The Pitch Process: Toward a Greater Understanding of How Clients Select Their Advertising Agencies

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Abstract- *The pitch is a central part of an agency's new business activity. The paper explores the process used by advertisers when selecting an advertising agency. Using in depth interviews with senior advertising practitioners the study identifies five stages that occur; Search, Credentials, Opt, Pitch and Evaluate. The paper makes two contributions. First the research illustrates the main stages of the selection process and offers a model for further investigation and qualification. Second, the study highlights the dissatisfaction that some practitioners have with the process of agency selection. Implications of the findings are discussed and future areas of research considered.*

Keywords Advertising Agencies; Organisational Buyer Behaviour; Pitch Process

INTRODUCTION

When an advertiser decides to look for a new advertising agency it is common practice for them to call for a 'pitch'. The pitch process is an expensive one for both the advertiser (client) and the advertising agency. A recent United Kingdom (UK) industry report revealed large agencies spend on average £178,000 on pitch costs a year and clients spend an average of £32,000 in time costs (ISBA, 2013). Furthermore, the report found large agencies spend an average 99 person days on a pitch and hence the time commitment is significant (ISBA, 2013). Furthermore, there is widespread recognition that advertisers are changing agencies with increasing frequency (Quebra, Bick & Abratt, 2013). Industry statistics suggest that the average length of agency/client relationships has fallen to under three years (ISBA 2013). The increasing movement of accounts and the increasing time and financial costs has led to industry calls to evaluate current practice (ISBA, 2013) and saw the UK hold its first 'Good Pitch Week' forum in 2013 to discuss industry concerns (Chahal, 2013).

The current literature on buying advertising agency services provides a good knowledge of the criteria used by clients when selecting a new agency (Gray & Fam, 2001; Prendergast, Shi & West, 2001; Verbeke, 1988; Wackman, Salmon & Salmon, 1986). However, there has been limited investigation of the buying process used by advertising clients and hence our understanding of what takes place during the selection stage is limited (Moeran, 2005). Much of our current knowledge of the process is drawn from practitioner sources and lacks empirical evidence (Kapelke, 2012; White, 2005). This paper addresses this gap in our knowledge and explores the process used by advertisers when choosing a new advertising agency. Drawing on existing theories of organisational buyer behaviour, we contribute to the limited understanding of the process of advertising agency selection. Furthermore,

we offer a process model based on empirical evidence for further qualification.

The paper begins by reviewing the literature on organisational buyer behaviour and our current knowledge of advertising agency selection processes. Next the methodology is discussed and the research methods employed outlined. These findings are then discussed and the implications of the study for both practitioners and theory examined.

LITERATURE REVIEW

Organisational Buyer Behaviour

Organisational buyer behaviour has been extensively researched in the existing literature and the complexities involved are well documented (Hallikas et al, 2014; Hawkins, Pohlen & Prybutok, 2013; Ford, 1980; Webster & Wind, 1972; Wilson, 1995). There is consensus in the literature that business buying decisions are associated with higher risk and as such are seen to be more challenging than consumer purchase decisions (Johnston & Lewin, 1996). In cases where the purchase is for a business service, such as creative services, the specialised nature of the service can add complexity to the buying process (Sonmez & Moorhouse, 2010). In particular the buying of advertising agency services is seen to be especially challenging for clients (Moeran, 2005).

The buying or pre-relationship stage between organisations is acknowledged as one of the first stages of exchange that occurs between buying and selling firms. Inter-organisational relationships are seen to develop through a number of stages (Abosag & Lee, 2012; Dwyer, Schurr & Oh, 1987; Ford, 1980, Johanson & Mattsson, 1987; Simoes & Wilson, 1995), with exchange developing in a series of pre-programmed sequences, typical of life cycle models (Van de Ven & Poole, 1995). Buyer behaviour models recognise the temporal nature of exchange between business buyers and sellers and most identify this buying

stage, where the buyer selects a business provider (Ford, 1980; Wilson, 1995).

Scholars recognise that risk plays a central role at this initial selection stage and has a strong influence in the business buying process (Ravindran, 2010). Whilst scholars recognise that risk is an inherent aspect of any purchase decision and have identified different taxonomies of risk; financial, performance, physical, social, psychological and time (Laroche et al, 2004; Mitchell, 1995; Stone & Grønhaug, 1993), there is widespread acknowledgement that this is increased in a business-to-business context. Furthermore, it is recognised that the perception of risk increases when services are being purchased (Wilson et al, 2008). Risk in a business-to-business setting is influenced by job function, buyer characteristics, decision-making unit, buyers' personality, company size, nature of the product, market, country, buyer-seller relationship, organisational performance and buying task (Mitchell, 1995).

As well as influencing the perceived level of risk, the buying task is seen to influence the nature of the buying process (Webster & Wind, 1972). Scholars differentiate between the nature of the buying task and identify three main classifications of business purchase: new buy, modified task and straight rebuy (Wilson, 1972). The nature of the task will determine not only the level of risk, but also the buying process, with less familiar tasks seen to require more complex buying processes (Webster & Wind, 1972).

Advertising Agency Selection Process

Similar to other business exchange which is seen to develop in stages, the relationship between an advertising agency and their client is recognised as having distinct process stages. Wackman, Salmon and Salmon (1986), for example, developed the Agency-Client Life Cycle framework which suggests four distinct stages of the relationship exist: Prerelationship, Development, Maintenance and Termination. While Wackman, Salmon and Salmon (1986) identify that selection procedures are systematic and routine, they do not provide evidence regarding the nature of these processes. Waller (2004) simplifies the stages and posits that three distinct stages occur in advertising agency/client relationships: Evaluation, Relationship Development and Maintenance, and Review/Termination. While the number of stages varies, the literature agrees that a pre-relationship stage exists where the client is evaluating the agency prior to selection.

The criterion used by advertisers when evaluating and selecting an agency is well documented (Cagley & Roberts, 1984; Fam & Waller, 2008; Gray & Fam, 2001; Wackman, Salmon & Salmon, 1986). We know less however about the process used by advertisers when selecting a new agency (Moeran, 2005). Advertising scholars have identified that similar to other organisational buying behaviour, the process is influenced by the nature of the buying task (Prendergast et al, 2001; West &

Paliwoda, 1996). Three types of task have been identified: new advertising task, familiar advertising task and repetitive placement; and it is suggested that new advertising tasks are more likely to be perceived as higher risk purchases (Prendergast et al, 2001; West & Paliwoda, 1996).

In an ethnographic study of a Japanese agency's attempt to win a new client, Moeran (2005) provides insight into the new business process and identifies that a series of meetings and presentations takes place between the advertiser and the agency in order for the advertiser to evaluate the agency's services and creative ability. In particular, Moeran (2005) identifies the key role of the 'pitch' in the buying process. This presentation is described as, "a prime example of a dramaturgical performance" and is reported to be, "performed regularly as and when a corporation decides to hire a (new) agency to prepare an advertising campaign for it, and it is recurrent − for agencies, in particular, but often for their dissatisfied clients, too. It is orchestrated by the person who, assigned to make the 'pitch', must ensure that all media used − from marketing statistics and media analysis to creative ideas with their print and TV storyboards – come together in an appropriate and persuasive manner" (Moeran, 2005, p. 902). The identification of the use of such presentations is a valuable contribution to our understanding of business buyer behaviour in an advertising context and Moeran (2005) provides a detailed account of the interactions which take place during the pitch.

Whilst there are abundant examples of legendary pitch scenarios in the industry, and the pivotal role of the pitch in winning new clients for agencies (Dowling, 1994; Wills, 1992), there are few empirical studies in the extant literature (Moeran, 2005). There is scant evidence on the wider process used to select a new agency. This study aims to enhance our understanding of the pitch process and provide empirical evidence of the stages used when clients are selecting a new advertising agency.

METHODOLOGY

A qualitative approach was used to explore the process of agency selection and in-depth interviews with advertising practitioners undertaken to elicit accounts of how advertisers select a new advertising agency.

To complement the qualitative nature of the study, the sample selected was small. In total, seven interviews were conducted with senior advertising professionals in the United Arab Emirates (UAE). Whilst the researcher recognised the limitations of using a small sample, notably the extent to which the findings could be generalised to a wider population, this limitation was seen to be acceptable. The approach was adopted in order to provide a contribution to theory and this objective overrode the need to provide generalisations. To reach this hard-to-access population the researcher asked the advice of an expert in the field to identify potential participants for the study

(Miles & Huberman, 1994). This approach allowed the researcher to gain recommendations from the expert regarding which advertisers had undergone the process of agency selection in the last 12 months. The expert identified seven multi-national firms in the UAE that qualified to be included in the sample and all of these were invited to participate. All agreed to take part in the study.

TABLE 1. Sample Profile of Interviewees

| Interviewee	Gender	Industry Sector	Global Headquarters
Interviewee 1	Male	FMCG	Europe/USA
Interviewee 2	Male	FMCG	Europe/USA
Interviewee 3	Male	Travel	UAE
Interviewee 4	Male	Travel	UAE
Interviewee 5	Female	Information Technology	Europe/USA
Interviewee 6	Male	FMCG	Europe/USA
Interviewee 7	Female	Automotive	Europe/USA

Participants were interviewed using a semi-structured interview technique. The advantage of using semi-structured interviews is that they allow the researcher to build rapport and empathy with the participant whilst collecting data (Smith, Flowers & Larkin, 2009). In addition, using a less structured approach enabled meanings to be explored and themes that arose during the interview to be fully examined (Willig, 2009). Participants were asked to provide accounts of their experience of the agency selection process and to explain the stages their firm had used when choosing a new agency. Interviews were recorded with the permission of the participants and verbatim transcripts made.

The data was analysed using thematic analysis approach (Attride-Sterling, 2001). The process began with a start list of codes that were developed from the existing literature (Miles & Huberman, 1994). For example, prior research has identified that a pitch presentation occurs when advertisers select an agency (Moeran, 2005) and so this formed part of the a priori list used. Next, the researcher listened to the interview recordings and initial themes were developed. These themes were explored further using the transcribed data which was coded to individual themes. The process of analysis was an iterative one with the researcher going back and forwards between interview data and codes until themes had been fully explored. Once it was felt that each theme had been developed in full, data was selected to represent the theme. The selected data is represented in the quotations provided in the Findings section which follows.

RESULTS

Analysis of the data identified that advertisers use a systematic approach to agency selection and the data revealed a number of distinct process stages used when evaluating and selecting a new advertising agency. The findings were that five stages were used by advertisers; Search, Credentials, Opt, Pitch and Evaluate (See Figure 1).
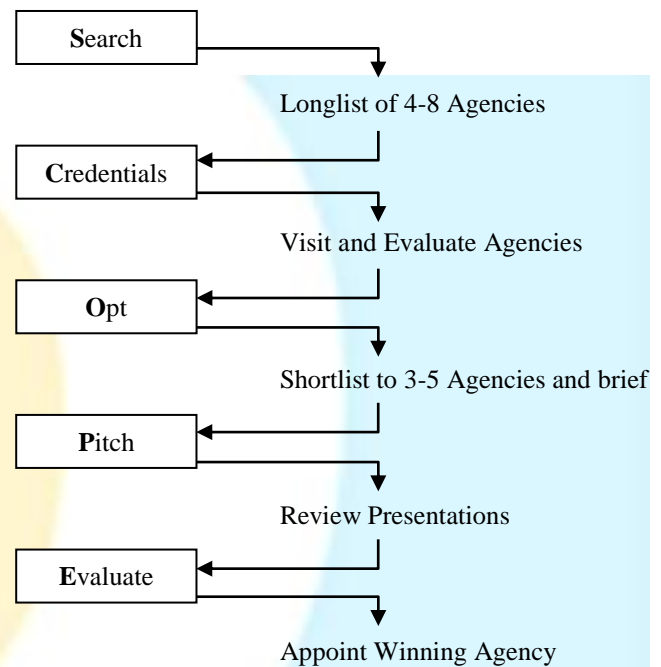
Figure 1: SCOPE Model - Agency Selection Process

Search

The selection process starts with the Search stage. Most interviewees discussed how they had drawn up a list of between 4 and 8 advertising agencies that they perceived would be suitable with. This list was based on those agencies that were seen to have the relevant experience and capability to manage their firm's marketing communications. Some highlighted the need for the agency to have a network of offices throughout the geographic region to service the account, whilst others placed criteria such as on-line capabilities or media buying expertise as more important. Several interviews discussed that their knowledge of the agencies was gained from practitioner journals and the agency's reputation in the market, "are they putting out work that's being recognised" [Interviewee 1].

Credentials

Once the advertisers had compiled a longlist of agencies that were seen to be able to service their account effectively, they made appointments to visit these agencies. At this stage the agency was expected to make a credentials presentation to the prospective client. This was usually an on-screen presentation in the agency's offices and would inform the client about their current clients, previous account experience and personnel expertise. The presentation was also expected to provide an overview of the agencies key personnel, media buying capability and creative ability. In particular, many interviewees discussed the expectation that they would be shown examples of

current creative work produced by the agency, including a showreel of current TV commercials. Several clients discussed the emphasis agencies place on their winning of creative awards.

In addition to the agency presentation, the Credentials stage was seen as an opportunity to visit the offices and meet the agency personnel who would be working on their account, "I visited eight agencies, to get a feeling of their offices, to meet the people, see their credentials" [Interviewee 7].

Opt

Following the Credentials stage, advertisers opted for those agencies that they felt were most compatible with their marketing communications needs. Based on an evaluation of the agency's skill, experience and expertise in their brand category, their perceived ability to service the account and the agency personnel, clients made a shortlist of between 3 and 5 agencies that they would invite to proceed to the next stage of the buying process.

Most interviewees discussed the importance of considering the agency's past experience at this stage "of course you look at what they have done in the past and what big accounts they had" [Interviewee 2]. Many interviewees discussed the importance at this stage of eliminating agencies that held competitive accounts, "Out of these five, two of them turned out to work with competitors… so this was a no go" [Interviewee 7].

Those agencies that were shortlisted were given a creative brief that would allow the advertiser to evaluate further their ability to work effectively on their account.

Pitch

These shortlisted agencies were invited to respond to the brief at a pitch presentation. This was seen to be a key stage in the process and interviewees discussed how agencies presented strategic, creative and media recommendations according to the brief requirement.

The Pitch presentation was perceived to be an opportunity to evaluate the chemistry between the agency and the client team. Despite this, several interviewees discussed how the pitch scenario was in many ways an artificial one and that those agency personnel presenting were not always the same ones that would be managing their account if they won the business. Most interviewees were conscious of this, "the people you're going to work with on an everyday basis, you don't see them and the dinosaurs [agency CEOs and Directors]…you don't see them again once the pitch is over" [Interviewee 7].

Although interviewees discussed how the pitch enabled them to evaluate creative skill and in some cases media buying ability, many expressed concerns that the pitch process was not always the most effective way to assess future service quality. One interviewee discussed the limitations with the Pitch, "We didn't want to ask them to do too much work, because it's very unrewarding and it's not necessary, because the problem with the pitch process … you can evaluate the people, you might be able to

evaluate how good they are in terms of creative… but, for example, what are the service levels going to be? You cannot evaluate that in a pitch" [Interviewee 7]. Another interviewee similarly felt that it was difficult to evaluate an agency's strategic ability from a pitch presentation and perceived this to be a weakness with the process, "not such a good way, maybe, of measuring agency strategic capability" [Interviewee 1].

Evaluate

Interviewees discussed how following the Pitch they had evaluated each agency's presentation and response to the brief. Some discussed how they had used metrics to assess the agencies and used a scoring device to rank each agency. Some interviewees discussed how they had consulted stakeholders before a final decision was made. Following evaluation, advertisers would make a decision and appoint an agency.

DISCUSSION

The study explores the process used by advertisers when selecting a new advertising agency, and suggests that advertisers follow a series of stages when choosing a new firm to handle their marketing communications. Five stages are identified: Search, Credentials, Opt, Pitch and Evaluate. Findings also illustrate the dissatisfaction that some practitioners have with existing processes of agency selection. The study contributes to our existing knowledge of how advertisers select their advertising agency and provide a better understanding of practitioner's perceptions of agency selection processes.

The findings provide a rich insight into buyer behaviour in a professional business-to-business service setting. The data supports previous studies that suggest exchange between buying and selling firms develops in stages (Waller, 2004). Whilst prior studies have identified a Prerelationship stage (Wackman, Salmon & Salmon, 1986) or Evaluation stage (Waller, 2004), the current study suggests that prior to selecting an agency, advertisers use a sequence of stages to determine which agency to appoint.

The number of stages and the complexity of the process suggest that buying the services of an advertising agency is perceived to be high risk. This confirms our existing knowledge about the complexity of buying business-to-business services (Sonmez & Moorhouse, 2010) and the high perceived risk associated with service purchases (Wilson et al, 2008). Furthermore, these findings support previous studies that the nature of the buying task itself is likely to require more complex buying processes (Wilson, 1972).

The first part of the selection process is Search. This was seen to require the advertiser to seek out a longlist of advertising agencies that would be able to handle their marketing communications requirements. The findings add to the limited knowledge of what occurs at the initial stages of agency selection and provides insight into the how advertisers begin their search for a new agency.

The second stage of the process was the Credentials stage, where the advertiser visited between 4 and 8 advertising agencies for a credentials presentation. Expectations were that they would be shown recent creative work and meet key agency personnel. These findings support previous studies that have identified the criteria advertisers use when appointing a new agency (Fam & Waller, 2008; Wackman, Salmon & Salmon, 1986).

The third stage identified is Opt, during which advertisers down-selected a longlist of agencies to a shortlist. At this stage they evaluate each agency's marketing communications and media buying skills, category expertise and creative ability in order to reduce the longlist to between 3 and 5 agencies. These agencies were then invited to proceed to the next stage.

The fourth stage was the Pitch. Here agencies selected to the shortlist were given a marketing communications brief from which they were expected to produce a formal presentation. The study found that this included strategic, creative and media proposals that advertisers could use to evaluate agency skills and ability, and from which they could choose an agency. The findings confirm previous studies that suggest advertisers use a pitch presentation to make a final decision on which advertising agency to hire (Moeran, 2005). The study also confirms the perceived importance attributed to the Pitch and the need for agencies to showcase their strategic and creative ability (Moeran, 2005).

The study provides insight into the fifth and final stage of the selection process, when the advertiser needs to evaluate which agency to appoint, suggesting that some agencies use a metric evaluation. The findings identify that additional stakeholders may be included in the final decision, confirming prior literature that suggests business-to-business purchases often involve the participation of buying groups (Webster & Wind, 1972).

CONCLUSION AND LIMITATIONS

The study extends current explanations of what occurs during the selection process and identifies the stages used by advertisers when choosing an agency. While previous studies have provided some insight into the pitch process (Moeran, 2005) the wider process of selection and the exact nature of the stages have received scant attention. A further contribution of the study is the finding that some advertisers perceive the selection process to have inherent weaknesses. In particular, advertisers were critical of the fact that agency personnel working on the new business brief would not always be the ones assigned to the account should the agency be successful in winning the business. In addition, while the selection process was seen to enable advertisers to evaluate creative and media capabilities, many were critical of its lack of ability to evaluate an agency's strategic capability or future service levels. This finding confirms the complex and challenging nature of buying business-to-business services (Sonmez &

Moorhouse, 2010) and provides insight into practitioners' perception of current selection processes.

Using an exploratory approach has allowed rich insights about this little know phenomenon to be explored in depth. However, the small sample size means that we cannot make assumptions about the selection process beyond the sample. It would be useful to extend the study to examine whether the findings are generalizable to a wider population.

The study has a number of implications for both advertisers and agencies. First, agencies need to be aware of the criteria used by advertisers when conducting an initial screening of potential agencies at the search stage. Ensuring that the agency can meet the criteria desired by advertisers is critical in securing a place in the next stage of selection. The findings also illustrate that agencies need to ensuring that the credentials presentation meets the needs of the advertiser if the agency wishes to be invited to pitch for the account. Similarly, advertisers need to ensure they are clear about their marketing communications requirement. The study identifies the importance attributed to the pitch stage and the additional stakeholders involved in the final evaluation.

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