in.
- The nature of the project - describe the scope and nature of the advertising project.
- Market research - is existing market research available and do you plan to use research during the project? Will the advertising agency be responsible for commissioning research?
- Marketing background - give as much information as possible on the marketing and business background to the project. Include full details of the product or service in question: its history, positioning, market share, distribution, competitive products, etc.
- Project objectives - be as specific as possible. Do not simply say 'advertise product x'. Tell the agency what the project is expected to achieve: increased sales, market share gains, lower manufacturing costs, etc.
- Target audience - describe the desired target market for the product or service in question.
- Timing - when is the completed work required (actual date)? In what form will the work be expected?

## Finding an advertising agency

A business hoping to find an advertising agency may:

- Look in professional magazines;
- Study local advertisements;
- Put the project to tender in publications;
- Ask other businesses for a recommendation.

- Approvals - who will approve the work at each stage? Is it the marketing manager, or will Board approval be required at critical stages?
- Budget - be clear as to whether the budget is to include all fees, expenses and implementation costs. If you require the agency to estimate costs, be aware that this may not be possible until a particular creative approach has been agreed.
- Constraints - give details of manufacturing, technical or design constraints, including any corporate guidelines on use of logos, colour, typefaces, etc.
- Corporate design or environmental policies - refer to corporate environmental or design policies likely to affect the advertising proposals.

## Short listing

With the outline brief complete you can draw up a shortlist of likely agencies. To narrow down the field, check out which agencies offer the relevant skills; what their portfolio is like; their history and recent track record; if they're the right size to handle your project and where they are based.

Having prepared your outline brief and thought about the nature and scope of the project, you can draw up a shortlist of suitable agencies to carry out the project.

Shortlist the prospective advertising agencies according to the following criteria:

- Relevance of their creative skills to your project.
- Experience as seen in recent work for other clients.
- History of the agency and track record.
- The size of the agency in relation to the size of the project.
- Their location.

Keep the shortlist short. Remember that in order to get properly considered proposals from the shortlisted agencies you will need to devote significant time to briefing them and answering questions arising from the brief. If you have done your homework properly, a shortlist of three should give you sufficient choice.

## Credentials presentation

Inviting a 'credentials presentation' is a good way of finding out more about an agency and its work. The agency will usually show a selection of its work and explain its approach to projects. Look for evidence of expertise in particular markets, information about the skills available plus indication of whether you will work well together. Discuss the agency's approach to project management and client liaison and its methods of charging.

Agencies will gladly provide a credentials' presentation, during which they will guide you through work carried out for existing clients. At this stage, you should ask about costs and whether the agency works on a fixed fee, an ad hoc fee, or a commission basis.

## Invitation to propose

You are now in a position to invite proposals from the shortlisted agencies. Proposals in response to your outline brief will normally be delivered at a face-to-face presentation when you will meet the members of the agency team allocated to your project. For small projects, or situations where the advertising agency is already on board, a presentation may not be necessary.

Give the agencies sufficient time to think about the project before they submit proposals. For a small project, especially where you have worked with the agency before, a simple letter outlining the work and confirming the terms may be all that is required. More complex projects may, warrant a document running to several pages, and this will take time to prepare. If you are not sure how long the agencies will need, discuss this with them.

Make sure you are available to discuss and clarify points in the brief. This is in your interest since it will contribute to the quality of the final proposal. Likewise, respond positively to reasonable requests for further background information on your organisation or the project.

### Why it's important to get it right

The selection and retention of the right advertising agency is critical for a client because of the key role that the agency is able to play in promoting the company and its brands, thus enhancing its ultimate profitability. Long-term relationships benefit the health of the brand.

Assessment of design skills, and whether they are appropriate to the project, can best be made by discussing previous projects. If any creative work is required, it is best practice to agree a fee, bearing in mind that creative work is the currency of creative people and it is unfair to expect them to utilise these skills without remuneration.

Proposals should include:

- A full response to the brief, demonstrating understanding of the issues to be tackled and showing how the project objectives will be met.
- Details of a specific programme of work to be carried out.
- Details of the team who will work on the project.
- The agency's terms and conditions of business.
- A clear statement of fees and expenses.

## Costs

Advertising agencies may charge commissions but most are into fee-based billings. Fees for service arrangements can be confusing so many clients ask for project billings. It's your money so make sure you're comfortable with the arrangement whatever it is.

The costs involved in an advertising assignment consist of:

- Creative and design fees;
- Media costs and other expenses;
- Implementation costs.

The agency should be able to give detailed estimates for a fully defined programme of work. If your project involves an exploratory stage which will determine the scope of future work, the agency can be expected to give only a broad estimate of fees and costs for later stages of the project.

A handling charge is often added to outside costs, and it's worth clarifying this point upfront. Extra work resulting from a change in the brief, or that hadn't originally been anticipated, will be charged accordingly. It's a good idea to estimate this separately and agree extra costs in writing before giving the advertising agency the go-ahead.

If, in the course of the project, the brief changes, or some extra work not anticipated in the proposal is requested, considerable work may be involved and will be charged

accordingly. Estimates should be requested, and it is advisable to agree extra costs in writing before instructing the agency to go ahead.

## Appointing the Agency

You should confirm the appointment of the successful agency in writing. This will form the basis of the contract for the project. The Letter of Appointment should accompany a Schedule of Services and Conditions, which should clearly lay out everything to be undertaken by the agency.

The advertising agency will advise if there is a need for additional specialist or professional services within the project outside the normal expertise of an advertising agency – however, it's usually best to keep such appointments separately.

Having met them, you can review how impressed you are with what you have seen and heard. You are now in a position to gauge how impressed your audience might be with the work the agency will do for you.

If you cannot decide on this basis, you should invite a selection of agencies (usually no more than three) to compete for your business. This is known as a “pitch”. You must prepare and issue a brief, specifying what you wish to achieve and inviting them to present a strategy and creative ideas for your business. Remember to insist that each agency outlines how they plan to monitor advertising effectiveness. Once appointed, they have to be prepared to be judged on the basis of results. Finally, you should specify a budget, as this has a major impact upon the approaches recommended. Some agencies will not present ideas without receiving a *pitching fee*. You should not discriminate against them because of this basis, as it means they are unwilling to increase their overheads to existing clients by seeking new work for themselves. If you become their client, you will appreciate this loyal approach.

When the agencies present their proposals, you will then be in a position to choose your agency based upon work they have prepared for you.

Further and more detailed information on appointing an advertising agency is contained in the Joint Industry Guidelines on Agency Search - this is a set of guidance notes, available to both advertisers and advertising agencies, jointly produced by:

- The Incorporated Society of British Advertisers  
[www.isba.org.uk](http://www.isba.org.uk)
- The Institute of Practitioners in Advertising  
[www.ipa.co.uk](http://www.ipa.co.uk)
- The Direct Marketing Association  
[www.dma.org.uk](http://www.dma.org.uk)
- The Marketing Communication Agencies Association  
[www.marketingagencies.org.uk/](http://www.marketingagencies.org.uk/)
- The Public Relations Consultants Association  
[www.prca.org.uk/](http://www.prca.org.uk/)

## Sources of Help

- The Advertising Association, 7th Floor North Artillery House 11-19 Artillery Row London SW1P 1RT  
Tel: +44 (0) 20 7340 1100  
Email: [aa@adassoc.org.uk](mailto:aa@adassoc.org.uk)  
[www.adassoc.org.uk](http://www.adassoc.org.uk)
- The Advertisers Annual  
Published annually by Hollis Directories,  
Tel: +44 (0) 20 8977 7711
- The Account List File (ALF) incorporating BRAD Agencies & Advertisers  
Published monthly by: BRAD Group,  
Tel: +44 (0) 20 7505 8000
- Standard Directory of International Advertisers & Agencies  
Published annually by: National Register Publishing. Order through Bowker-Saur Ltd  
Tel: +44 (0) 1342 330 100

- Campaign Report: Top 300 Agencies  
Published annually by: Haymarket Tel: +44 (0) 20 8267 4310
- British Design and Art Direction Association Annual  
Published annually by: Design and Art Direction Association  
Tel: +44 (0) 20 7840 1111
- Adforum  
"Contact information for thousands of agencies worldwide":  
[www.adforum.com](http://www.adforum.com)
- European Association of Communications Agencies  
Contains, inter alia, contact lists of advertising agency associations in Europe and internationally. [www.eaca.be](http://www.eaca.be)
- Institute of Practitioners in Advertising  
The IPA has its own site with a list of its member advertising agencies: [www.ipa.co.uk](http://www.ipa.co.uk)
- The Marketing and Creative Handbook  
The online version of this directory includes advertising agencies and other creative and marketing companies:  
[www.mch.co.uk/index.html](http://www.mch.co.uk/index.html)

## Further Information

This guide is for general interest - it is always essential to take advice on specific issues. We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

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Publication issued or updated on: 16 January 2012

Ref: 592

