The Advertising Agency's Role in Marketing Communications Demand Creation

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R·I·T **Printing Industry Center**
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Table of Contents

Executive Summary

Early adopters of digital color printing have consistently been told that they need to educate the advertising agency market to drive digital color print volume. Experience has yielded mixed results for digital color printers who have taken this approach. There have been several hypotheses suggested why agency education has had limited value, including: the price/value equation for digital color printing, limited availability of accurate data for targeted marketing campaigns, and relative lack of use of return on investment metrics for one-to-one marketing.

As part of the industry analysis effort for the digital color market, the Printing Industry Center at RIT embarked on a research initiative to gain an understanding of the relationship between the advertising agency, the corporate marketing executive, and the print services provider. This report focuses specifically on the impact of the advertising agency on the demand for marketing communication materials that utilize digital color printing.

Specific research objectives for this study of the advertising agency include:

1. Definition of the dynamics between the advertising agency and the printer, as well as the advertising agency and the marketing executive relative to media decisions and campaign direction.

2. Development of an understanding of the media selection process within the advertising agency.

3. Evaluation of the impact that the agency has on digital printing and the perceived value of targeted and one-to-one communications solutions.

4. Definition of the measures for campaign effectiveness utilized by agencies today.

5. Recommendations for print services providers and vendors on techniques for driving digital technology into the advertising agency media mix.

The respondents were drawn from The Red Books list, which contains detailed profiles more than 13,000 U.S. and international agencies. A total of 250 agencies completed a 30-minute telephone interview in the spring, 2003. In addition, face-to-face interviews and site visits were conducted with 10 advertising agencies and printers in order to provide further insight into the key findings.

DEMAND CHAIN DYNAMICS: THE ROLE OF THE AGENCY

Printers with a business focus in the world of digital color will need to initiate alliances with advertising agencies. The top service that agencies perform on behalf of their client base is media buying and planning. Forty-eight percent of agency respondents indicated that this was one of the primary services provided, closely followed by creative development and graphic design. The print services provider should understand how to collaborate with those driving the media strategy.

Agencies also indicate that they take the lead in overall campaign development and direction, with 47% of respondents reporting that they play the primary role and 42% stating that they collaborate with the client. Only 8% of agencies reported that they take direction from the client.

There were distinct differences in the way that the agency interacts with business-to-business (B2B) versus business-to-consumer (B2C) clients. Chicago-based Leo Burnett and Mobium Creative Group indicated that larger B2C clients typically had savvier marketing departments that were much more actively engaged in campaign design, direction, and media selection. Large packaged-goods organizations, like Proctor and Gamble, Sara Lee, and Pillsbury, provide strong guidance on the media budget and mix. The B2B firms like NEC, MeadWestvaco, and Heidelberg, have significantly smaller marketing departments and a tendency to utilize the advertising agency for marketing strategy development, media selection, and campaign execution.

WHICH MEDIA OPTIONS AND WHY?

Today's advertising agencies are faced with a vast number of media options. With the growing application of wireless and Internet technologies, communications options now include PDAs, electronic billboards, blimps, cell phones, and even gas station pumps. The agencies realize that a critical objective is to utilize media to more effectively target defined audiences and communicate quickly updated information and promotions. More than ever, the use of multi- and cross-media strategies is critical to successful business communications.

When the advertising agencies in this study were asked to describe media allocations across their client base, broadcast media accounted for 18%, followed by magazines, newspapers, and sales collateral. Media selection varied by client served. The B2C client was much more focused on building brand awareness; their communications emphasis is on mass media. The B2B companies typically had limited budgets, as well as narrower target markets, and used trade magazines, direct mail, and sales collateral for communications.

Respondents were asked to indicate the top five factors that drive the media decisions for campaigns. Target market selection was the most important factor (71%); cost and budget was second (63%); and marketing strategy was

third (56%). Forty-three percent of respondents indicated that past history with specific media types was also a consideration. While new media options were considered, there was still a strong tendency to revert to familiar alternatives. Personalization or customization of messages was not a major consideration in media selection (13%).

Synergy for media is critical. Advertising executives are reaching target markets via multiple media options that create a force multiplier effect. Direct mail and catalogs must be linked with the Web. Web-based customer interaction centers must follow up with a blend of e-mails and direct mail to ensure that the customer builds a unique relationship with the supplier. Media needs to be adjusted based on the preferences of—and level of relationship with—the target market.

Guy Gangi and Gordon Hochhalter, partners at the Mobium Creative Group, indicated, "In today's market, it is about integrated communications. You need to combine strategy, creativity, and new technology in compelling ways to reach the ultimate customer. True integrated communications is a strategic process that permeates the entire organization, rather than a campaign from the marketing or advertising department. Every point of contact with customers, prospects, and other stakeholders must be identified, analyzed and integrated through communications to build profitable relationships."

According to our in-depth interviews, some advertising agencies still use a paradigm that emphasizes building brand awareness using more traditional media alternatives. These are the firms that responded positively to using historical successes of past campaigns to define future strategies. Several of the B2C firms rely on mathematical models to assess market reach, resulting in slower alterations of the media mix.

Interviews with organizations like Imagination Publishing, JGSullivan Interactive, and the Mobium Creative Group illustrated that there are also a number of firms that are helping clients build new approaches for effective communications. To the agency that is work-

ing on the leading edge of communications technology, media selection varies depending on the relationship the client has with its customer. The selection of media is often different when a company is building awareness in a new market versus building loyalty with an existing client. With advances in technology, these agencies are starting to alter the media selection process to improve return on the marketing dollar and more closely map the customer relationship and decision-making process.

WHERE DOES PERSONALIZATION FIT?

There is significant discussion in marketing about personalization and one-to-one marketing. Consultants tout the value of reaching the target audience with right-place and right-time exactness. One-to-one marketing, they claim, allows clients to use knowledge about customers' preferences to rise above the din of competitive messages. Based on the survey results, though, the market has not broadly embraced campaigns designed around these principles. While 64% of respondents agreed that they were aware of the technology and 57% reported that they had shown samples of these campaigns to clients, only 23% of the campaigns used variable data. Moreover, 46% of these variable-data jobs involved only a simple mail merge. Personalization only has value if the individual views it as relevant. A mail merge does not create relevance. Consumers need offers that are directed to them and their specific needs. To drive personalization into the market, advertising agencies must understand both the technology and how it can be leveraged to build relevant custom communications that differentiate the messages delivered to the ultimate consumer.

Some industries are recognized leaders in using personalized communications. The most common industry classifications requesting personalization include manufacturing, retail, financial services, and healthcare.

Financial services firms have had success with customized investment proposals and 401(k) programs. For example, Prudential is a key

customer for Royal Impressions. A critical component of their business is success with 401(k) plans for large corporate clients. Facing challenging financial markets, Prudential was looking for marketing techniques to increase its base of corporate 401(k) clients, as well as to help existing corporate clients maximize employee participation.

Royal Impressions worked with Prudential to develop a full-color solution that was personalized to each individual, producing an application that combined personal information relative to individual income, age, and marital status with a recommended contribution given for the individual employee. Full-color communications facilitated user comprehension of the information presented.

The benefits to Prudential were significant. Prudential attracted new corporate customers based on the customized marketing approach, and with Prudential's existing corporate customers, employee participation increased.

Other successes can be found in the entertainment industry. For example, the resort market has struggled with late cancellation of reservations. A New York City digital printer, Royal Impressions, was working with a large resort client that typically had 30% of its reservations cancelled within three weeks prior to a scheduled trip. This resort customer was looking for a marketing tool to reduce these cancellation levels. The answer provided by Royal Impressions was a customized mailing to build excitement about the upcoming trip and keep vacationers focused on their visit. This has become especially important given the recent turmoil in the travel industry.

Royal Impressions developed a full-color custom mailing integrating more than 700 variable elements. Color images were linked to the demographics of the individual visitor. If the person was a previous visitor to the resort destination, the mailer even emphasized past experiences. As a result, the cancellation rate declined, generating several million dollars of incremental revenue for the client.

In a second example, Radisson Hotels & Resorts Worldwide engaged Minneapolis-

based Digital Marketing Inc. to develop a Web-based marketing program that would allow franchise operators to initiate their own direct marketing programs online, taking advantage of historical customer data. This allowed the parent company to also maintain consistent messaging and branding. Radisson has good customer intelligence from its loyalty program and reservation data. The objective was to use this intelligence to increase occupancy rates during slow times of the year. The communications program was designed to target specific customers who are most likely to stay at a given hotel, on a given night, at a given time of the year, based on past travel history.

The franchise operator indicates a desired marketing objective and the system queries the Radisson database for a list of customers most likely to meet that objective. The franchise operator then selects a creative format from a menu of company-approved options with a relevant personalized message and offer. For loyalty program members, it could be double or triple incentive points. Digital Marketing produces the mailings on-demand on its HP Indigo press, and also handles fulfillment and distribution operations.

With benefits such as improved response rates and increased return on marketing investment, respondents were asked why they did not recommend personalization more frequently. The biggest obstacles were price, lack of a suitable database, and the client's lack of perceived need.

In face-to-face interviews with agencies, it became apparent that the price factor was linked to the expense associated with building the appropriate data infrastructure for successful execution of an integrated, personalized campaign. In addition, this was a new application for many agencies. Given that the history of past success was an important part of media planning, the "legacy of success" of older media forms is difficult to overcome.

Agencies also reported that print was still the preferred medium for delivery of personalized campaigns.

WHO IS MEASURING RESULTS?

While not identified as a key obstacle to the implementation of personalized communications, results measurement for marketing campaigns was identified as a factor driving media choices by only 31% of the agencies. The results of campaigns are most frequently measured by the client (37%) and through a collaborative effort by both the agency and the client (34%). The agency itself measures the results 22% of the time.

There are a wide range of metrics in place. A change in sales is the most frequent measurement cited by respondents, at 29%. The number of sales leads is the second most common response at 24%, and the response rate for a direct mail piece follows at 23%. The least used measurement among the survey respondents is ROI at 6%.

One of the key points discussed in interviews with agencies was the need to build effective measures for success in boardroom terminology. The Mobium Creative Group illustrated this concept with a campaign where every dollar spent on marketing communications resulted in $6,000 in revenue. Mobium ensured that the revenue generated could be directly attributable to a change in the way the company was communicating with its customers. In a time when marketing budgets are being challenged, developing the right metrics—and communicating those metrics at the senior executive and Board level—is critical.

WHAT ARE THE PRINT SERVICES VENDOR SELECTION CRITERIA?

The above results clearly demonstrate that agencies play a pivotal role in print demand. The average annual dollar volume of print purchased by agencies participating in the survey is $1,519,531, with a median of approximately $400,000. The agencies each work with an average of 7 printers and typically have had a relationship with print suppliers for an average of 18 years.

The agencies also identified key factors considered when selecting a print services provider. Based on the pressure that the agency is under to meet deadlines and deliver a quality product to its clients, the first priority is dependability and the second is quality. Turnaround time and ease of doing business ranks third and fourth. Price is fifth on the agencies' list.

Agencies also identified the primary contact in the print buying relationship. The production manager at the agency is the most common interface to the print community. In several agencies, including LB Works, Saatchi and Saatchi, and Catalyst Direct, the production manager also plays a role in educating the creative department on new technology options.

LESSONS FOR THE PRINT SERVICES PROVIDER

Print services providers must include the agency market in their own business expansion and use of digital color technologies. There are some key ingredients that the print services provider needs to comprehend in developing the agency relationship:

1. The print services provider needs to link the solutions they offer with the most important agency media selection criteria. The agency makes media decisions based on reaching target markets, cost and budget considerations, and marketing strategy implementation. The print services provider needs to demonstrate to the agency that digital color is one of the most cost effective alternatives for successfully reaching target markets. The value proposition needs to be succinct and backed with examples of how the technology has yielded a return on the marketing investment. Realistically, it must be a part of a broader, integrated marketing communications plan that utilizes a variety of media vehicles.

2. In identifying high potential agencies, the print services provider should focus efforts on agencies with major B2B clients. The B2C market more heavily emphasizes mass media, including television and radio. The B2B market has a tendency to be more targeted in their approach to the market and may more likely to use relationship marketing tactics.

3. There is clearly a target title within the agency—the production manager. The print services provider needs to build a relationship with this position and insure effective education on their capabilities and the impact the solutions offered can have on the marketing ROI.

4. There are a variety of ways to track the overall return on marketing campaigns. Print services providers should investigate the precise metrics that the agencies they work with utilize. Where metrics are insufficient, print services providers may be able to offer this service to the client.

5. While a majority of the agencies are aware of personalized print technologies, relevant personalization is not widely used. The print services provider should have examples of campaigns that have yielded results as part of the agency education initiative. In addition, print services providers need to invest in a technical infrastructure to deliver the campaign.

6. Print services providers need to be cognizant of the fact that price is not the key determinant in vendor selection. While the print services provider needs to be competitive, it is far more important in the agency market to demonstrate dependability and quality.

HOW SHOULD THE PRINTING EQUIPMENT AND SOFTWARE SUPPLIERS HELP?

Printing industry equipment vendors want to assist print providers in volume building activity. Eighty-three percent of the agencies indicate that they are involved in media buying and purchase an average of $1.5 million of print annually (a median value of $400,000). This represents significant page volume opportunities for their user base.

The equipment vendors need to support market development activity. Key areas that they should be emphasizing include:

1. Market development through the publication of case histories that link the value of digital color technology with a return on the marketing investment.

2. Appropriate educational events and trade publications should be identified for reaching the agency production manager. Vendors should participate in building awareness in these venues. Examples identified during the agency interviews include publications like Creative Arts Magazine, as well as paper shows and creative awards events.

3. Tools for ease of implementation of customized communication programs need to be developed.

4. Equipment delivered to the market needs to have the highest levels of reliability and quality to map to the agency requirement for dependability and quality. The print services provider needs to have appropriate samples and statistical data that help communicate the fact that "digital is dependable" and it offers "quality with no excuses required."

This is a time of great change in the world of media. The industry has weathered change in the past and has both survived and thrived on it. While the agency market is facing difficult and challenging economic times, marketing executives are looking for efficiencies in how they communicate and share business information. The use of digital technology is one solution in the media mix that offers this opportunity.

Introduction

Digital color printing technology was first introduced in 1993. Among the advertised capabilities were short runs, fast turnaround, and virtually no make-ready (Toth, 2001). In spite of the new possibilities that variable-data printing offers to the printers, 10 years after its introduction the technology is still underutilized. Surveys conducted by WhatTheyThink.com (2003; 2001), the leading online research firm in the graphic arts industry, show that although 46% of the print customers are either very or extremely interested in on-demand printing, only 21% are currently using variable-data printing. Previous studies suggest several reasons for such low market response to the technology. Insufficient customer data and high cost per piece of variable-printed publications (Smith, 2001) are the most commonly cited.

Printers who were early adopters of digital color have consistently been told that they need to educate the agency market. Experience has yielded mixed results for digital color users. Printers have had a difficult time working with advertising clients on the value proposition. Price has been a barrier to utilization of the technology. Limited customer data has caused corporate executives to move slowly into target market campaigns.

To overcome the above mentioned obstacles in marketing the new technology, manufacturers turned to the print buyers in their attempt to promote the variable-data printing systems. Smith (2001) states that marketing variable-data printing systems to advertising agencies proved to be unsuccessful. However, there is little statistical evidence presented to support this. The purpose of this research was to address this information gap.

The Printing Industry Center is investigating the relationships among advertising agencies, corporate marketing executives, and print service providers to determine the demand for printed marketing communications. This report focuses specifically on the impact of the advertising agency on the demand for advertising materials that are produced using digital color printing technology. Research objectives include:

1. To define the dynamics between the advertising agency and the printer and the advertising agency and the marketing executive relative to media decisions and campaign direction.

2. To establish the advertising agencies' current preferences for print or non-print marketing programs and their perspective on the best media options for specific types of campaigns.

3. To understand the agency view of target marketing and personalization incorporating varying levels of individualization.
   a. To determine if there is a difference in agency involvement based on the clients the agency serves.
   b. To identify the volume of print the agencies procure on behalf of their customer base.

4. To define how the agency measures the effectiveness of a campaign.

5. To develop recommendations and strategies for enhancing the communication between the print service provider and the advertising agency to create awareness of the benefits of digital color printing.

SAMPLE

The sample was drawn from The Red Books list, which contains detailed profiles of nearly 13,500 U.S. and international advertising agencies. The sample of 5,325 unique records was randomly selected from The Red Books list. The agencies that indicated that they offered direct-marketing services were oversampled to produce 100 completed questionnaires from direct-marketing agencies. The agencies in the sample were randomly selected by an automated phone dialing system. A total of 731 agencies were contacted by phone to produce the 250 completed surveys. Of the remaining 481, 453 refused to complete the survey. The other 28 records were either duplicate phone numbers or represented agencies that did not qualify or that could not participate because of a language barrier. Sizes of all agencies in the database and of the direct marketing agencies are presented in Table 1.

QUESTIONNAIRE

The questionnaire was designed in accordance with the research objectives. The choice of specific questions to ask was based on insights obtained through in-depth interviews with a number of advertising agencies about their interactions with clients, their media attitudes, and their experiences with personalized print. The final wording and order of the questions is presented in the Appendix along with the percentage responding to each question.

PROCEDURE

A screener was used to identify the role of the interviewee within the agency. Quotas were set for respondents who were classified as "strategy-focused" only (n = 100) or "production-focused" (n = 150). The following script was used as the screener:

> Hello, this is (INSERT NAME) calling from Harris Interactive. We are conducting research on behalf of the Rochester Institute of Technology Printing Industry Center to learn more about how agencies like yours make media decisions. If you are qualified and complete the survey, you will receive an honorarium of $50. Would you please tell me the name of the person in your agency who is responsible for selecting media to use for a campaign? (The following titles might qualify: Media Director, Print Production Director, Account Executive, Creative Director)

Annual Billing	All Agencies	Direct Marketing Agencies
Up to $5 million	34%	45%
From $5 to $50 million	34%	42%
$50 million or more	31%	13%

Table 1. Sizes for All Agencies in Database and Direct Marketing Agencies in Database

Which of the following best describes your role in selecting media for your agency? Would you say you…

1. Advise clients on media strategies and media selection but are not involved in the production of advertising materials.

2. Have creative responsibilities that impact media choices.

3. Are involved in the production of advertising materials, but do not advise clients regarding media strategies and selection.

4. Both advise clients on media strategies AND are involved in the production of advertising materials.

Respondents who reported either option 1 or option 2 above were grouped into the "strategy-focused" sub-sample. The remainder was grouped into the "production-focused" sub-sample.

Results

The advertising agency survey was designed with three major sections: 1) questions about the characteristics of respondents and their agencies; 2) questions about media allocation strategies, attitudes towards the media, and client relationships; and 3) print-specific questions about print production and the level of personalization in the agencies' marketing campaigns. A summary of the responses to the questions is presented in the Appendix.

CHARACTERISTICS OF RESPONDENTS

The average number of employees for the agencies that participated in the survey is 56 (n = 223); the average annual billings are $26 million (n = 198). Grouping the agency by billings revealed that 48% of the agencies surveyed are defined as "small", with $5 million or less in annual billings. Thirty-nine percent of the agencies surveyed are defined as "medium", with $5,000,001 to $50 million in annual billings. Agencies with over $50 million in annual billings, defined as "large," represent 13% of the respondents.

The respondents (n = 249) have worked an average of 19 years in the advertising industry; in addition, they (n = 248) have worked an average of 10 years for their current agency employers. Sixty-four percent of survey respondents have obtained a college degree, and 20% have received a graduate degree.

Agencies' Role in Selecting Media

The respondents were asked about their roles in selecting media for their agencies: half (51%) indicated that they are involved in advising a client regarding media strategies as well as in producing advertising materials. One third (33%) are involved only in advising a client on media strategies and selection. Most respondents are from agencies involved in advising a client on media strategies and/or producing advertising materials, as shown in Figure 1.
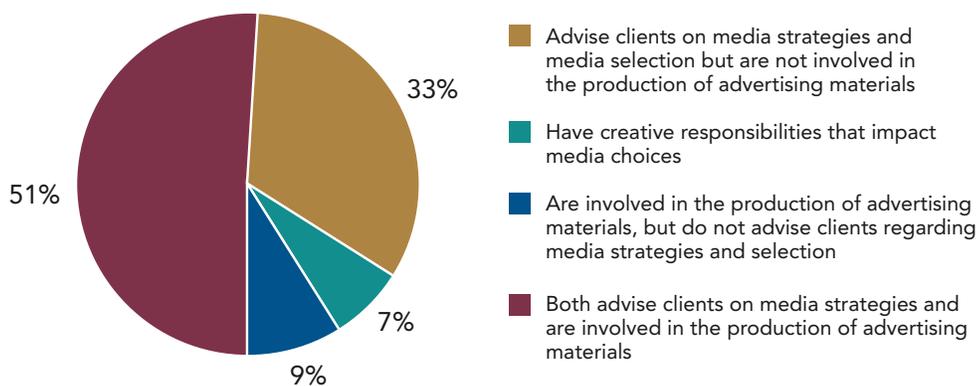

Figure 1. Agencies' Roles in Selecting Media
(n-250)

13

Results

Primary Services Provided by Agencies

Agencies were asked to name the top three services that they provide. Media planning/buying is the most common response; nearly half of the agencies (48%) indicated that as a primary service. Creative development is the second most common response, with 43% of agencies chosing it as a primary service. Customer relationship management is the least common answer at 9%. Table 2 provides a complete summary of the responses.

Primary Services of Agency	Percent Answered Yes
Media Planning/Buying	48%
Creative Development	43%
Graphic Design	28%
Sales Promotion/Collateral Development	25%
Public Relations	23%
Brand Consulting	23%
Direct Marketing	22%
Digital Branding/Web Development	19%
Corporate Identity	17%
Other Services	12%
Customer Relationship Management	9%

Note. Accepted first three responses; n = 247.

Table 2. Primary Services Provided by Agencies.

Of the agencies that gave open-ended answers (n = 18), 56% said advertising production and print is a primary service that they provide. Other answers include "all of the above" (17%), "communications and full service" (11%), and "social marketing" (11%)

Nature of Accounts

The respondents work with an average of 11 accounts at any given time. Of the accounts with which the respondents were involved, over half (54%) were Business-to-Consumer (B2C) and 41% were Business-to-Business (B2B). Survey respondents handle accounts that are both B2B and B2C 5% of the time.

Agencies that are on project contracts and agencies on retainer are split nearly fifty-fifty, with agencies on project contracts having a slightly higher percentage (52%).

MEDIA STRATEGY DETERMINANTS

Taking Direction from or Providing Direction to the Client in Campaign Strategy

Forty-seven percent of respondents provide direction to the client in matters of campaign strategy, while 42% of agencies collaborate with their client on matters of campaign strategy. Only 8% of agencies take direction from the client. See Figure 2.
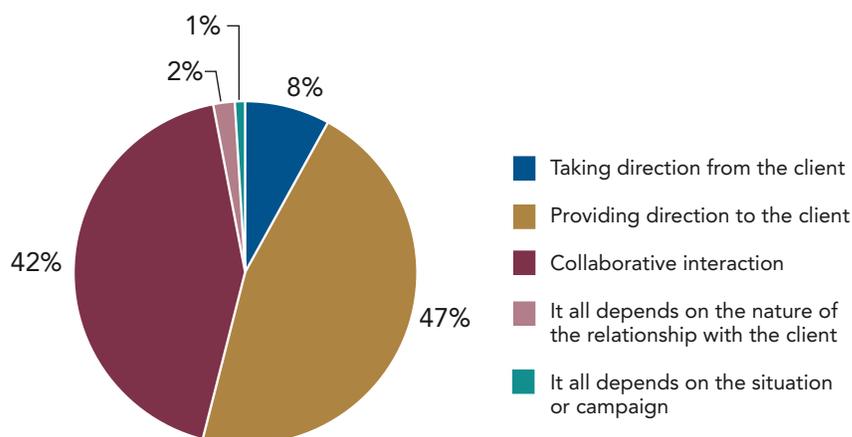
Figure 2. Agency Campaign Strategy: Taking or Providing Direction (n=249)

Media Allocations on Different Media Types

The agencies were asked to describe media allocations across their client base. Broadcast media (television and radio) accounts for 18% of the agencies' media allocations; magazines are next at 17%. Newspapers (14%), collateral (12%), and direct mail/direct marketing (11%) follow. The lowest amount (3%) is spent on commercial photography. Table 3 provides a complete summary of the responses.

Of the open-ended answers given by agencies (n = 119), e-marketing/web buying accounts for 48% of media allocations. Outdoor and out-of-home advertising is second at 30%.

Media Allocation Category	Average Percentage
Broadcast (TV/Radio)	18%
Magazines	17%
Newspapers	14%
Collateral	12%
Direct Mail/Direct Marketing	11%
Strategic Planning	9%
Other Print Media	9%
Other Media	5%
Merchandizing/POP	4%
Commercial Photography	3%

Table 3. Media Allocations on Different Media Types Across Agency Client Base

Specific Factors Driving the Media Choices for Campaigns

Respondents were asked to indicate up to five factors that drive the media choices for campaigns. Target market selection or demographic is the top factor at 71%. Cost/budget is the second most important factor at 63%; marketing strategy is third at 56%. The least important specific factor driving media choices for campaigns is the need for a personalized message (14%). Personalization is not a major consideration when choosing the medium for a campaign. A summary of the responses is shown Table 4.

Factors Driving Media Choices	Percent Answered Yes
Target market selection or demographic	72%
Cost/budget	63%
Marketing strategy	56%
Past history of success	43%
Client specifications	35%
ROI target	31%
Creative flexibility	23%
Need for measurement	19%
Time available	15%
Availability of data/databases	15%
Need for a new look	15%
Need for personalized messages	14%
Other services	4%

Note. Respondents could indicate up to 5 factors; n = 249.

Table 4. Factors Driving the Media Choices in a Campaign

Measuring the Results of a Campaign

The results of a campaign are most often measured by the client (37%), though a collaborative measurement by both the client and the agency is not far behind at 34%. Advertising agencies measure the results of a campaign 22% of the time; a third party is least likely to be involved (7%).

Method of Measuring Campaign Results

When asked how campaign results were measured, respondents were able to select multiple responses from a given list (see Table 5). Of the measures listed in the survey, a change in sales (a before-and-after measure) was the most common response at 29%. Sales leads were the second most common response at 24%, and the response rate for a direct mail piece followed at 23%. The measure used least among survey respondents was ROI (6%).

Method of Measuring Campaign Results	Percent Answered Yes
Other	41%
Change in sales (before/after measure)	29%
Sales leads	24%
Response rate of a direct mail piece	23%
Post-advertising awareness measures	19%
Happy, satisfied client who returns	12%
Change in number of calls to an 800 #	10%
Change in number of hits to a Web site	10%
Number of orders placed	6%
Retail traffic/store counts	6%
ROI	6%

Note. Multiple responses were accepted; n= 234.

Table 5. How Campaign Results Are Measured

Results

Changes in Marketing Strategy Effecting a Change in Recommended Media Mix

Three quarters of agencies have made or recommended a change in a client's marketing strategy that resulted in a change in the media mix in the past year. Respondents who answered "yes" were asked to answer a series of questions about a specific client for whom a change in the media mix was made or recommended in the past year.

- **Client Size**
  Seventy-one percent of these clients are classified as "small" (having $100 million or less in annual revenues). A quarter of the clients (24%) are classified as medium (having $101 million to $1 billion in annual revenues). The remainder (5%) is classified as large, with more than $1 billion in annual revenue.

- **Type of Business**
  The respondents (n = 169) have an average relationship length of eight years with clients for whom a change in the media mix was made or recommended. The clients are primarily B2C clients (60%); more than one third (37%) are business-to-business clients. The other 3% are categorized as both.

- **Specific Changes Recommended**
  The most common specific change in media mix recommended is for more print mail/direct mail at 34% and the second most is for more broadcast advertising at 32%. In direct contrast to the most common response, the third most commonly recommended change was less print mail/direct mail (19%). The two least common changes recommended—less point of sale (POS) and less sales support/collateral—both had a response of 0%. Table 6 provides a summary of all of the responses.

Media Recommendation	Percent Answered Yes
Other changes	41%
More print mail/direct mail	34%
More broadcast advertising	33%
Less print mail/direct mail	19%
Development of website	18%
Less broadcast advertising	9%
More e-mail	6%
More sales support/collateral	3%
More POS	1%
Less POS	0%
Less sales support/collateral	0%

Note. Multiple responses were accepted; n = 163.

Table 6. Specific Changes in the Media Mix Recommended

- **Reasons for the Change in Media Mix**
  The most common reason for a change in the media mix is a new target market at 43%; a new strategy is close behind at 41%. The third most common specific reason is to save money at 14%, while a client request is the least common reason for a change (2%). Figure 3 illustrates the spectrum of reasons for changing the media mix.

- **Title of Person Initiating the Marketing Campaign on the Client Side**
  As shown in Figure 4, the specific job title on the client side initiating the marketing campaign that resulted in a change in the media mix is most commonly the president or CEO at 26%; the VP of marketing follows at 25%. A response of "other" accounts for 38% of the job titles; names for specific positions are not consistent among different companies.
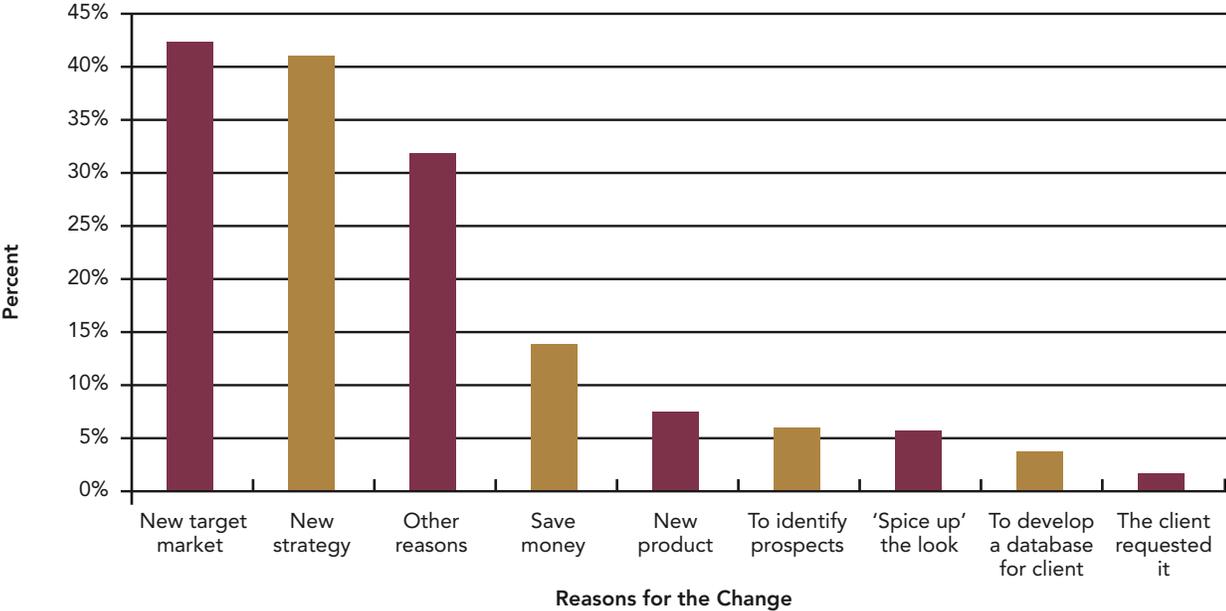
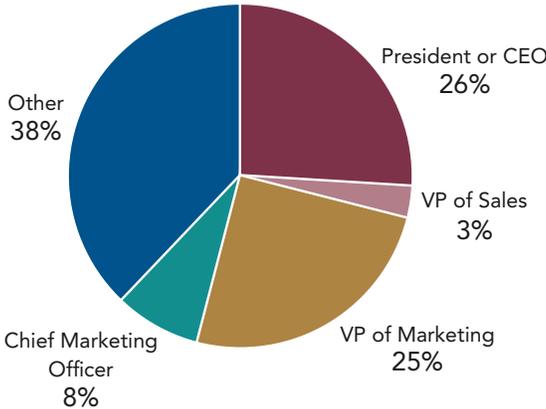Figure 3. Reasons for the Change in Media Mix
(n=167)

Figure 4. Title of Person Initiating the Marketing Campaign on the Client Side
(n-156)

The respondents (n = 59) of this open-ended question were separated into four groups: marketing (n = 36), advertising (n = 7), PR/corporate (n = 10), and miscellaneous (n = 6). Over half of the respondents in the marketing group (53%) said the marketing director initiated the marketing campaign. Almost half of the respondents in the advertising group (43%) said the ad manager initiated the marketing campaign. In the corporate group, responses are evenly divided between VP, director of communications, and account supervisor at 30%. In the miscellaneous group, human resource manager and owner both are 33%.

- **What was the Result of the Recommendation?**
  The response of the client to the agency's recommended change in the media mix is overwhelmingly positive; 94% of clients agree to the changes suggested. Five percent of clients don't agree to the suggested changes in the media mix

Media Perceptions

Approximately two-thirds of the respondents agree with the statements "targeted campaigns outperform mass-market campaigns" (67% agreement) and "I am aware of the new print technology capabilities for personalization (64% agreement). The statements with the least agreement are: "given the new design and production technologies, our clients are printing their own sales collateral in-house" (22%) and "we get better response rates from e-mail campaigns than printed mail" (19%). Table 7 provides a complete summary of the responses.

Statement	Percent Agree— 4 & 5 rating
Targeted campaigns outperform mass-market campaigns	67%
I am aware of the new print technology capabilities for personalization	64%
I have shown samples of printed communications material to clients to illustrate capabilities of the new technologies	55%
When my client needs to know the direct ROI from a campaign, I recommend a direct response advertising medium	51%
Broadcast media advertising is the best for brand building	50%
Free-standing inserts will continue to play an important role in the media mix for retail clients	49%
Broadcast media advertising is best for driving store traffic	43%
Given the new design and production technologies, our clients are printing their own sales collateral in-house	22%
We get better response rates with e-mail campaigns than printed mail	19%

Note. Measured by a five-point scale, where 5 = "strongly agree," and 1 = "strongly disagree."

Table 7. Media Perceptions of Advertising Agencies

Recommending Print as a Marketing Communications Tool

Agencies were able to select more than one response to a question regarding those situations in which they recommend print as a marketing communications tool. As Table 8 outlines, 77% of respondents selected introduction of a new product as the most common situation in which print is recommended as a marketing communications tool. The second most common response is promotions or special offers at 75%; increasing brand awareness follows at 74%. Cross-selling/up-selling is the least recommended situation at 49%; all the other situations were selected by a majority of the respondents.

Situations Recommending Print	Percent Answered Yes
Introduce a new product	77%
Promotions or special offers	75%
Increase brand awareness	74%
Brand positioning	70%
Sales support	67%
Customer retention/loyalty	65%
Lead generation	62%
To drive retail traffic	58%
Customer acquisition	57%
Cross-selling/up-selling	49%
Other	5%

Note. Multiple responses were accepted; respondents are categorized as strategic or both production and strategic; n = 218.

Table 8. Recommending Print as a Marketing Communications Tool in Specific Situations

Results

BUYING PRINT AND USE OF PERSONALIZATION

Of the agencies surveyed (n =235), 83% buy print for their customer base. The respondents who buy print work with an average of seven printers (a median of 9) (n = 116); the agencies (n = 121) have an average length of relationship with a printer of 18 years (a median of 7 years). The average annual dollar volume of print purchased by agencies participating in the survey (n = 96) is $1,519,531 (median is approximately $400,000).

Who Buys Print on Behalf of the Client

Of the respondents (n = 121) to this open-ended question, 36% said that the production manager is the person who buys print. The creative director is second at 12% followed by the account manager at 9%. The president is last at 8%.

Importance of Factors When Selecting a Print Service Provider

When selecting a print service provider, the factor of greatest importance to the respondents on average is dependability at 9.4, followed by print quality at 9.1 and turnaround time at 8.4. The factor of least importance is geographic proximity. As shown in Table 9, these factors were ranked on a scale of 1 to 10, where 1 meant "not at all important" and 10 meant "very important."

Factors to Consider when Selecting a Print Services Provider	Importance
Dependability	9.45
Print Quality	9.15
Turnaround time	8.41
Ease of doing business	8.19
Price	7.93
The specific technology used by the provider	6.85
Other factors	6.16
Unique Capabilities	6.04
Geographic proximity	5.79

Note. Ranked on a scale of 1 to 10, where 1 meant "not at all important" and 10 meant "very important."

Table 9. Importance of Factors When Selecting a Printing Services Provider

When questioned about the most important aspect of technology to consider when selecting a print provider, 39% of the respondents (n = 31) indicated digital printing and proofing with quick turnaround.

Proportion of Printing Services Using Traditional Printing Technology Versus Digital Printing Technology

According to the respondents, traditional printing technology (offset, flexography, and gravure) accounts for nearly two-thirds (62%) of the printing services purchased, while digital printing technology accounts for 38%.

As shown in Figure 5, an average of 23% of the print work purchased by advertising agencies that responded to the survey (n = 139) involves variable information or personalization. For the respondents (n = 129), 20% of the print work that is purchased involves offset-printed shells that are later imprinted with variable information using a digital laser printer (see Figure 6).
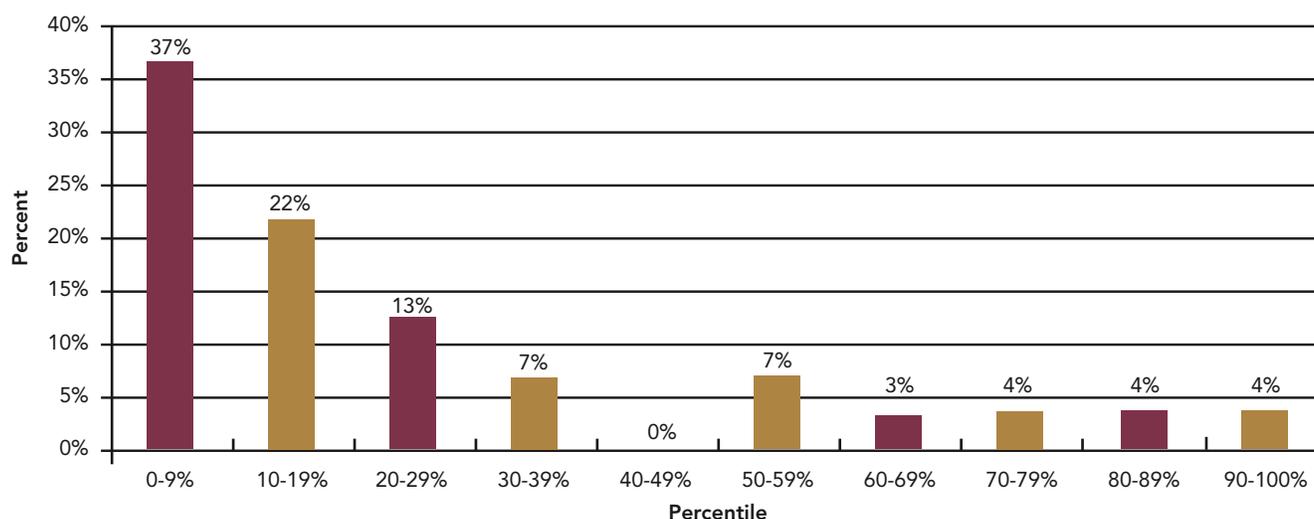
Figure 5. Percentage of Agency Work Involving Personalization or Variable Data
(n=139)
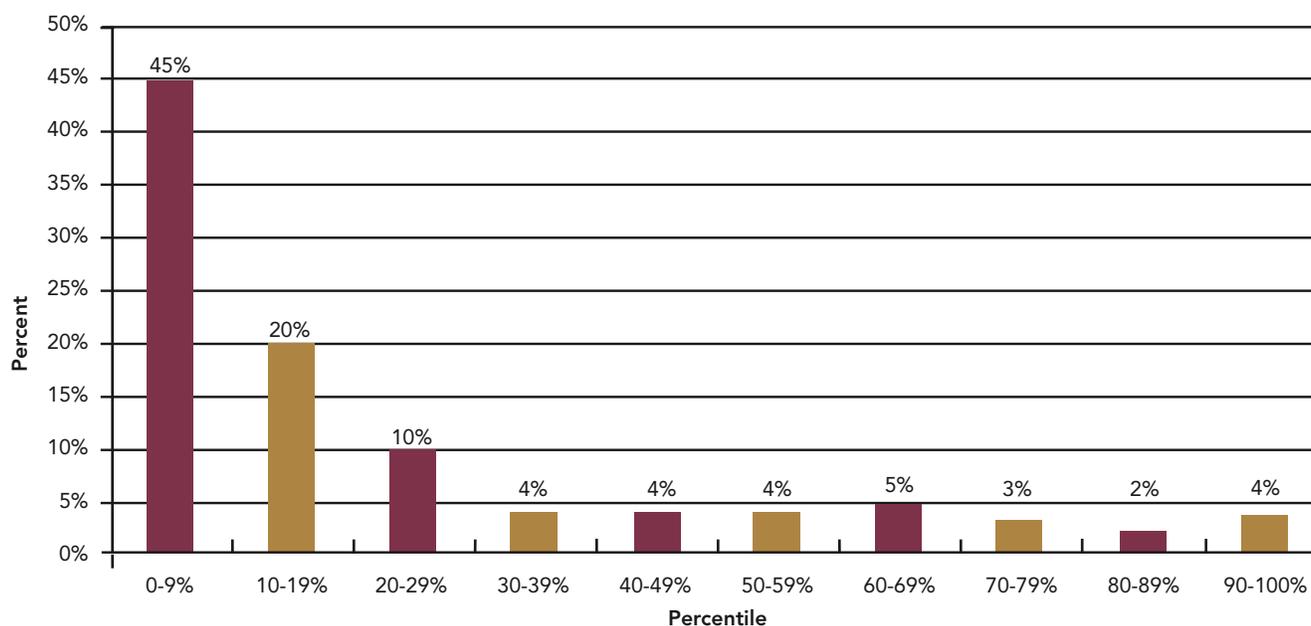
Figure 6. Percentage of Agency Work Involving Offset-Printed Shells Later Imprinted with Variable Information on Digital Laser Printer (n=129)

Biggest Obstacle In Recommending Personalized Communications to Clients

Respondents to this question had already indicated that less than 10% of their agencies' work involved variable communication or personalization. The biggest specific obstacle keeping these respondents from recommending personalized communication to their clients is price at 28%, with lack of a suitable database following at 23%. Nearly half of the respondents (46%) stated that "some other obstacle" keeps them from recommending personalization to their clients. Of this last group (n = 18), 29% said that there is a lack of need for variable data, and 17% said they don't recommend it because their clients are not the type to use it.

Typical Size of Clients Requesting Personalization

Respondents who answered that their work involved some variable information or personalization were asked to answer a series of questions about clients who typically requested personalization in their campaigns. Over three-quarters of clients (79%) who requested personalization are categorized as small, with annual revenues of $100 million or less;

15% of clients requesting personalization are categorized as medium, with annual revenues of $101 million to $1 billion. Clients categorized as large, with annual revenues of over $1 billion, make up only 6% of the total.

- **Business Type of Clients**
  Nearly half of clients (47%) who requested personalization are categorized as B2B companies; 42% of clients who requested personalization are categorized as B2C companies. The remaining 11% are categorized as both.

- **Classification by Industry of Clients**
  The two most common industry classifications for clients who request personalization are manufacturing and retail, both at 40%. The third most common industry classification for clients requesting personalization is financial at 34%; the least common industry classification for clients requesting personalization is pharmaceutical at 16%. Figure 7 shows the responses for the full spectrum of industries offered as responses.
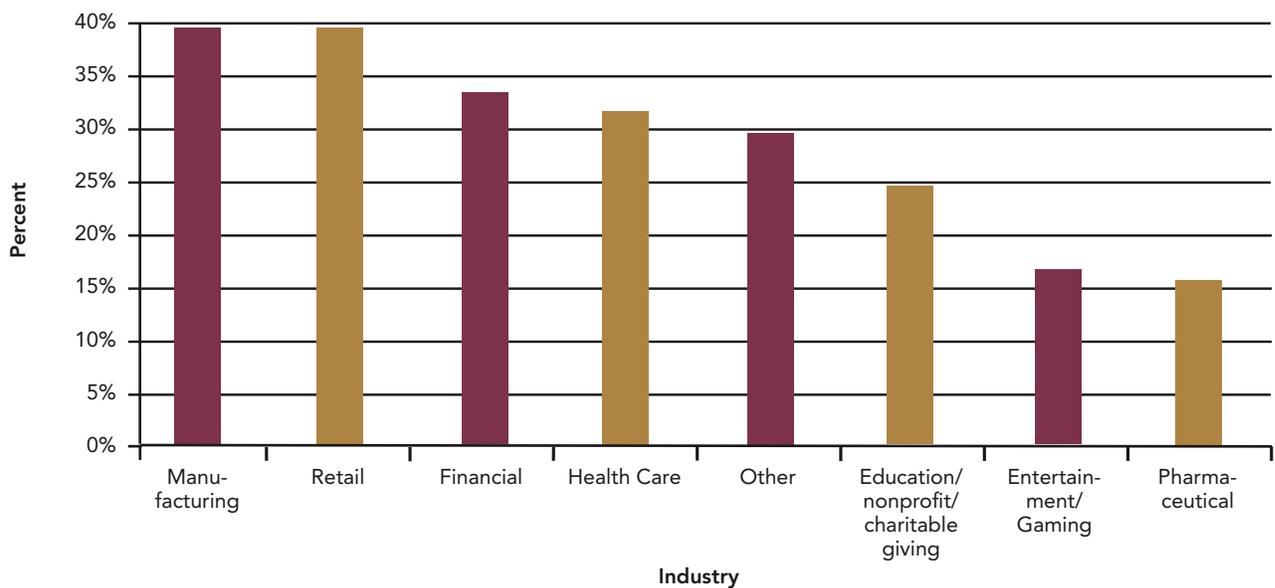
Figure 7. Classification by Industry of Clients Requesting Personalization (n=113)

- **Types of Media Best for Personalization**

  In response to the question of which types of media are best for personalization, direct mail was selected as best for personalization at an overwhelming 86%. E-mail was selected as the second best for personalization at 56%. Phone/call center/telemarketing was selected as the worst for personalization at only 18%.

- **Frequency and Degree of Personalized Communications**

  In answering the question of how often the agency produces personalized communications and to what degree they are personalized, respondents were asked to distribute 100

points among the items in order to indicate how often they produce personalized communications and to what degree they are personalized. As shown in Figure 8, the lowest degree of personalization, variable address and/or salutation, is the highest at 46%. The highest degree of personalization, variable text or numerical information and variable graphics, is 13%. The lowest rate of response is for the middle degree of personalization (variable address, text, and/or numerical information that goes into dynamic fields) at 12%.

- Impact of Personalized Communications

  According to the survey respon-
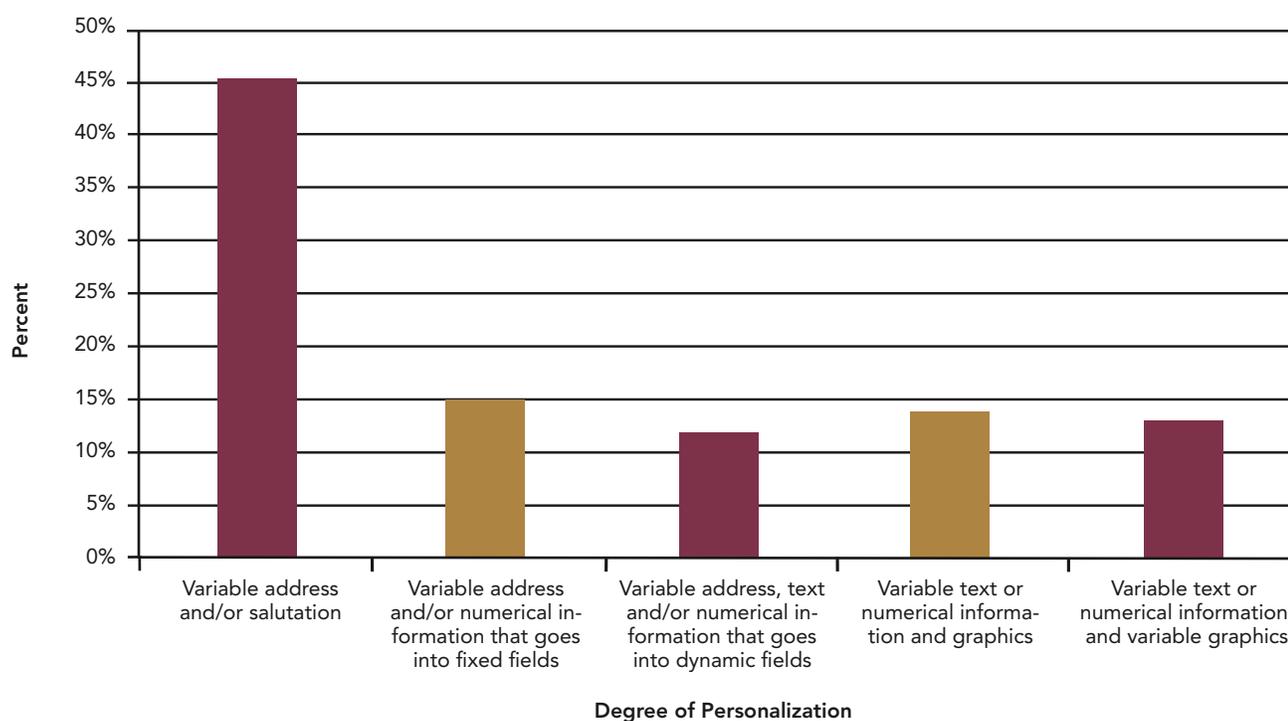
Figure 8. Degree of Personalized Communications (n=106)

dents, personalization has the highest impact on improving response rates at 7.2. Personalization has the second highest impact on improving custom- er retention at 6.8. Personalization had the least impact on reducing print and mailing costs at 5.2 (see Figure 9).
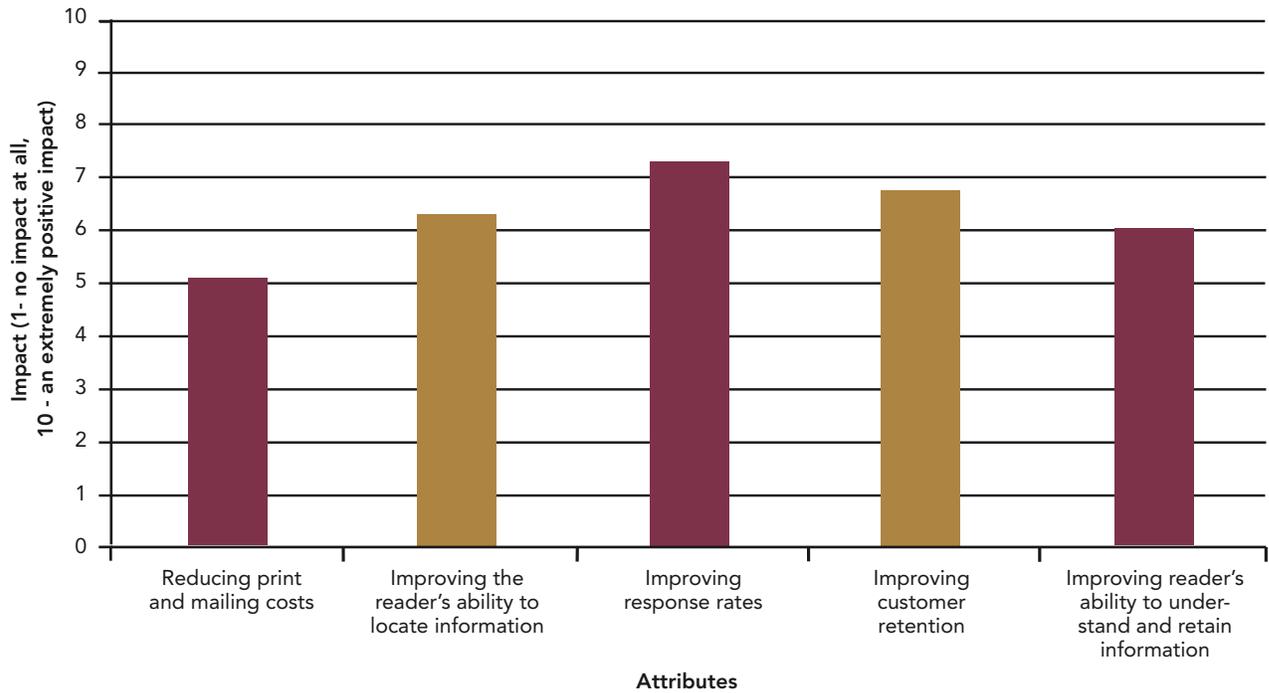
Figure 9. Impact of Personalized Communications on Selected Attributes (n=143)

RESULTS BY AGENCY TYPE

Additional analyses were conducted based on the nature of the ad agency. The agencies were divided into three groups according to the types of clients they serve: business-to-business (B2B), business-to-consumer (B2C), or a balance of both. Agencies that reported a client base that is 80% or higher B2C are classified as the "High B2C" group (n = 91). Those whose client base is less than 30% B2C are classified as the "High B2B" group (n = 91). The remainder are classified as the "mixed" group (n = 61). Responses to each question by the three groups of agencies are presented in the Appendix. Only statistically significant results are presented.

Annual Billings

The average annual billings (n = 198) are $26 million. High B2C agencies have aver- age annual billings of $8.5 million and High B2B agencies average annual billings of $26 million. The mixed group's average is the high- est at $43 million.

Primary Services Provided by the Agency

Agencies were asked to name the top three services that they provide. Almost half (48%) of the agencies in all three groups chose media planning and buying as their primary service. Over half of B2C and mixed agencies picked this as their primary service, with both at 54%. Thirty-eight percent of B2B agencies chose media planning and buying.

Retainer Vs. Project Contracts

High B2B agencies have the most project contracts at 61% and the fewest retainer contracts at 39%. Mixed agencies are the opposite, having the fewest project contracts at 43% and the most retainer contracts at 57%. Project and retainer contracts for High B2C agencies are split almost evenly at 49% and 51%, respectively. Figure 10 illustrates the breakdown for each of the client types.
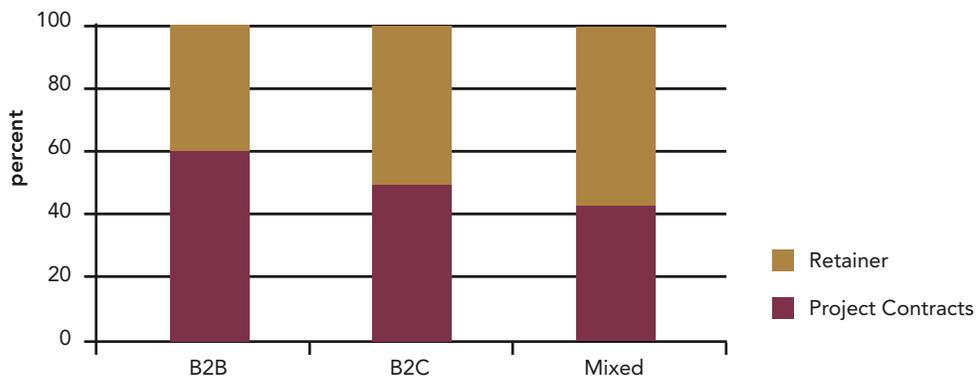
Figure 10. Retainer vs. Project Contracts by Client Type (n=233)

Spending Allocations on Types of Media

Each type of agency was asked to describe the media allocations across their client base. Magazines account for 25% of High B2B media allocations; collateral is next at 18%, and newspapers are last at 7%. Broadcast (TV/radio) accounts for 25% of High B2C allocations with newspapers following at 24%; collateral is last at 8%. For mixed agencies, broadcast (TV/radio) accounts for 23% of allocations, with magazines coming in second at 16%; direct mail/direct marketing is last at 9%. Table 10 provides a complete summary of the analysis.

Media Type	B2B	B2C	Mixed
Collateral	18%	8%	11%
Direct Mail/Direct Marketing	14%	9%	9%
Magazines	25%	9%	16%
Newspapers	7%	24%	13%
Broadcast (TV/Radio)	7%	25%	23%

Note. Highest values for each media type are shaded.

Table 10. Percent Spent on Media by Client Type

Changes in Marketing Strategy Affecting a Change in Recommended Media Mix

When respondents were asked if they recommended more broadcast advertising to their clients, 33% said yes. High B2C agencies are the most likely to recommend this change with 45% saying yes; High B2B agencies are the least likely at 14%. The other 42% is represented by mixed agencies.

Buying and Recommending Print

Ninety percent of High B2B agencies, 84% of mixed agencies, and 74% of High B2C agencies buy print for their customers.

Introduction of a new product (84%), sales support (81%), and brand positioning (76%) are the top three situations where High B2B agencies would recommend print as a marketing communications tool. Introduction of a new product (68%), driving retail traffic (62%), and brand positioning (58.4%) are the top three situations where High B2C agencies would recommend print. Introducing a new product (77%), brand positioning (75%), and driving retail traffic (74%) are the top three situations where mixed agencies would recommend print as a marketing communications tool. Table 11 provides a complete summary of the analysis.

Situation	B2B	B2C	Mixed
Lead generation	73%	44%	67%
Brand positioning	76%	58%	75%
Cross-selling/up-selling	61%	34%	51%
To introduce a new product	85%	68%	77%
To drive retail traffic	41%	62%	74%
Sales support	81%	52%	67%

Note. The three highest values for each client type are shaded.

Table 11. Situations Where Print Is Recommended as a Marketing Communications Tool by Client Type

Media Perceptions

Media perceptions vary significantly between B2B, B2C, and mixed-client agencies, as outlined in Table 12. High B2B firms are more likely to agree that targeted campaigns are more likely to outperform mass-market campaigns (75%) than are High B2C (67%) or mixed-client (59%) groups. High B2B agencies strongly agree that they are aware of new print technology capabilities for personalization (76%). Mixed-client and High B2C firms, however, have a lower level of agreement at 65% and 51%, respectively.

Statements	B2B (% Agree − 4 & 5)	B2C (% Agree − 4 & 5)	Mixed (% Agree − 4 & 5)
Targeted campaigns outperform mass-market campaigns	75%	67%	59%
I am aware of the new print technology capabilities for personalization	76%	51%	65%
I have shown samples of printed communications material to clients to illustrate capabilities of the new technologies	66%	51%	53%
When my client needs to know the direct ROI from a campaign, I recommend a direct response advertising medium	60%	42%	52%
Broadcast media advertising is the best for brand building	42%	55%	55%
Free-standing inserts will continue to play an important role in the media mix for retail clients	54%	50%	43%
Broadcast media advertising is best for driving store traffic	37%	48%	44%
We get better response rates with e-mail campaigns than printed mail	22%	13%	24%
Given the new design and production technologies, our clients are printing their own sales collateral in-house	25%	14%	28%

Note. Measured on a five point scale, where 5 = "strongly agree," and 1 = " strongly disagree."

Table 12. Media Perceptions by Client Type

Summary of Results

The key findings that address each of the research objectives for this study are presented below.

1. Define the dynamics between the advertising agency and the printer, and the advertising agency and the marketing executive relative to media decisions and campaign direction.

    - Media planning and buying (48%) and creative development (43%) are the most-frequently mentioned services provided by the agencies surveyed.

    - Agencies are either taking the lead in providing direction to their clients in campaign strategy or working with the client in a collaborative way.

    - Media strategy is changing frequently. Three-quarters of the agency executives reported that they changed a marketing strategy in the last year that resulted in a change of the marketing mix. The two most frequently mentioned changes are more print and direct mail and more broadcast advertising. The reasons for the changes are to reach a new target market (43%) or to implement a new strategy (41%).

    - Agency executives feel that print media is appropriate for a wide-range of marketing objectives; these perceptions, however, vary by the nature of the client served. Agencies that served primarily

B2B clients were more likely to recommend print for brand positioning and to introduce a new product compared to other agencies.

2. Describe the media buying and printer selection process within the advertising agency.

    - Broadcast media is the top placement for agency expenditures, but magazines, newspapers, and collateral follow closely behind. This pattern varies by the nature of the agency and the clients it serves—for B2B agencies, there is a higher expenditure on magazines, direct mail. and collateral. For B2C agencies, there is a higher expenditure for newspapers, TV, and radio.

    - Factors that drive media choices are: the target marketing profile (72%); costs (63%); marketing strategy (56%); and past history of success (43%). An ROI target was among the lower rated factors (only 31% reported it was an important factor.)

    - The effectiveness of different media varied by the nature of the agency. Agencies that serve primarily a B2C clients feel that broadcast media was best for brand building. B2B agencies are more likely to agree that they recommend a direct response medium when the client needs to know the ROI from a campaign.

- Eighty-three percent (83%) of the agencies buy print on the behalf of their clients. The average annual dollar volume of print purchased by agencies participating in the survey was $1,519,531 (a median of approximately $400,000).

- The average number of printers the typical agency works with is seven. The average number of years they have worked with their typical print providers is 18 years.

- The criteria for printer selection are (in descending order of importance): dependability, quality, turn-around time, the ease of doing business, price, and specific printing technology.

3. Evaluation of the impact that the agency has on digital printing and the migration to targeted and 1:1 communications solutions.

    - A majority of the printing bought by agencies on behalf of their clients is done on traditional presses (62%). The remaining 38% use digital technology.

    - In terms of awareness of the personalized printing technologies, 64% agreed that they were aware of the technology and 57% reported that they had shown samples of these campaigns to clients.

    - Only 23% of the print purchased by a typical agency uses personalization, but 46% of that is merely a mail/merge application. The types of client firms that are most often requesting personalized communications are smaller firms—both B2B and B2C—in the manufacturing, retail, financial, and health care industries.

- The preferred media for personalization are direct mail (86%) and e-mail (56%).

- The benefits of personalized communication are improved response rates and improved customer retention.

- The biggest obstacles in recommending personalized print are cost, lack of a suitable database, and the lack of need/not a strategic fit.

- Just under one quarter (22%) of the respondents indicated that clients are using the new printing technologies to print collateral materials in-house.

4. Understand the measures for campaign effectiveness utilized by agencies today.

    - Agencies are not taking a lead role in measuring campaign effectiveness. Either the client is performing this function (37%) or it is a collaborative effort between the client and the agency (34%).

    - The typical measures are change in sales (29%), number of sales leads (23%), response rate to direct mail (23%), and post-advertising awareness (19%). These measures did not vary by agency type (determined by the nature of their clients).

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Appendix

ADVERTISING AGENCY SURVEY

A survey of 250 advertising agency executives was conducted in Spring 2003 by Harris Interactive. The table below reports the summary data for all respondents. Questions specific to printing were answered only by those with some production experience (150 of total).

General Agency Questions	Responses (out of 250)	% Respondents Answered Yes	Minimum	Maximum	Average	SD
Number of employees at this location	223		1	5000	55.98	341.187
Annual billings	198		$200,000	$820,000,000	$26,000,000	$73,218,713
Number of years worked in advertising industry	249		0.0E+01	60	19.1446	11.25776
Number of years worked for current agency employer	248		0.0E+01	50	10.4556	9.35133
What is the highest level of education you have completed or the highest degree you have received?	249					
1 - Less than high school		0.40%				
2 - High school or equivalent (e.g., GED)		1.60%				
3 - Some college, but no degree		7.20%				
4 - College (e.g., B.A., B.S.)		63.50%				
5 - Some graduate school, but no degree		4.80%				
6 - Graduate school (e.g., M.S., M.D., Ph.D.)		19.70%				
7 - Associate's degree		2.80%				
Which of the following best describes your role in selecting media for your agency?	250					
1 - Advises clients on media strategies but are not involved with the day-to-day decisions regarding media		33.20%				
2 - Have creative responsibilities that impact media choices		7.20%				
3 - Are involved in the production of advertising materials, but do not consult with clients regarding media strategies		9.20%				
4 - Both advise clients on media strategies AND are involved with day-to-day decisions regarding media		50.40%				

Appendix

General Agency Questions	Responses (out of 250)	% Respondents Answered Yes	Minimum	Maximum	Average	SD
Respondent Classification	250					
1 - Strategic		40.40%				
2 - Production		9.20%				
3 - Both		50.40%				
What are the primary services your agency provides?	247					
1 - Graphic Design		27.90%				
2 - Brand Consulting		22.70%				
3 - Corporate Identity		17.00%				
4 - Creative Development		42.50%				
5 - Customer Relationship Management		8.50%				
6 - Digital Branding/Web Development		19.40%				
7 - Direct Marketing		21.90%				
8 - Media Planning/Buying		48.20%				
9 - Public Relations		22.70%				
10 - Sales Promotion/Collateral Development		24.70%				
11 - Other Services		12.10%				
12 - Not Sure/Decline to Answer		0.00%				
Number of accounts involved with at any given time	247		1	100	11.3117	11.32825
Among the accounts in which you, personally, are involved, what percentage of them are business-to-business, what percentage are business-to-consumer, and what percentage are both?	249					
1 - Business-to-Business			0%	100%	41.40%	37.1137
2 - Business-to-Consumer			0%	100%	53.44%	37.24523
3 - Both			0%	100%	5.16%	14.97007
What percentage of campaigns that you work on are project contracts versus those that are on retainer?	233					
1 - Project contracts			0%	100%	51.73%	39.78021
2 - Retainer			0%	100%	48.27%	39.78021
In the majority of campaigns that you have been involved with, are you TAKING direction from the client or PROVIDING the direction to the client regarding campaign strategy?	249					
1 - Taking direction from the client		8.00%				
2 - Providing direction to the client		47.00%				
3 - Collaborative interaction		42.20%				

General Agency Questions	Responses (out of 250)	% Respondents Answered Yes	Minimum	Maximum	Average	SD
4 - It all depends on the nature of the relationship with the client		2.00%				
5 - It all depends on the situation or campaign		0.80%				
As you think about the media allocations across your client base, what percent is spent on the following?						
1 - Collateral	238		0%	75%	12.36%	13.85472
2 - Commercial Photography	231		0%	30%	3.23%	5.56127
3 - Direct Mail/Direct Marketing	240		0%	90%	11.05%	14.63323
4 - Magazines	239		0%	90%	16.64%	16.67064
5 - Merchandizing/POP	239		0%	99%	4.24%	8.90376
6 - Newspapers	236		0%	100%	14.46%	19.9229
7 - Broadcast (TV/Radio)	236		0%	100%	17.90%	22.43037
8 - Strategic Planning	224		0%	50%	8.63%	9.95421
9 - Other PRINT Media	212		0%	90%	8.49%	15.02588
10 - Other Media	229		0%	100%	5.24%	13.49883
What are the most important factors that drive the media choices for the campaigns you work on?	249					
1 - Target market selection or demographic		71.89%				
2 - Creative flexibility		23.29%				
3 - Past history of success		42.57%				
4 - Need for a new look		14.86%				
5 - Marketing strategy		55.82%				
6 - Need for personalized messages		13.65%				
7 - Cost/budget		63.05%				
8 - Time available		15.26%				
9 - Availability of data/databases		15.26%				
10 - Need for improvement		18.47%				
11 - Client specifications		34.94%				
12 - ROI target		30.92%				
13 - Other services		4.02%				
14 - Not sure		0%				
15 - Decline to answer		0%				
Who typically measures the result of a campaign: you, the client or a third party?	244					
1 - You		21.70%				
2 - The client		37.30%				

Appendix

General Agency Questions	Responses (out of 250)	% Respondents Answered Yes	Minimum	Maximum	Average	SD
3 - A collaporative effort		34.40%				
4 - A third party		6.60%				
How do you typically measure the results of a campaign?	234					
1 - Sales leads		23.50%				
2 - Number of orders placed		6.41%				
3 - Change in sales (before/after measure)		29.06%				
4 - Change in number of calls to an 800 #		10.26%				
5 - Change in number of hits to a website		10.26%				
6 - Response rate of a direct mail piece		22.65%				
7 - Retail traffic/store counts		6.41%				
8 - Post-advertising awareness measures		18.80%				
9 - Happy, satisfied client who returns		12.39%				
10 - ROI		5.56%				
11 - Other services		40.60%				
In the past year, have you changed or recommended a change in a client's marketing strategy that would have resulted in a change in the media mix?	225	75.10%				
What changes were recommended to the client?	163					
1 - More broadcast advertising		32.50%				
2 - Less broadcast advertising		8.60%				
3 - More print mail/direct mail		33.70%				
4 - Less print mail/direct mail		19.00%				
5 - More e-mail		5.50%				
6 - Development of website		18.40%				
7 - More POS		0.60%				
8 - Less POS		0.00%				
9 - More sales support/collateral		2.50%				
10 - Less sales support/collateral		0.00%				
11 - Other changes		40.50%				
What were the reasons for the change?	167					
1 - The client requested it		1.80%				
2 - Save money		14.40%				
3 - New product		7.80%				
4 - New target market		43.10%				
5 - 'Spice up' the look		6.00%				

General Agency Questions	Responses (out of 250)	% Respondents Answered Yes	Minimum	Maximum	Average	SD
6 - New strategy		41.30%				
7 - To develop a database for the client		3.60%				
8 - To identify prospects		6.60%				
9 - Other reasons		32.30%				
Number of years relationship with client	169		0.0E+01	61	7.5562	8.47395
How would you estimate the size of client in terms of annual revenues?	166					
$100 million or less (small)		71.70%				
$101 million to $1 billion (medium)		23.50%				
More than $1 billion (large)		4.80%				
Is this client primarily a business-to-business or a business-to-consumer company?	169					
1 - Business-to-business		36.70%				
2 - Business-to-consumer		60.40%				
3 - Both		3.00%				
On the client side, what job title initiated a marketing campaign?						
1- President or CEO		26.30%				
2 - VP of Sales		3.20%				
3 - VP of Marketing		25.00%				
4 - Chief Marketing Officer		7.70%				
5 - Other		37.80%				
What was the result of your recommendation that your client change its media mix for this specific campaign?	168					
1 - The client did not agree to it		5.40%				
2 - The client agreed to it		93.50%				
3 - Some other result		1.20%				
In the past year, has a CLIENT recommended a change in media mix for a specific campaign?	55	16.40%				
Print-Specific Questions	Responses (out of 250)	% Respondents Answered Yes	Minimum	Maximum	Average	SD
Does your agency buy printing for your customer base?	235	83.00%				
How many printers does your firm work with?	116		1	50	7.3879	8.25756
What is the average length of relationship between you and a printer?						
1 - in months	107		0.0E+01	6	0.2804	1.17998

Print-Specific Questions	Responses (out of 250)	% Respondents Answered Yes	Minimum	Maximum	Average	SD
2 - in years	121		0.0E+01	99	18.3223	30.49213
Please rate the importance of the following factors when selecting a printing services provider:						
1 - Price	120		1	10	7.925	1.53482
2 - Print Quality	121		1	10	9.1488	1.40036
3 - The specific technology used by the provider	120		1	10	6.85	2.07283
4 - Turnaround time	121		3	10	8.4132	1.39445
5 - Geographic proximity	121		1	10	5.7851	2.31015
6 - Ease of doing business	121		4	10	8.1901	1.52924
7 - Dependability	121		2	10	9.4545	1.22474
8 - Unique Capabilities	119		1	10	6.042	1.99743
9 - Other factors	77		1	10	6.1558	2.43367
Annual dollar volume of print purchased	96		$10,000	$25,000,000	$1,519,531	$3,943,682
In what situations do you recommend print as a marketing communication tool?	218					
1 - Lead generation		61.50%				
2 - Customer acquisition		57.30%				
3 - Customer retention/loyalty		65.10%				
4 - Brand positioning		69.70%				
5 - Cross-selling/up-selling		48.60%				
6 - Increase brand awareness		73.90%				
7 - Introduce a new product		76.60%				
8 - Promotions or special offers		75.20%				
9 - To drive retail traffic		57.80%				
10 - Sales support		67.00%				
11 - Other		5.00%				
Agree or disagree with:						
1 - Broadcast media advertising is the best for brand building	217		1	5	3.4194	1.06901
2 - When my client needs to know the direct ROI from a campaign, I recommend a direct response advertising medium	220		1	5	3.4409	1.20166
3 - Given the new design and production technologies, our clients are printing their own sales collateral in-house	210		1	5	2.3905	1.2829
4 - I am aware of the new print technology capabilities for personalization	221		1	5	3.8492	1.24457

Print-Specific Questions	Responses (out of 250)	% Respondents Answered Yes	Minimum	Maximum	Average	SD
5 - Targeted campaigns outperform mass-market campaigns	222		1	5	3.9369	1.03144
6 - We get better response rates with e-mail campaigns than printed mail	209		1	5	2.4163	1.22236
7 - Broadcast media advertising is best for driving store traffic	208		1	5	3.3269	1.00186
8 - I have shown samples of printed communications material to clients to illustrate capabilities of the new technologies	213		1	5	3.4554	1.44527
9 - Free-standing inserts will continue to play an important role in the media mix for retail clients	209		1	5	3.3828	1.25073
What is the biggest obstacle in your recommending personalized communications to your clients?	39					
1 - Lack of a suitable database		23.10%				
2 - Price		28.20%				
3 - Design constraints/lack of creative flexibility		2.60%				
4 - Some other obstacle		46.20%				
What percentage of the work that your agency does involves variable information or personalization?	139		0%	100%	23.26%	27.41319
About what percent of all the printing services you purchase is done using traditional printing technology versus digital printing technology?	111					
1 - Percent traditional printing technology			0%	100%	62.24%	27.96693
2 - Percent digital printing technology			0%	100%	37.76%	27.96693
How would you estimate the typical size of clients (in terms of annual revenues) requesting more personalization in their campaigns?	107					
1 - $100 million or less (small)		79.40%				
2 - $101 million to $1 billion (medium)		15.00%				
3 - More than $1 billion (large)		5.60%				
Are clients who request personalization in their campaigns typically business-to-business or business-to-consumer companies?	113					
1 - Business-to-business		47.80%				
2 - Business-to-consumer		41.60%				
3 - Both		10.60%				
In what type of industries are clients who request personalization in their campaigns?	113					

Appendix

Print-Specific Questions	Responses (out of 250)	% Respondents Answered Yes	Minimum	Maximum	Average	SD
1 - Financial		33.60%				
2 - Retail		39.80%				
3 - Pharmaceutical		15.90%				
4 - Entertainment/Gaming		16.80%				
5 - Education/non-profit/charitable giving		24.80%				
6 - Health care		31.90%				
7 - Manufacturing		39.80%				
8 - Other		30.10%				
What types of media are best for personalization?	113					
1 - Direct mail		85.80%				
2 - Email		55.80%				
3 - Internet customized pages		35.40%				
4 - Phone/call center/telemarketing		17.70%				
5 - None of these		2.70%				
Distribute 100 points among these five items to indicate how often you produce personalized communications and to what degree they are personalized:	106					
1 - Variable address and/or salutation			0%	100%	45.85%	30.75612
2 - Variable address and/or numerical information that goes into fixed fields			0%	100%	15.36%	16.91164
3 - Variable address, text, and/or numerical information that goes into dynamic fields			0%	100%	11.95%	16.44175
4 - Varialbe text or numerical information and graphics			0%	100%	13.73%	19.46696
5 - Variable text or numerical information and variable graphics			0%	100%	13.11%	20.65145
Of all the printing work your agency does, what percentage uses offset printed shells that are later imprinted with variable information from a digital laser printer?	129		0%	100%	19.77%	26.33068
Please rate the impact that personalized communication has on:						
1 - Reducing print and mailing costs	143		1	10	5.042	2.90185
2 - Improving the reader's ability to locate information	141		1	10	6.3617	2.72888
3 - Improving response rates	143		1	10	7.2587	2.33984
4 - Improving customer retention	144		1	10	6.8333	2.33849
5 - Improving readers' ability to understand and retain information	144		1	10	6.1458	2.6417

General Agency Questions	Responses (out of 250)	Scale/Units	% yes OR Mean Overall	B2B Clients	Mixed	B2C Clients	significance
Number of employees at this location	223						
Annual billings	198		$26 million	$8.5 million	$43 million	$26 million	3.20E-02
Number of years worked in advertising industry	249		11.3 years				
Number of years worked for current agency employer	248		9.3 years				
Respondent Classification	250						0.002
1 - Strategic			40.40%	26.40%	56.70%	41.80%	
2 - Production			9.20%	12.1	3	11	
3 - Both			50.40%	61.5	40.3	47.3	
What are the primary services your agency provides?	247						
1 - Graphic Design			27.90%				
2 - Brand Consulting			22.70%				
3 - Corporate Identity			17.00%				
4 - Creative Development			42.50%				
5 - Customer Relationship Management			8.50%				
6 - Digital Branding/Web Development			19.40%				
7 - Direct Marketing			21.90%				
8 - Media Planning/Buying			48.20%	37.80%	53.70%	54.40%	0.046
9 - Public Relations			22.70%				
10 - Sales Promotion/Collateral Development			24.70%				
11 - Other Services			12.10%				
12 - Not Sure/Decline to Answer			0.00%				
Number of accounts involved with at any given time	247		11.3117				
Among the accounts in which you, personally, are involved, what percentage of them are business-to-business, what percentage are business-to-consumer, and what percentage are both?	249						
1 - Business-to-Business			41.40%	81.60%	35.30%	5.70%	0.0001
2 - Business-to-Consumer			53.44%	10.50%	57.30%	93.40%	0.0001
3 - Both			5.16%	7.80%	7.20%	0.90%	0.003

General Agency Questions	Responses (out of 250)	Scale/Units	% yes OR Mean Overall	B2B Clients	Mixed	B2C Clients	significance
What percentage of campaigns that you work on are project contracts versus those that are on retainer?	233						
1 - Project contracts			51.73%	60.90%	42.80%	48.90%	0.0150
2 - Retainer			48.27%	39.10%	57.20%	51.10%	0.0150
In the majority of campaigns that you have been involved with, are you TAKING direction from the client or PROVIDING the direction to the client regarding campaign strategy?	249						
1 - Taking direction from the client			8.00%				
2 - Providing direction to the client			47.00%				
3 - Collaborative interaction			42.20%				
4 - It all depends on the nature of the relationship with the client			2.00%				
5 - It all depends on the situation or campaign			0.80%				
As you think about the media allocations across your client base, what percent is spent on the following?							
1 - Collateral	238		12.36%	17.60%	11.30%	7.70%	0.0001
2 - Commercial Photography	231		3.23%	4.90%	2.80%	1.80%	0.001
3 - Direct Mail/Direct Marketing	240		11.05%	14.30%	9.00%	9.30%	0.031
4 - Magazines	239		16.64%	24.80%	16.00%	8.80%	0.0001
5 - Merchandizing/POP	239		4.24%				
6 - Newspapers	236		14.46%	6.50%	12.70%	23.70%	0.0001
7 - Broadcast (TV/Radio)	236		17.90%	6.80%	22.90%	25.30%	0.0001
8 - Strategic Planning	224		8.63%				
9 - Other PRINT Media	212		8.49%				
10 - Other Media	229		5.24%				
What are the most important factors that drive the media choices for the campaigns you work on?	249						
1 - Target market selection or demo graphic			71.89%				
2 - Creative flexibility			23.29%				
3 - Past history of success			42.57%				
4 - Need for a new look			14.86%				

General Agency Questions	Responses (out of 250)	Scale/Units	% yes OR Mean Overall	B2B Clients	Mixed	B2C Clients	significance
5 - Marketing strategy			55.82%				
6 - Need for personalized messages			13.65%				
7 - Cost/budget			63.05%				
8 - Time available			15.26%				
9 - Availability of data/databases			15.26%				
10 - Need for improvement			18.47%				
11 - Client specifications			34.94%				
12 - ROI target			30.92%				
13 - Other services			4.02%				
14 - Not sure			0%				
15 - Decline to answer			0%				
Who typically measures the result of a campaign: you, the client, or a third party?	244						
1 - You			21.70%				
2 - The client			37.30%				
3 - A collaporative effort			34.40%				
4 - A third party			6.60%				
How do you typically measure the results of a campaign?	234						
1 - Sales leads			23.50%				
2 - Number of orders placed			6.41%				
3 - Change in sales (before/after measure)			29.06%				
4 - Change in number of calls to an 800 #			10.26%				
5 - Change in number of hits to a website			10.26%				
6 - Response rate of a direct mail piece			22.65%				
7 - Retail traffic/store counts			6.41%				
8 - Post-advertising awareness measures			18.80%				
9 - Happy, satisfied client who returns			12.39%				
10 - ROI			5.56%				
11 - Other services			40.60%				
In the past year, have you changed or recommended a change in a client's marketing strategy that would have resulted in a change in the media mix?	225		75.10%				
What changes were recommended to the client?	163						
1 - More broadcast advertising			32.50%	13.80%	41.70%	44.60%	0.001

Appendix

General Agency Questions	Responses (out of 250)	Scale/Units	% yes OR Mean Overall	B2B Clients	Mixed	B2C Clients	significance
2 - Less broadcast advertising			8.60%				
3 - More print mail/direct mail			33.70%				
4 - Less print mail/direct mail			19.00%				
5 - More e-mail			5.50%				
6 - Development of website			18.40%				
7 - More POS			0.60%				
8 - Less POS			0.00%				
9 - More sales support/collateral			2.50%				
10 - Less sales support/collateral			0.00%				
11 - Other changes			40.50%				
What were the reasons for the change?	167						
1 - The client requested it			1.80%				
2 - Save money			14.40%				
3 - New product			7.80%				
4 - New target market			43.10%				
5 - 'Spice up' the look			6.00%				
6 - New strategy			41.30%				
7 - To develop a database for the client			3.60%				
8 - To identify prospects			6.60%				
9 - Other reasons			32.30%				
Number of years relationship with client	169		7.5562				
How would you estimate the size of client in terms of annual revenues?	166						
$100 million or less (small)			71.70%				
$101 million to $1 billion (medium)			23.50%				
More than $1 billion (large)			4.80%				
Is this client primarily a business-to-business or a business-to-consumer company?	169						0.00001
1 - Business-to-business			36.70%	83.10%	21.20%	3.50%	
2 - Business-to-consumer			60.40%	15.30%	71.20%	96.50%	
3 - Both			3.00%	1.70%	7.70%	0.00%	

General Agency Questions	Responses (out of 250)	Scale/Units	% yes OR Mean Overall	B2B Clients	Mixed	B2C Clients	significance
On the client side, what job title initiated a marketing campaign?							
1- President or CEO			26.30%				
2 - VP of Sales			3.20%				
3 - VP of Marketing			25.00%				
4 - Chief Marketing Officer			7.70%				
5 - Other			37.80%				
What was the result of your recommendation that your client change its media mix for this specific campaign?	168						
1 - The client did not agree to it			5.40%				
2 - The client agreed to it			93.50%				
3 - Some other result			1.20%				
In the past year, has a CLIENT recommended a change in media mix for a specific campaign?	55		16.40%				

Print -Specific Questions	Responses (out of 250)	Scale/Units	% yes OR Mean Overall	B2B Clients	Mixed	B2C Clients	significance
Does your agency buy printing for your customer base?	235		83.00%	90.00%	83.60%	74.70%	0.028
How many printers does your firm work with?	116		7.39	7.7	9	5.9	
What is the average length of relationship between you and a printer?							
1 - in months	107						
2 - in years	121		18.32 years	15.6	11	26.5	
Please rate the importance of the following factors when selecting a printing services provider:		1 (not at all important) through 10 (very important)					
1 - Price	120		7.93				
2 - Print Quality	121		9.15				
3 - The specific technology used by the provider	120		6.85				
4 - Turnaround time	121		8.41				
5 - Geographic proximity	121		5.79				

Print-Specific Questions	Responses (out of 250)	Scale/ Units	% yes OR Mean Overall	B2B Clients	Mixed	B2C Clients	significance
6 - Ease of doing business	121		8.19				
7 - Dependability	121		9.45				
8 - Unique Capabilities	119		6.04				
9 - Other factors	77		6.16				
Annual dollar volume of print purchased	96		$1,519,531				
In what situations do you recommend print as a marketing communication tool?	218						
1 - Lead generation			61.50%	73.40%	67.20%	44.20%	0.0001
2 - Customer acquisition			57.30%				
3 - Customer retention/loyalty			65.10%				
4 - Brand positioning			69.70%	75.90%	75.40%	58.40%	0.03
5 - Cross-selling/up-selling			48.60%	60.80%	50.80%	33.80%	0.003
6 - Increase brand awareness			73.90%				
7 - Introduce a new product			76.60%	84.80%	77.00%	67.50%	0.039
8 - Promotions or special offers			75.20%				
9 - To drive retail traffic			57.80%	40.50%	73.80%	62.30%	0.0001
10 - Sales support			67.00%	81.00%	67.20%	51.90%	0.001
11 - Other			5.00%				
Agree or disagree with:			1 (completely disagree) through 5 (completely agree)				
1 - Broadcast media advertising is the best for brand building	217		3.42	3.18	3.52	3.58	0.048
2 - When my client needs to know the direct ROI from a campaign, I recommend a direct response advertising medium	220		3.44	3.67	3.5	3.16	0.026
3 - Given the new design and production technologies, our clients are printing their own sales collateral in-house	210		2.39	2.56	2.52	2.08	0.049
4 - I am aware of the new print technology capabilities for personalization	221		3.85	4.23	3.82	3.48	0.001
5 - Targeted campaigns outperform mass-market campaigns	222		3.94	4.23	3.53	4	0.0001
6 - We get better response rates with e-mail campaigns than printed mail	209		2.42				
7 - Broadcast media advertising is best for driving store traffic	208		3.33				

Print-Specific Questions	Responses (out of 250)	Scale/Units	% yes OR Mean Overall	B2B Clients	Mixed	B2C Clients	significance
8 - I have shown samples of printed communications material to clients to illustrate capabilities of the new technologies	213		3.46	3.82	3.38	3.15	0.015
9 - Free-standing inserts will continue to play an important role in the media mix for retail clients	209		3.38				
What is the biggest obstacle in your recommending personalized communications to your clients?	39						
1 - Lack of a suitable database			23.10%				
2 - Price			28.20%				
3 - Design constraints/lack of creative flexibility			0.026				
4 - Some other obstacle			46.20%				
What percentage of the work that your agency does involves variable information or personalization?	139		23.26%	21.60%	29.50%	22.20%	
About what percent of all the printing services you purchase is done using traditional printing technology versus digital printing technology?	111						
1 - Percent traditional printing technology			62.24%				
2 - Percent digital printing technology			37.76%				
How would you estimate the typical size of clients (in terms of annual revenues) requesting more personalization in their campaigns?	107						
1 - $100 million or less (small)			79.40%				
2 - $101 million to $1 billion (medium)			15.00%				
3 - More than $1 billion (large)			5.60%				
Are clients who request personalization in their campaigns typically business-to-business or business-to-consumer companies?	113						
1 - Business-to-business			47.80%				
2 - Business-to-consumer			41.60%				
3 - Both			10.60%				
In what type of industries are clients who request personalization in their campaigns?	113						
1 - Financial			33.60%				
2 - Retail			39.80%	25.90	54.50	51.40	0.015

Print-Specific Questions	Responses (out of 250)	Scale/ Units	% yes OR Mean Overall	B2B Clients	Mixed	B2C Clients	significance
3 - Pharmaceutical			15.90%				
4 - Entertainment/Gaming			16.80%				
5 - Education/non-profit/charitable giving			24.80%				
6 - Health care			31.90%				
7 - Manufacturing			39.80%	50	40.9	24.3	0.048
8 - Other			30.10%				
What types of media are best for personalization?	113						
1 - Direct mail			85.80%				
2 - Email			55.80%				
3 - Internet customized pages			35.40%				
4 - Phone/call center/telemarketing			17.70%				
5 - None of these			2.70%				
Distribute 100 points among these five items to indicate how often you produce personalized communications and to what degree they are personalized:	106						
1 - Variable address and/or salutation			45.85%				
2 - Variable address and/or numerical information that goes into fixed fields			15.36%				
3 - Variable address, text, and/or numerical information that goes into dynamic fields			11.95%				
4 - Varialbe text or numerical information and graphics			13.73%				
5 - Variable text or numerical information and variable graphics			13.11%				
Of all the printing work your agency does, what percentage uses offset printed shells that are later imprinted with variable information from a digital laser printer?	129		19.77%				
Please rate the impact that personalized communication has on:			1 (no impact at all) through 10 (an extremely positive impact)				
1 - Reducing print and mailing costs	143		5.042				
2 - Improving the reader's ability to locate information	141		6.3617				
3 - Improving response rates	143		7.2587				
4 - Improving customer retention	144		6.8333				
5 - Improving readers' ability to understand and retain information	144		6.1458				

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