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Determinants of assessing the quality of advertising services - The perspective of enterprises active and inactive in advertising

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ABSTRACT

This paper provides a comparative analysis of the perception of advertising services, addressing the intensity of advertising services and the evaluation of advertising quality. Using multidimensional scaling techniques for 505 enterprises in Poland, the authors demonstrate that managers employ different criteria to assess the quality of advertising services. The selection of these criteria is influenced by the company's size and its experience co-operating with advertising agencies. A statistically significant relationship occurred between the size of the company and the choice to use or not to use the services of advertising agencies, the companies' choice to use or not to use the services of advertising agencies and the perception of the importance of factors that determine advertising agencies' quality by the managers of these companies.

1. Introduction

Professional advertising is a young field in Poland. The country's shift from a command to a market economy 20 years ago prompted companies to demand more sophisticated advertising services; this demand generated supply. The era when every product was easily sold out due to shortages of goods is over, which has stimulated companies' interest in advertising services. Additionally, international companies that needed to use the services of companies providing advertising gradually began to enter the Polish market (Nowacki & Strużycki, 2002, pp. 205–252). In the years from 2009 to 2015, the number of entities in Poland's advertising market grew by > 25%, and the value of advertising expenditure grew by almost 10% (Nowacki, 2016). Currently, the key issue for companies is to ensure that they receive appropriate quality of advertising services. However, the concept of appropriate quality is ambiguous due to the large number of factors involved (Cagley, 1986). Entrepreneurs assign different priorities to these factors; they also differ with regard to the awareness and perception of quality as well as in their perception of the factors that affect the quality of advertising services. This article focuses on the perception of the quality of advertising services. It aims to compare the assessments and opinions of two groups: companies that use advertising services and those that do not use them. The presented analysis covers the following research questions concerning the scale of the use of advertising services:

- Does the size of the business influence the use of advertising agencies?
- Does the size of the business influence the evaluation of the factors that affect the quality of the services provided by advertising agencies?
- Does the fact that businesses use the services of advertising agencies influence the evaluation of the criteria (factors) affecting the quality of services provided by advertising agencies?
- How do companies that use advertising agency services and those that do not use these services differ with regard to the evaluation of the factors (criteria) impacting the quality of services provided by advertising agencies?

The research hypotheses presented in the latter part of the paper derive from the research questions.

The research approach presented in this article is different from the one applied in most studies that focus on the perspective of the service recipient. These studies primarily show how to choose advertising services, whereas this article focuses on how to offer them and whether they include an innovative dimension. Research concerning advertising agency-customer relations and clients' perceptions of the quality of advertising services allows advertising agencies to prepare strategies adapted to the needs of different types of clients. This allows the advertising agencies to identify which groups of components that affect quality should or should not be emphasized.

The structure of the article is as follows. It begins with a literature

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review concerning the quality of advertising services. Then, the article presents a description of the research sample and the hypotheses, followed by the description of the research results. The article ends with a discussion of the results and conclusions.

2. Theoretical framework

2.1. Advertising services and their importance for businesses

Advertising has two prominent definitions. First, advertising is understood as any paid form of non-personal communication about an organization, product, service or idea to an identified sponsor (Alexander, 1965; Sheehan, 2014). Second, advertising refers to quality. Deming turned the attention of business to quality and strongly proposed the integration of new solutions aimed at ensuring quality into the activities of businesses (Stoma, 2012). Although he advocated for delivering a predictable level of homogeneity and reliability at the lowest possible costs and adjusting to market requirements, Ishikawa linked the idea of quality closely to client satisfaction (Stoma, 2012). With customer-centric orientation, quality is seen as the degree of the buyer's satisfaction in having his needs met or compliance with his requirements (Oakland, 2000). Transferring the abovementioned definitions to the area of services, it appears that a service has adequate quality if its implementation meets or exceeds customers' expectations (Grönroos, 2000; Zeithaml, Parasuraman, & Berry, 1990). The concept of the quality of services seems to have two aspects: technical and functional. The former refers to the result of operational processes (i.e., market impact and the effect of their use), whereas the latter refers to the relationship between their provider and their recipient.

Advertising is an important tool for companies. To capture consumers' attention, companies must engage in fierce competition on an unprecedented scale. Arens, Schaefer, and Weigold (2009) argue that economic growth requires advertising as it becomes the driving force of free competition. Sanayei, Javadi, and Baluchianzade (2012) believe that modern advertising has a complex nature; its role might be placed within mass market communication, art, economics and the socio-cultural environment. Advertising services include two types of activities: advertising agencies (i.e., companies that specialize in the creation, production, and placement of advertising messages and that may provide other services that facilitate marketing communications) (Belch & Belch, 2009) and activity related to media representation (Nowacki & Strużycki, 2011).

With ever-tougher competition and ever-better market communication, the significance of advertising services in business activity continues to grow. Hence, there is an increasing supply of advertising services globally in terms of both the number of service providers and higher advertising expenses (Faisal & Khan, 2008). According to ZenithOptimedia, global advertising expenditures are growing at a rate of > 4% per year; their value in 2016 reached almost 550 billion USD, and in 2018, it is projected to be nearly \$600 billion (Pallus, 2016). Chinese markets show the highest dynamics (Adspend database, 2016). In China, in addition to the increase in advertising expenditures over the years, we can observe that advertising agencies grew enormously, at the expense of originating companies (advertisers) (Prendergast, Shi, & West, 2001).

Enterprises value good advertising services because they may exert a positive influence on improving managerial processes, building competitive advantage and improving customer retention (Stoma, 2012; Trasorras, Weinstein, & Abratt, 2009). Good advertising services contribute to increased efficiency; the latter translates into higher sales, revenue and profit growth figures. Thus, investment in advertising may generate tangible and measurable returns. Albion and Farris (1981) point toward advertising's market power (advertising influences competition, profits and concentration) and its economic effects, which are particularly visible in the context of product innovation, primary demand and aggregate consumption.

As technology makes it easier for customers to make purchasing decisions (easy access to information, word-of-mouth communication, cross-border referrals), competition becomes ever tougher; hence, there is a relentless quest for recognition and reputation among business entities. Many firms take a fully customer-centric approach (Kotler, Kartajaya, & Setiawan, 2010). Colony from Forrester Research mentions “entering the age of the customer – a 20-year business cycle in which the most successful enterprises will reinvent themselves to systematically understand and serve increasingly powerful customers” (Weber & Henderson, 2014). From the marketer standpoint, what matters is the ability to address customer needs and desires and to be remembered. Successful advertising rests upon its persuasive role and presentation of information, reasoning and emphasis (Sheehan, 2014). Exposure is not enough; companies need to focus customers' attention, stand out from the crowd and guarantee proper interpretation of stimuli, such as by ensuring understanding of marketing messages (Bachnik, 2016). Spreading a message to a target audience may be a task for an advertising agency.

Calfee and Ringold argue that consumer attitudes toward advertising remain relatively constant over time. Approximately 70% of consumers feel that advertising is often untruthful and manipulative but provides valuable information (Percy & Rosenbaum-Elliott, 2012). Along with an unfavorable attitude toward advertising, consumers recognize the benefits of advertising that outweigh the deficits (Pollay & Mittal, 1993). This is another reason why companies attach importance to the quality of advertising and consider who should provide them with advertising services.

2.2. The quality of advertising services and criteria for its evaluation

Instead of developing advertising competences internally, numerous companies (advertisers) seek external sources of expertise and external advertising service providers. The latter may be seen as having deep subject-matter expertise, unique knowledge of audiences, and proprietary methods or acting as agents of change and renewal (with stories to boost brands and vibrant ideas capable of capturing consumers). They may be perceived as committed to driving high-impact business results for their clients or as business partners able to influence clients' marketing budgets and priorities (Gralpois & Liodice, 2010). The best advertisement agencies create value by giving the product/service its own personality, developing an understanding of the product/service, creating a memorable picture of that product/service and trying to differentiate it from its competitors (Faisal & Khan, 2008). Non-controllable variables may also matter, such as the company's goals, its use of advertising as a marketing tool, and resources allocated to marketing. The latter is related to company size. Hence, we present Hypothesis 1:

H1. Company size affects the use of advertising services.

What is crucial to tenderers (advertising services providers) in shaping the quality of services is to focus on aspects of prior importance to customers. In the case of PR and advertising agencies, the customer focus may take the form of constantly advocating for the clients and constructing compelling ideas about the desired market position for the client, responding to changes in the environment (Weber & Henderson, 2014). Burnett makes it very clear: “The work of an advertising agency is warmly and immediately human. It addresses human needs, wants, dreams and hopes. Its product cannot be turned out on an assembly line” (Gralpois & Liodice, 2010). As a result, every client of an advertising agency will pay attention to different quality factors. The decision of which advertising agency to choose poses a challenge (Cagley, 1986). There are many players in the market, and it is not easy to evaluate and compare their capabilities and offerings; it is also not easy to predict the outcome of their proposals. Therefore, companies need to develop proper selection criteria. There are various approaches to accomplishing this task: relying on case histories, conducting investigations of

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