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Rothenberg's book is a delight to read, and it provides a singular opportunity to compare what the agencies delivered in the Subaru proposals with what clients should expect. On the negative side, the book lacks structure so that it is difficult to follow the time sequencing or understand how events were related. I propose a set of agency selection criteria and use this to help evaluate Rothenberg's account. The criteria are drawn from my 15 years of experience in teaching advertising at the Wharton School. The focus of this teaching is normative (how should firms advertise), not descriptive (how they advertise). Rothenberg's account implies that the industry is out of touch with its clients' needs. The major problem is that some agencies view advertising as art, whereas their clients view it as a way of selling products. It is not clear these views are even related. Indeed, according to Polonsky and Waller (1995), it is not even clear that award-winning advertisements increase an agency's billings.

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**Book Reviewed: *Where the Suckers Moon: An Advertising Story*, by Randall Rothenberg, New York: Alfred A. Knopf, 1994, 477 pages.**

# How Should Firms Select Advertising Agencies?

by J. Scott Armstrong

In his book, *Where the Suckers Moon: An Advertising Story*, Randall Rothenberg, a former advertising columnist for the *New York Times*, describes how Subaru of America selected a new agency in 1991. This behind-the-scenes account was made possible by his sitting in on the meetings that led to the selection of Wieden and Kennedy to handle Subaru's $75 million account. The book is thus a first-hand look at how an agency makes a proposal to a client. Rothenberg also reports on the subsequent relationship between Wieden and Kennedy and Subaru. Along the way, he describes the advertising industry in general. The book should be of interest to those in the advertising business, those who hire advertising agencies, students contemplating a career in advertising, and teachers of advertising.

Rothenberg's book is a delight to read, and it provides a singular opportunity to compare what the agencies delivered in the Subaru proposals with what clients should expect. On the negative side, the book lacks structure so that it is difficult to follow the time sequencing or understand how events were related. I propose a set of agency selection criteria and use this to help evaluate Rothenberg's account. The criteria are drawn from my 15 years of experience in teaching advertising at the Wharton School. The focus of this teaching is normative (how *should* firms advertise), not descriptive (how they advertise). Rothenberg's account implies that the industry is out of touch with its clients' needs. The major problem is that some agencies view advertising as art, whereas their clients view it as a way of selling products. It is not clear these views are even related. Indeed, according to Polonsky and Waller (1995), it is not even clear that award-winning advertisements increase an agency's billings.

## *Selecting a New Agency*

Typically, large accounts are decided by screening a large set of agencies down to a manageable set, conducting initial interviews to further narrow the field, and inviting formal proposals from few finalists. The process of selecting a new advertising agency at Subaru began in April 1991 with a scan list of 150 large agencies (out of the 5000 agencies in the *Red Book)*. Some of these 150 were immediately eliminated because they already had car accounts or because their skill sets were too narrow. Using what seemed to be a relatively unstructured process, Subaru whittled the list down to 28 agencies. Each of these was sent a 36-item questionnaire probing their abilities and their interest in the Subaru account. They were given three days to respond; 24 of the 36 did. Following what seemed to be an unstructured group process, Subaru cut the list to 10. At this point, Subaru marketing representatives scheduled a three-hour "credentials meeting" with each of the 10 agencies. In preparation, Subaru asked each agency to prepare two case histories, one involving one of their new product introductions, the other a new positioning campaign for an established product. In preparation for this meeting, Subaru (p. 26) prepared an eight-factor rating sheet to evaluate each agency (e.g., "How difficult was the challenge facing the agency?"). After this, six agencies were asked to make a three-and-a-half hour pitch for the account. These proposals were reviewed by a five-member panel using an unstructured process (Chapter 11).

When advertising agencies try to convince firms to hire them, they have two advantages over the client. First, they have created many advertising campaigns, whereas the client typically has not created any (though the client may have been involved with the implementation of advertising campaigns). Second, they are supposedly experts in persuading people. These presumed advantages affect the relationship between the advertiser and the client. In particular, they can influence what criteria are used for the selection of an agency.

Most agencies seem to compete for clients on the basis of their creativity. They stress the "Big Idea." According to Rothenberg (p. 112), the theory of the Big Idea is that consumers are bored and irrational when deciding what to buy. He quotes Leo Bogart, who says that the Big Idea is "in the realm of myth, to which measurements cannot apply." Is the client able to judge the quality of the creativity and the Big Idea? I suspect not. Such an assessment is likely to be unreliable and invalid. What firms should do is ask the agency to provide a proposal that is relevant to their needs. This implies that they should provide the agency with an explicit set of criteria for evaluation. I present a set of ideal criteria that can be used to evaluate how Subaru went about its agency selection problem.

***Ideal Selection Criteria: What the Clients Should Get***

The subsequent list helps assess Subaru's strategy and tactics. One assumption behind this list of criteria is that it is easier for an advertiser to evaluate the procedures an agency uses than to judge the advertisements themselves. Another assumption is that a structured approach is superior to an unstructured one. Thus, the "chemistry" of the interaction is expected to harm the quality of the selection. This somewhat counter-intuitive assumption is drawn from research in other areas, such as selection problems. For example, Meehl (1956, p. 263) concluded that "the first rule to follow in trying to predict the subsequent course of a student's or patient's behavior is carefully to avoid talking to him, and that the second rule is to avoid thinking about him."

The criteria, drawn largely from what experts said about advertising and effective problem solving, were reviewed by five experts (with over 120 years of cumulative experience in advertising) and judged to be comprehensive. These experts also weighted the relative importance of each item; I provide the average importance in parentheses.

***Strategy***

Sl. *Planning techniques*: Do they (the advertising agency) know how to plan a campaign effectively? For example, do they provide an effective time-line for developing a campaign? Do they consider alternative strategies? Do they have contingency plans? Did they plan this meeting effectively? Much evidence exists that formal planning techniques improve the performance of an organization. Are they aware of this research and of the recommended procedures? (9%)

S2. *Objectives:* Do they focus on your primary objectives? Do they know how to assess the effectiveness of advertising and determine whether the advertising is meeting these objectives? Can they tell whether the advertising is providing a good return on investment? What are the measurable outcomes? And what level of success might be expected for each outcome? Will they provide any guarantees on the success of the campaign? Is their own compensation tied to your (the client's) success? (11%)

S3. *Target market research:* If it is necessary to obtain additional information about the target market, do they know how to design and evaluate studies so that they relate effectively to the advertising campaign? Do they know how to use survey research methods effectively? An examination of one of their prior reports might be useful here. Are they aware of the research in this area? (One way to assess this would be to compare one of their target market research reports with the research-based advice provided by Dillman [1978].) If they subcontract their work, is the work well done? (9%)

S4. *Persuasion research findings*: Are they familiar with the extensive research findings on how to persuade people? If yes, how do they ensure that this research is brought to bear on the advertising campaign? Do they have good grounds for violating this research (e.g., research on the specific product may show that it is an exception from the general principles)? (4%)

***Tactics***

Tl. *Creativity techniques:* What techniques and procedures do they use to enhance creativity? For example, when they say they used "brainstorming," does this merely mean that a group of people sat around and tossed out ideas, or does it mean that they actually followed the highly structured brainstorming procedure? Although you may not be able to judge the creativity level of a proposal, you should be able to judge whether the procedures seem to be useful; therefore, you should ask the agencies to explain their procedures. It is difticult to predict whether just because a group came up with a creative idea for the proposal, it also will come up with a creative advertising idea. Worse yet, it is difficult to judge the creativity of a given idea. But there is considerable evidence that structured creativity techniques are superior to unstructured group processes (for a recent summary of this tesearch, see Valacich, Dennis, and Connolly 1994). (16%)

T2. *Copy alternatives:* What copy alternatives would they consider and why? If they base this on the Big Idea, what alternative "big ideas" were considered? And why was this Big Idea selected? (9%)

T3. *Copy testing:* What procedures would they recommend to test and select the most effective of their copy alternatives? For example, are the procedures free of bias, replicable, and valid? (7%)

T4. *Media alternatives:* What media alternatives would they consider and why? (9%)

T5. *Media testing:* How would they determine the optimal amount to spend on an advertising campaign? What procedures would they recommend to select the most effective media? Do they focus on the objectives? For example, how would they calculate return on investment by media? (Although difficult, a formal attempt is likely to be more accurate than a guess. (7%)

T6. *Capabilities of the team:* What are the capabilities of the people who will be working on the proposed account? Do they have any conflicts of interest? Do they have a complete list of clients served so that failed, as well as successful, relationships might be examined? (15%)T

T7. *Taste, legal, and ethical guidelines:* What procedures does the agency take to protect your company from offending interest groups – from boycotts, legal action, or ethical

consequences? For example, do they have a formal review board that has legal expertise and recognizes the interests of groups that might be affected? Do they have a written code of ethics that they formally apply to each campaign? (4%)

***Analysis of the Criteria***

The experts put about one-fourth of the weight on strategy ele:nts and the rest on tactics. Although no single criterion was dominant, the most heavily weighted (consistent with the results of Henke's [1995] survey on why firms switch agencies) was creative techniques (Tl) at 16%.

Although the experts rated persuasion research (S4) as the least important item, I disagree. Extensive research findings over the past half century suggest which strategies are likely to persuade in which situations. Much of this evidence is consistent with what advertisers believe, such as research on when to distract the consumer – when the product is bad. (Rothenberg cites the old adage that "nothing will kill a bad product faster than good advertising.") But many of these research findings conflict with advertisers' beliefs or add knowledge about the conditions under which the guidelines apply. Examples include the conditions under which a two-sided appeal works, how to use comparative advertisements, how and when to use humor, and when to use long copy. Hence, people who are aware of these research findings and are assisted in applying them may produce more effective advertising than those who are not.

***What the Clients Got in the Subaru Case***

Using the list of 11 ideal criteria, I judged Rothenberg's description of the offers by the finalists for the Subaru account.

*Strategy at Subaru*. The planning process (S1) was completely ignored. In retrospect, Subaru regarded this as a serious omission (p. 401). Objectives (S2) appeared to receive little serious attention by the agencies. Typically, instead of a detailed examination of objectives, Subaru was offered a "positioning statement," which Rothenberg (pp. 116-17) describes as "a (usually one-sentence) description of where inside consumers' heads the client's company, service or product should be made to fit." The winning firm, Wieden and Kennedy, stated this as, To "position the Subaru as the only clear alternative to the mainstream of America car purchasing" (pp. 116-17).

It seems to be common for agencies to ignore objectives. According to studies by Britt (1969) and Helgesen (1992), it is rare for agencies to provide operational objectives, benchmarks, time limits, or even a logical connection to marketing objectives. Rothenberg said that some agencies had provided specific sales objectives in the written materials (the "leave-behinds") but that the agencies paid little attention to these written documents.[1]

The agencies did not provide target market research (S3) that would enable the client to make forecasts. Instead, consistent with trends in the industry, they used unstructured interviews and focus groups. Nor was attention given to persuasion research (S4). Again, according to Helgesen (1994), this is not unusual. Although

[1] I received this information from a personal communication with Rothenberg.

**Table 1**
**Ratings of the Subaru Proposals**

| | | Rating |
|---|---|---|
| **Strategy** | | |
| S1 | Planning Techniques | 1 |
| S2 | Objectives | 1 |
| S3 | Target Market Research | 2 |
| S4 | Persuasion Research | 1 |
| **Tactics** | | |
| T1 | Creativity Techniques | 1 |
| T2 | Copy Alternatives | 9 |
| T3 | Copy Testing | 1 |
| T4 | Media Alternatives | 5 |
| T5 | Media Testing | 1 |
| T6 | Capabilities of the Team | 8 |
| T7 | Taste/Legal/Ethical Guidelines | 1 |

* Scale: 1 = poor; 10 - excellent

there is a rich literature on persuasion, it is seldom used in a systematic way. Also, there are so many factors to consider in developing an advertisement that even a person who is familiar with all the literature would have trouble applying the knowledge.

*Tactics at Subaru.* In their proposals, the agencies ignored creativity techniques (Tl). Perhaps they assumed the client would be more impressed with the results than with a description of how they were achieved. Most of the proposals stressed the copy and the Big Idea behind the copy (T2 was addressed). This Big Idea was frequently surrounded with words such as "strategic thinking." (I do not know what they meant by this term – possibly that they talked about some marketing ideas.) No testing had been done, nor was any proposed (T3). According to Rothenberg (p. 22), this lack of interest in research represents a trend in the advertising industry.

Media (T4) is less exciting than copy, and it generally received little attention in the proposals. However, Wieden and Kennedy turned this to their advantage. As the most popular advertising agency in the country at the time (based largely on their Nike advertisements), they were expected to stress their creativity. But they led off with their media strategy and argued against network advertising. This sounded good to a company that had spent over $100 million in the early 1980s on a mass network advertising campaign that raised Subaru's unaided recall of its slogan "inexpensive and built to stay that way" from 1.7% to only 3.0%. None of the agencies did testing nor did they propose any testing of media effectiveness (T5).

The agencies stressed their capabilities and listed prior clients who apparently were satisfied (T6). They also devoted energy to gimmicks to advertise their talents, such as T-shirts with the slogan "Subaru ... Cars that can" (p. 143), and penknives engraved with the agency name on one side and "Subaru of America" on the other. No explicit attention was given to taste or to legal and ethical guidelines (T7). This proved later to have unfortunate consequences for Subaru.

Overall, the Subaru proposals ignored 8 of the 11 criteria (see Table I). Thus, the selection of an agency was limited to a narrow set of criteria. Judging from Rothenberg's book, much of the decision seemed to be based on intuition and chemistry. This might also have had implications for the relationship.

***The Wieden and Kennedy-Subaru Relationship***

Rothenberg describes the Wieden and Kennedy-Subaru relationship, which lasted about two years. It was a difficult mix. The agency side were irreverent people trained in areas such as art, English, poetry, and history. On the client side were business types, career bureaucrats, and, more important, dealers who needed to sell cars. The interactions between these two groups of people were fascinating and involved power, money, egos, and art.

Wieden and Kennedy's initial "What to Drive" campaign had the critics raving (p. 297). I agree that the advertisements were extremely artistic. Both *Advertising Age* and *Adweek* named Wieden and Kennedy as their agency of the year and praised the Subaru campaign. If recognition by the advertising community were a valid indicator of selling success, Subaru was in good hands.

Yet, all was not well. As in the proposal, Wieden and Kennedy paid no attention to the strategy criteria and little attention to the tactics criteria when developing and implementing the advertising. As a result, the relationship gradually disintegrated. A lack of specifics may have contributed to the downfall; for example, little attention was given to objectives (S2), because the agency had little concern about selling cars. This would seem to be an important reason for advertising – a fact that did not escape the notice of the Subaru dealers (see Chapter 18). In contrast, the agency believed they were abandoning their art, making such comments as "Okay, what's the lowest we will go? How big of a whore will we be?" (p. 339). Wieden and Kennedy gave ground grudgingly; for example, they reluctantly agreed to use a toll-free number, which they regarded as one of the gimmicks used by the "big, boring agencies in New York."

Wieden and Kennedy's "Lack of Pretense" campaign made fun of selling cars. When Wieden and Kennedy met with the car dealers, the dealers' criticisms were strong. "Funny? That's not funny! ... You never talk about the deal! ... We gotta sell cars today!" (p. 3l5). Subaru dealers worried that the agency was so far removed from their goal of selling cars that they were going to "Pull an Infiniti." (This refers to what they saw **as** the notably ineffective introductory advertisements for the Infiniti automobile.) The dealers were critical of the agency and, when reading Rothenberg's account, I could feel what it was like to "be thrown under a bus" during a presentation, as the expression goes in the advertising world. In addition, despite my association with the advertising world, I found myself cheering for the car dealers.

No formal attention was given to the wealth of extant knowledge on how to persuade (S4). Yet, clearly these research findings can provide a rational foundation for an advertising campaign. For example, when I teach advertising, my students are provided with an expert system that uses persuasion research to help assess sales effectiveness. Currently, to evaluate a single television advertisement, a person may need to rate as many as 210 features. When I applied this expert system to the "What to Drive" SVX advertisement, its score was low. In fact, it was almost as low as the rating for an introductory advertisement for the Infiniti.[2] In terms of the persuasion research then, Subaru "got an Infiniti."

Ethical guidelines (T7) also caused a problem. The Insurance Institute for Highway Safety called the campaign "offensive and totally inappropriate." Representatives of the Center for Auto Safety and other such groups asked Subaru to withdraw some advertisements (pp. 297-98). Finally, there was a serious "attitude problem." The agency employees began to make fun of their clients behind their backs. Seeing this as a problem, Wieden and Kennedy instituted a $1.00 fine for any slurs against the client . . . with the pot to go toward agency parties. According to Rothenberg, the *Philadelphia Magazine* published an article (September l992) that declared, "Arrogance is a full partner at Wieden and Kennedy." Perhaps advertising agencies also need guidelines about honest relationships.

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[2] That advertisement featured a flock of birds in flight and mentioned the product only briefly at the end of the advertisement.

***Suggestions for Evaluation***

For the most part, Subaru approached the agency selection process in an unstructured way. At some points, they tried to structure the process; for example, instead of rating agencies globally, one committee member made separate ratings of "tag line, research, creative, media planning and buying ability to get to 150,000 unit sales, organization, compensation, and understanding Subaru." He then summed the ratings for each agency (p. 183). Although I am partial to structured rating sheets, the logic behind this particular list escaped me. Among other things, it ignored important issues and mixed inputs and outputs.

Advertisers should adopt a systematic, comprehensive, structured approach to the selection of an agency. The use of such a structured approach, such as the four-point strategy and seven-point tactics checklists described previously, should lead to more rational decisions, especially if the ratings are prepared independently by a heterogeneous group of experts. A structured proposal format would help shape the agency-client relationship more rationally and tell the agency specifically what is needed in the relationship. To obtain such proposals, it might be worthwhile to follow the procedure of some clients, in which a fee is paid to the agency for the proposal. Thus, the client then has the right to use any creative ideas that were developed.

The use of a structured approach helps clients focus more on evaluating the creative process than on the creativity of the copy. This would increase the likelihood of creative advertising in the future. A structured approach also allows for more emphasis on findings about how to persuade. Advertisers know much about persuasion, yet do not seem to use it widely. For example, Helgesen's (l994) interviews of 40 representatives of the ten largest advertising agencies in Norway led him to conclude that "as to the potential support from academic research, in order to improve advertising effectiveness, the opinions and attitudes were utterly vague or nonexistent" (p. 50). Agencies that use research findings can provide value to clients and perhaps to the client's customers.

***Conclusions***

Although Rothenberg ostensibly reports events in an objective fashion, *Where the Suckers Moon* nevertheless reads like an exposé of incompetent management by the client and the agencies. By revealing the process used to select advertising agencies, Rothenberg provides a basis for discussion. Is this the process that is wanted? The agency's process, as described by Rothenberg, did not include all that an advertiser should expect. An alternative subtitle for the book might have been *Advertising Agencies Don't Do Strategy*. The good news for Subaru and other companies is that the possibilities for improvement are exciting. Structured approaches have improved decision making in other areas of management, and they are likely to help in the selection of an agency. On the other hand, had Wieden and Kennedy used this approach, I doubt that Rothenberg would have been able to write such an interesting book about advertising.[3]

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[3] Tony Adams, Burton Brodo, Terry Clark, Ralph Day, Deborah Fox, Ronald Goodstein, John R. Rossiter, Randail Rothenberg, and William D. Wells provided useful comments; however, they do not necessarily support the conclusions presented here.

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