Agency–Client Relationship Factors across the Life-cycle Stages

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ABSTRACT

When an individual or an organization employs an advertising agency to assist in undertaking promotional activities, a number of factors are involved to ensure that the agency–client relationship runs smoothly. However, for the advertiser, as the relationship develops there can be changes in attitudes towards the advertising agency. This paper analyzes the responses of 82 advertisers regarding different elements in the advertising agency–client relationship and compares them across four stages in the agency–client life-cycle: (1) induction; (2) development; (3) maintenance; and (4) dissolution. The results of the survey provide some implications to assist in the understanding of agency–client relationships at different times of the life-cycle.

KEYWORDS: Agency–Client Relationships, Advertising Agencies, Life-cycle Stages

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INTRODUCTION

For advertisers, it is very important to develop and encourage a good partnership between them and their advertising agency to ensure the smooth running of advertising/promotional campaigns on their behalf. The breakdown and failure in an agency–client relationship can lead to major costs in time, money and effort, with this "burden of change" involving delays in implementing new campaigns, time spent on the process of selecting a new agency, and the development of rapport, trust and confidence in the new agency (Quinn, 1978; Michell, 1986, 1988a; Cook, 1988 Weilbacher, 1991; Buchanan & Michell, 1991; Mathur & Mathur, 1996; Fam & Waller, 1999; Davies & Prince, 2005). In some cases it has been said that the process of switching agencies and developing a new partnership takes up to two years (Michell & Sanders, 1995), so it is vital to understand the major elements that are associated with advertising agency–client relationships. However, as advertisers and their agencies can journey through a number of relationship stages from selection to termination (Waller, 2004), the attitudes of advertisers towards their agencies and the relationship can change over time.

Knowing one's clients, and staying close to them, is essential if an agency is to be successful. However, a strong relationship can only be developed and conducted over a period of time. In addition, one must not forget that such a relationship is between people with different roles and responsibilities, at different phases of their career and over different phases of the client-agency life-cycle. According to Barnes (2001), genuine relationships are characterized by an emotional attachment, a sense of commitment to the other party, and a shared sense of values and goals. What is important to the client is not always obvious. Similarly there are many things that clients feel are important that agency administrators have not even begun to think about. In addition, different situations evoke different expectations and needs. Hence, agency administrators and managers must realize that understanding what will deliver the building blocks of lasting client

relationships is an extremely difficult and complex process. Barnes (2001) claims that "getting to know clients and their likes and dislikes are fundamental to building relationships".

The challenge facing an agency lies in understanding how the principles of relationship-building can be applied in dealing with their clients. Morgan and Hunt (1994) attribute "commitment and trust" as the key determinant of a successful relationship. Barnes (2001), on the other hand, expanded the list of attributes, including:

"Trust and ethics; Commitment; Reliability and attachment; Understanding and empathy; Mutual goals; Shared values; Reciprocity; Respect and sincerity; Caring, affection and liking; Dependability; Awareness of history; Two-way communications; Warmth and intimacy; Interest in needs; Knowledge; Responsiveness; Keeping of promises; Social support and community; and Competency".

A relationship does not just happen. It is a commitment between two parties and it involves the fulfillment of promises over the long term. Relationships are not static, either. Once a relationship has been established, the parties have to make it start, make it work, develop it, keep it in good working order and preserve it from going sour (Duck, 1991). Relationships also differ across individuals and in different relationship stages. Different customers will want different experiences and different treatment in dealing with a firm and/or in a different stage of the relationship. The challenge to a management that wishes to create an atmosphere conducive to the establishment and maintenance of positive customer relationships is to learn what is important to customers. Hence, the objective of this study is to examine the criteria that are important at each stage of the relationship. Specifically this paper aims to analyze the results of a survey of 82 advertisers in Hong Kong to answer the following research objectives:

(1) to determine what are perceived to be the main factors for agency selection;

(2) to determine what are perceived to be the main factors for successfully working with an agency;

(3) to discover if the factors for agency selection differ depending on the stage in the life-cycle; and

(4) to discover if the factors for successfully working with an agency differ, depending on the life-cycle stage.

From the results, there are a number of issues that are important for the understanding of advertising agency–client relationships, indicating practical implications for the advertising industry.

AGENCY–CLIENT RELATIONSHIP FACTORS

When advertisers employ an advertising agency, the agency must possess certain attributes and capabilities, and undertake certain activities to be selected and to maintain a good working relationship. Numerous studies have examined these factors in general. Below is an outline of some of the past research that was used to assist in developing the survey instrument for this study.

Selection Factors

In the seminal article by Cagley and Roberts (1984), the authors found that the "people factor" was an important criterion in the evaluation/selection process, with the main attributes chosen being personnel quality, mutual agreement and understanding, reputation for integrity and interpersonal compatibility (p. 28). As advertising agencies are providing a service, and services are highly dependent on the people who provide the service (Parasuraman and Zeithaml 1983), Cagley (1986) confirmed this quite logical finding, comparing the attitudes of advertising agency executives and clients. In another important study, Wackman, Salmon and Salmon (1986) identified four sets of factors that can influence the success of the agency–client relationship. The factors are:

(1) Work Product: the advertising and advertising plans;

(2) Work Patterns: the daily aspects of how the agency and client work together;

(3) Organizational Factors: including company policy, structure, and politics, and the qualifications/experience of personnel involved; and

(4) Relationship Factors: the "chemistry" of the relationship, which includes the level of trust, respect, rapport, and comfort between agency and client personnel.

Further, Wackman et al.'s study found that relationship factors were the most highly significant predictor of a client's satisfaction with its agency, followed by organizational factors, work pattern and then work product factors. Personal attributes like "good personal relationships with the account people" and the "effectiveness of the meetings between the firm and the advertising agency", again relating to the "people factor", were perceived as being vital in agency–client relationships.

Marshall and Na's (1994) results supported Cagley and Roberts (1984), and identified that the most important evaluative criteria were: cost-consciousness, interpersonal factors, professional integrity, empathy, managerial skills and compatibility. These results were confirmed by Na and Marshall (2001) in a cross-cultural comparison of New Zealand and Korea. Dowling (1994) found that factors relating to how the agency understands the product/service being advertised and the reputation of the agency were also important when selecting a new agency. Fam and Waller (1999) identified eight selection variables: Agency Resources, Reputation, Marketing and Strategy Development, Integrity and Shared Purpose, Creative Ability, Interpersonal Relations, Quality of Account Team, and Agency Research Capability. Ranking these factors by means found that Interpersonal Relations was the most important factor, with Creative Ability ranked as the second most important factor in winning new clients.

Working with Agency Factors

After an advertiser selects an agency, they then both have to try to work together to develop and maintain the relationship. A number of factors are important for a successful agency–client relationship, otherwise dissatisfaction in the relationship will lead to agency termination and the process of selecting another advertising agency. Hotz, Ryans and Shanklin (1982) suggested that agency–client problems could be reduced by better communication between the parties, as well as better compensation, morale, training, resources, and reducing the levels in client approval and formal agreements between clients and their agencies. Beard (1996, 1997, 1999) suggested that clear communication of information and role-clarification is important for the successful maintenance of an agency–client relationship. West and Paliwoda (1996) also claimed that communication is an important factor in continuing client maintenance.

In studying the reasons for the agency–client relationship breakdown, Doyle, Corstjens and Michell (1980) and Michell (1986) found that the clients rated "dissatisfaction with agency performance" as the most important factor for switching, while the ex-agencies rated "changes in client policy" as the most important reason. The study suggested that the process of relationship breakdown consists of "creeping disenchantment" preceded by signals of vulnerability, and that agencies are less sensitive to these signals of dissatisfaction. Michell, Cataquet and Hague (1992) and Durden, Orsman and Michell (1997) continued to replicate Doyle, Corstjens and Michell (1980) and while the studies tended to support each other, the intensity of clients' disaffection with their advertising agencies appears to be deepening across the three studies. Dowling (1994) identified four main areas of conflict: (1) a creative issue – style of campaign; (2) a success/failure issue – campaign effectiveness; (3) a cost issue – cost of a campaign; and (4) an interpersonal issue – client service. LaBahn and Kohli (1997) analyzed working relationships, through agency performance and client disposition to the agency, and

found that as the agency performance increases, so does the client's level of trust and commitment, while conflict decreases the level of client commitment and the agency's creative quality. Lace (1998) identified five key performance measures: contribution to the achievement of client marketing objectives; contribution to the standing of client product(s), services or brand(s); creative output; value for money and service quality.

Henke (1995) found that criteria for selecting an agency are different from criteria used to decide whether to keep the agency. For example, the role of creativity diminishes as the agency–client relationship evolves. This study confirms the existence of a changing relationship and points out that change can occur quickly, which the agency should prepare for and respond to appropriately. Changes can also occur very quickly in a crisis, or when there is controversy from an advertising campaign. Bennett (1999) observed the issue of agency termination by analyzing a survey of charitable organizations, and found that the main reasons for dissatisfaction were with creative design, the agency's staff were not paying enough attention to the client's account, and the failure to meet deadlines. Therefore it can be seen that there are a number of factors involved in the successful workings of an advertising agency–client relationship. These studies were used to present a number of items in the questionnaire for this study to determine factors important for a good working relationship.

AGENCY–CLIENT RELATIONSHIP STAGES

According to Henke (1995), the advertising agency–client relationship literature has aimed: "to define the agency–client relationship, to compare client perceptions to agency perceptions, ... to identify factors that lead to agency selection or to a good agency–client relationship ... (and) to identify specific reasons for agency–client splits" (p. 24). A number of studies have observed agency–client relationships, indicating three or four different stages. Wackman, Salmon and Salmon (1986) presented a agency–client life-cycle with four stages or phases: (1) Pre-

relationship, (2) Development, (3) Maintenance and (4) Termination. However, in their discussion of the literature, the "Development" and "Maintenance" Stages were combined, as the "literature on these two phases of the agency–client relationship does not differentiate between the two" (p. 23). Wackman, Salmon and Salmon (1986), therefore, reviewed three areas relating to agency–client research: (1) Pre-relationship, (2) Development/Maintenance and (3) Termination.

Wills (1992) divided the agency–client literature into three topics: (1) criteria for selecting an agency; (2) developing the dimensions of the agency–client relationship; and (3) factors that cause problems in agency–client relationships. West and Paliwoda (1996) also divided the agency–client literature into three key topics: (1) "attributes" (for agency selection), (2) "client dissatisfaction" and (3) "termination". Davidson and Kapelianis (1996) discussed agency–client relationship in South Africa and presented a similar model of agency–client relationship with "three distinct, yet interrelated, stages": (1) pre-contracting stage, (2) contracting stage, and (3) post-contracting stage. Finally, Waller (1999) classified three stages in an agency–client relationship life-cycle: (1) "agency evaluation/selection", (2) "relationship development and maintenance", and (3) "agency review/termination".

For this study the respondents were asked to classify what stage of the relationship they were currently in, which resulted in four distinct stages: (1) Inception, (2) Development, (3) Maintenance, and (4) Dissolution.

METHODOLOGY

To answer the four objectives, we undertook the following tasks. First, we sourced the items on agency selection factors from previous studies, adding modifications to the items to suit the purpose of this study (see Fam & Waller, 1999; Cagley & Roberts, 1984; Wackman, Salmon & Salmon, 1986). We used a total of 33 items representing eight factors to determine agency

selection criteria, and we asked respondents to rate how important (1 = not important, 7 = very important) each item is in relation to selecting the services of an advertising agency. Second, in order to determine the perceived main factors for successfully working with an agency, we presented a total of 68 items to the advertisers. We obtained these items, representing 19 factors, from various studies relating to working with an agency and again modified them to suit the purpose of this study (see Armstrong & Yee, 2001; Boyle, 1997; Bennet & Gabriel, 2001; Hausman, 2001; Kumar, Scheer & Steenkamp, 1995; Nielson, 1998; Sharma & Patterson, 1999, 2000; Selnes, 1998; Wong & Sohal, 2002; So & Speece, 2000; and Yau et al., 1999). For this section, we asked the respondents to think of a recent promotion campaign on which they have worked with their present advertising agency and then indicate to what extent they agree/disagree (1 = strongly disagree, 7 = strongly agree) with these relationship statements. Third, the questionnaire included an item relating to the company's stage (inception, development, maintenance and dissolution) of relationship with its advertising agency. We provided a description of each stage to ensure the respondents understood its meaning. As the study intended to secure the marketing (including product, brand or communication) manager's opinion on client-agency relationship, the questionnaire included a check item relating to the position of the respondents within the company.

We mailed the questionnaire randomly to 600 (every fourth name on the list) selected advertisers in Hong Kong, having obtained addresses from the Hong Kong Directory of Advertisers. We made no prior contact with these advertisers, although their chairpersons officially informed them at an annual meeting. Besides the 92 undelivered questionnaires, we received 82 usable responses, representing a response rate of 16 percent at the end of a four-week wait. This is a typical response rate in busy Hong Kong, where respondents are reluctant to participate for fear of revealing too much to a competitor or they simply do not have any inclination to participate in the study. Of the 82 replies, 60 were at manager level and 22 were

senior managers of various organizations, including grocery, insurance, banking, clothing/shoes, hardware, transport, telecommunications and real estate organizations.

RESULTS

Criteria Used for Agency Selection

Table 1 shows the factors relating to what are perceived to be the main factors for agency selection. Based on the mean scores, the factors perceived to be important for agency selection are: Interpersonal Relations (mean = 5.44), Creative Ability (5.38), Quality Account Team (5.27), Integrity & Shared Purpose (5.25), Agency Resources (5.17), Marketing & Strategy Development (5.13), Agency Experience (5.03), and Reputation (4.65). These results answer objective 1. The findings further confirmed earlier studies (see Fam & Waller, 1999; Dowling, 1994; Marshall & Na, 1994) that the "people factor" is an important criterion for selection on the part of advertisers.

Place Table 1 Here

Working with the Agency

To determine the perceived main factors for successfully working with an agency, we forwarded 68 items representing 19 factors to the advertisers. A list of the factors with the individual items and the group means and α reliability scores are presented in Table 2. Based on the mean scores, the factors perceived to be important for agency selection are: Trust in Agency's Honesty (mean = 4.85), Client Dependence (4.61), Expertise/Knowledge (4.57), Reciprocity (4.52), Commitment-Affective (4.44), Bonding (4.37), Trust in Agency's Benevolence (4.30), Satisfaction (4.21), Agency Dependence (4.21), Closeness (4.20), Understanding/Empathy (4.18), Information Exchange (4.18), Commitment Continuance (4.15),

Relationship Strength (4.10), Communication Effectiveness (4.06), Joint Working (4.04), Benefits (3.96), Conflict-handling (3.85), and Social Activities (3.05). This answers research objective 2.

Place Table 2 Here

Agency Selection Based on Life-cycle Stage

To discover if the factors for agency selection differ depending on the stage in the life-cycle, a comparison was made of the eight agency selection factors across the four life-cycle stages. The results are found in Table 3. Generally there was agreement across the stages, although there were two factors where there were significant differences: Market Strategy and Interpersonal Relationship. In particular those in the Maintenance Stage perceived Market Strategy as a lesser factor for agency selection, while Interpersonal Relationships were perceived as being a more important factor by those in the Dissolution Stage. This answers research objective 3.

Place Table 3 Here

Working with the Agency Based on Life-cycle Stage

To discover if the factors for successfully working with an agency differ depending on the life-cycle stage, a comparison was made of the 19 working with the agency factors across the four life-cycle stages. The results are presented in Table 4. There was some agreement across the stages, although there were eight factors where there were significant differences. Those in the Dissolution Stage did not perceive Commitment-Affective, Commitment-Continuance, Satisfaction, Conflict Handling, Agency Dependence and Relationship Strength as important

when working with an agency, while those in the Inception Stage did not perceive Closeness and Bonding as important. This answers research objective 4.

Place Table 4 Here

DISCUSSION

This study analyzes the relationships Hong Kong advertisers have with their advertising agencies, allowing comparisons to be made across the relationship cycle, and to highlight which factors are valued as most important at each stage of the relationship. At the selection stage, our results support earlier studies that the "people factor" is valued as the most important factor by advertisers. This factor includes Interpersonal Relations, Creative Ability, Quality Account Team and Integrity. The results suggested clients in very early stage of the relationship have higher ratings of *who* is responsible for their business rather than *what* the agency can do for their business. This is quite natural, given that the clients are the ones who fork out large sums of money for a campaign. Agency management should, in the selection process, emphasize to a potential client upfront who will be responsible for its account and, if possible, ensure that the nominated person/s handles the account accordingly. These four factors are *similarly valued* across the four stages of the relationship cycle and more so in the dissolution stage. The higher mean values for this stage could be interpreted as how much the client values this "people factor" and that the client is prepared to dissolve the relationship when there is a void. Again, the agency should not be complacent with what it does. It needs to be vigilant at every stage of the relationship.

The second important finding is the importance of trust and honesty. This suggests that the development of trust and faith should be a fundamental component of any marketing strategy that is intended to lead to the creation of genuine customer relationships. The customer must be

able to feel that it can rely on the agency; that the agency can be trusted. Following trust and honesty, factors like Client Dependence, Expertise/Knowledge, Reciprocity and Commitment-Affective are highly valued by clients. We can collectively identify these factors as commitment. Rusbult and Buunk (1993) claim commitment is "a psychological state that globally represents the experience of dependence on a relationship" (p. 180). Barnes (2001, p. 121) claims that: "Commitment represents a long-term orientation to the relationship, including a desire to maintain the relationship, both in good times and bad". The findings reflect these descriptions in that Hong Kong advertisers expect their agency to depend on them for business, to share their marketing expertise, and to repay kindness. These traits, according to Morgan and Hunt (1994), represent key factors in determining success of a relationship. The authors claim that commitment and trust are "key" because they encourage marketers to (1) work at preserving relationship investments by co-operating with exchange partners, (2) resist attractive short-term alternatives in favor of the expected long-term benefits of staying with existing partners, and (3) view potentially high risk action as being prudent because of the belief that their partners will not act opportunistically (p. 22).

Correlating these factors across the relationship cycle provides a much richer insight into how clients value (higher mean) trust, honesty and commitment. Clients valued these factors highly in the Inception, Development and Maintenance phases. These three stages are the "working stage" in which most activities take place. Hence it is natural that there is trust, honesty and commitment between the two parties. Clients want to feel that the agency working on their account can be trusted, that their business is valued and that the agency actually cares about them. In fact, trust, honesty and commitment can be seen as the backbone of the relationship.

The next group of factors that clients value (higher mean) in the Development and Maintenance phases includes information exchange, joint working, understanding, communication effectiveness, conflict-handling, satisfaction, benefits, and relationship strength.

During this stage, what the clients want is an understanding of their business, sharing of information and results. Agency managers should take the perspective of their client. Satisfying clients involves a great deal more than giving them great campaigns. They are interested in greater exchange of information, such as sharing technical know-how and/or research information and would also like to get involved in the development of a campaign. To address this, agency managers should accord their client a helping hand, get it involved in the development and planning of a campaign, and share with the client any accolades they have achieved. Delivering extraordinary service is another way in which an agency can endear itself to its clients, such as defending the client when it is being criticized or readily adjusting business objectives to meet the client's unforeseen needs. Finally, the group of factors that clients value (higher mean) at the Dissolution stage is closeness, bonding and client dependence. This must not be seen as a lost cause. Clients value these factors, as presumably the dissolution of the relationship might not have eventuated had the agency paid more attention to their needs. The concept of closeness has considerable value in relationship marketing. In a study of predictors of advertising client-agency relationship dissolution, Hardy (2001) found the "breakdown of interpersonal relationships", and "priorities" as primary reasons for termination. Although the conventional wisdom is to get closer to the customer, agency managers should be interested in the closeness of their customer relationships and should set out to measure and manage that closeness. If prioritization of work is needed, then they should explain it to the client. Similarly, if there is a need to charge the client for services beyond the call of duty, they should by all means explain to the client why such charges were laid. Clients are more likely to feel close to a company that makes regular, meaningful and honest contact, regardless of the frequency. Whenever possible, making face-to-face contact with the client would certainly boost the client's feelings about the human content of the service. In conclusion, closeness to customers

has many advantages, such as having more business with that company, as well as the company being more likely to refer other customers to the agency.

CONCLUSION

This study has examined the perceived main factors for agency selection and what the factors are for successfully working with an agency. The results indicate the people factor as the primary criterion for agency selection. Even though we conducted the study among Hong Kong advertisers, the findings support earlier studies in this area. For successfully working with an agency, the study found that trust, honesty and commitment are conducive to building a long-term relationship. When correlated with relationship cycle, we found that trust, honesty and commitment are more valued by clients during the working stage. At the dissolution stage, we saw closeness, bonding and client dependence or rather, the lack of it, as forces driving the relationship failure. Nevertheless, the findings should be treated with caution due to the small sample size and the fact that we based it in one particular region.

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Table 1: Criteria Used for Agency Selection

Interpersonal Relations (α = 0.74; mean = 5.44)
Compatibility of Agency and client personnel
Degree of chemistry/synergy between agency and client management

Creative Ability (α = 0.87; mean = 5.38)
Need for agency personnel to thoroughly understand characteristics of advertisers business
Strategic planning ability (including proprietary software)
Overall strength of creative product
Willingness of agency to interact with client when developing a creative strategy
Agencies creative philosophy

Quality Account Team (α = 0.70; mean = 5.27)
Quality of agency people assigned to the account
Extent of top management participation in client service
Agency personnel pitching for the account are those who will be assigned to the account
Cost consciousness of agency personnel

Integrity & Shared Purpose (α = 0.71; mean = 5.25)
Willingness of Agency to make recommendations and to object to advertiser decisions when agency perceives them to be wrong (reputation for integrity)
Complete agreement between agency and client on goals and objectives
Evidence of agency initiated projects that have come to fruition

Agency Resources (α = 0.82; mean = 5.17)
Agency can provide full range of marketing and communication services
Agency resource in all areas including account service, creative, media buying, print production, electronic production, sales promotion, direct mail etc.
Integration of media function into agency planning process
Employee stability of agency
Agencies general structure and handling of accounts - the reporting and accounting systems in place
Flexibility of agency to tailor remuneration method to client requirements

Marketing & Strategy Development (α = 0.80; mean = 5.13)
Agency can provide client with assistance in the development of marketing plans
Agency can provide assistance in long term business development/strategic direction of client business
Agency can provide commentary and information on current global market trends

Agency Experience (α = 0.65; mean = 5.03)
The size, range and balance of the agency's account portfolio
Amount of agency experience with other advertisers that produce similar products
Ability of agency to handle all market research for the client
Ability of agency to integrate research with creative and media work

Reputation (α = 0.79; mean = 4.65)
Agency has international affiliations
Degree of business growth and record of agency performance
Awards received by the agency
Response of past or existing clients as referees
Previous accounts lost and reasons for break-ups

Table 2: Working with Your Agency

Trust in Agency's Honesty (α = 0.91; mean = 4.85)
My present advertising agency can be relied upon to keep promises
My present advertising agency can be trusted at all times
My present advertising agency is honest
My present advertising agency has high integrity
I can count on this agency to be sincere

Client Dependence (α = 0.77; mean = 4.61)
Besides the present advertising agency there are other advertising agencies who could provide us with comparable service
Our total costs of switching to another agency would be minimal
It would be easy for my company to replace the income generated from the promotion campaign produced by this advertising agency

Expertise/Knowledge (α = 0.91; mean = 4.57)
My agency has knowledge about the market and market trends
My present advertising agency is able to answer my questions
My present advertising agency knows his/her competitors
My present advertising agency is competent

Reciprocity (α = 0.81; mean = 4.52)
My present advertising agency and I always fulfill our promises
My present advertising agency and I always repay each other's kindness
My present advertising agency and I always regard caring and sharing as our business/relationship motto

Commitment-Affective (α = 0.82; mean = 4.44)
Even if I could, I would not drop this agency because I like being associated with it
I want to remain a member of this agency's network because I genuinely enjoy my relationship with it
My positive feelings towards this agency are the major reason I continue working with it

Bonding (α = 0.90; mean = 4.37)
My company's achievement builds on our reliance on the present advertising agency and vice-versa
I keep in touch with this advertising agency constantly
I work in close cooperation with this advertising agency
My present advertising agency and I try very hard to establish a long-term relationship

Trust in Agency's Benevolence (α = 0.88; mean = 4.30)
When making important decisions, my present agency is concerned about my company's welfare
When I share my company's problems with this agency, I know that it will respond with understanding
I can count on this agency to consider how its decisions and actions will affect my company
Though circumstances may change, I believe that this agency will be ready and willing to offer my company assistance and support

Satisfaction (α = 0.91; mean = 4.21)
I am very satisfied with this advertising agency
If I had to do it all over again, I would re-engage this advertising agency
I feel good about my decision to put more efforts into working with this advertising agency

Agency Dependence (α = 0.84; mean = 4.21)
In my opinion, the present advertising agency could easily find another client/advertiser to replace their sales and profits our promotion campaign currently generates
In my opinion, the present advertising agency would incur minimal costs in replacing us with another client/advertiser
There are other clients/advertisers that could provide my advertising agency with comparable business

Closeness (α = 0.87; mean = 4.20)
I have an extensive working relationship with this agency
Other personnel in my company have spent a lot of time working with the present advertising agency
Other personnel in my company have developed close working relationship with the present advertising agency

Understanding/Empathy (α = 0.89; mean = 4.18)
My present advertising agency and I know how each other feels
My present advertising agency and I always see things from each other's view
My present advertising agency and I care about each other's feeling

Information Exchange (α = 0.82; mean = 4.18)

My present advertising agency sends research data/publications to me on a regular basis

My present advertising agency willingly provides important strategic, technical and operating information if needed for the promotion campaign's success

My present agency willingly provides proprietary information if needed for the promotion campaign's success

Commitment –Continuance (α = 0.56; mean = 4.15)

I expect my relationship with this agency to last a very long time

If it's between my company and agency, I do whatever I can to please my present advertising agency first

I regard my present agency more as an important business partner than a service provider

Relationship Strength (α = 0.87; mean = 4.10)

My relationship with the present agency is based on 'cooperative effort' rather than 'arms' length negotiation'

The continuation of the relationship with the present advertising agency is very important to my company

The relationship my company has with the present agency is something I intend to maintain indefinitely

I would defend this advertising agency if others criticize it

I have a strong sense of loyalty to this advertising agency

There is an efficient working relationship between my company and this advertising agency

The present advertising agency is flexible in response to requests made by my company

The present advertising agency can readily adjust its business objectives to meet my company's unforeseen needs

Communication Effectiveness (α = 0.86; mean = 4.06)

My present advertising agency keeps me very well informed about what is going on in his/her company

My present advertising agency does not hesitate to explain to me the pros and cons of the promotion campaign objectives

My present advertising agency never hesitates to give me as much information as I like to have

Joint Working (α = 0.90; mean = 4.04)

My company and present advertising agency jointly decide on the goals and objectives of all promotion campaigns

My company and present advertising agency mutually agree before making major strategic, technical and operating decisions for a promotion campaign

My company and present advertising agency solve the promotion campaign's technical and operating problems as a joint effort

Benefits (α = 0.92; mean = 3.96)

As a result of the relationship with this advertising agency, we have substantially increased our market share

As a result of the relationship with this advertising agency, we have increased our volumes and revenues

As a result of the relationship with this advertising agency, we have substantially increased our total profit

Conflict Handling (α = 0.85; mean = 3.85)

My advertising agency is good at solving disputes before they create problems in our working relationship

My present advertising agency makes sure that problems do not arise in our working relationship

My present advertising agency has the ability to openly discuss solutions when problems arise

Social Activities (α = 0.93; mean = 3.05)

I regularly invite this agency to non-business related social activities

I regularly make courtesy visits to this advertising agency

I regularly invite this agency to breakfast/lunch/dinner

I regularly organise seminars/luncheon presentations for this agency

Table 3: Importance of Agency Selection Criteria across the Agency-Client Life-cycle

	Inception Stage N=16	Development Stage N=25	Maintenance Stage N=33	Dissolution Stage N=8	X^2 sig * 0.05 **0.01
Agency Resources	5.2 (0.60)	5.4 (0.65)	4.9 (0.98)	5.2 (0.33)	ns
Reputation	4.5 (0.97)	5.0 (0.80)	4.5 (1.12)	4.5 (0.46)	ns
Market Strategy	5.2 (0.88)	5.5 (0.73)	4.7 (1.30)	5.7 (0.43)	0.007**
Integrity	5.4 (0.46)	5.3 (0.67)	5.1 (1.07)	5.6 (0.46)	ns
Creative Ability	5.5 (0.58)	5.5 (0.72)	5.1 (1.16)	5.9 (0.43)	ns
Interpersonal Relationship	5.4 (0.87)	5.4 (0.87)	5.2 (1.23)	6.5 (0.66)	0.025*
Quality Account Team	5.3 (0.68)	5.4 (0.71)	5.3 (1.07)	6.0 (0.62)	ns
Agency Experience	5.0 (0.75)	5.3 (0.67)	4.9 (1.01)	5.6 (0.40)	ns

**Table 4: Importance of Working with Agency Factors
across the Agency-Client Life-cycle**

	Inception Stage N=16	Development Stage N=25	Maintenance Stage N=33	Dissolution Stage N=8	X^2 sig * 0.05 **0.01
Trust Honesty	4.7 (0.84)	4.8 (0.96)	5.1 (0.70)	4.4 (1.07	ns
Commitment Affective	4.2 (1.09)	4.7 (1.01)	4.6 (1.00)	3.5 (1.50)	0.050*
Commitment Continuance	4.0 (0.82)	4.5 (0.95)	4.3 (0.84)	2.88 (1.00)	0.000**
Trust Benevolence	4.2 (0.80)	4.2 (1.26)	4.4 (1.01)	4.15 (0.88)	ns
Expertise	4.5 (1.11)	4.3 (0.95)	4.9 (0.89)	4.3 (0.93)	ns
Information Exchange	3.8 (1.05)	4.1 (1.24)	4.5 (1.23)	3.8 (0.99)	ns
Closeness	3.5 (1.11)	4.2 (1.16)	4.5 (1.25)	4.4 (0.85)	0.033*
Joint Working	3.6 (1.66)	4.1 (1.24)	4.3 (1.34)	3.7 (0.93)	ns
Bonding	3.7 (1.11)	4.4 (1.27)	4.7 (1.16)	4.1 (0.82)	0.032*
Understanding	3.9 (1.21)	4.0 (1.28)	4.6 (1.03)	3.7 (1.04)	ns
Communication Effectiveness	3.9 (1.15)	3.9 (1.25)	4.3 (1.12)	3.8 (0.93)	ns
Satisfaction	3.9 (1.09)	4.2 (1.01)	4.7 (1.05)	3.1 (1.14)	0.002**
Social Activities	2.8 (1.32)	3.1 (1.35)	3.2 (1.34)	2.7 (1.52)	ns
Conflict Handling	3.6 (0.94)	3.8 (1.18)	4.2 (0.95)	3.1 (0.69)	0.043*
Agency Dependent	4.7 (0.82)	3.9 (0.67)	4.4 (1.23)	3.3 (0.99)	0.010*
Client Dependent	4.9 (1.05)	4.4 (0.76)	4.5 (1.21)	5.2 (0.91)	ns
Reciprocity	4.4 (0.85)	4.3 (1.00)	4.7 (0.83)	4.3 (0.73)	ns
Benefits	3.5 (1.40)	4.1 (0.94)	4.1 (1.20)	3.9 (0.77)	ns
Relationship Strength	3.7 (0.74)	4.1 (0.85)	4.4 (0.84)	3.3 (1.00)	0.003**