

## **Assessing Corporate Clients' Expectations on Relationship Building with a Digital Marketing Agency – A Qualitative Approach**

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### **Abstract**

In an era of massive expansion of digital communication, companies around the world and across industries face the challenge of engaging in fruitful and impactful online conversations with their customers. Within this context, a new need has emerged from companies eager to be present in online conversations that lack the inhouse willingness and power to dedicate resources to this around the clock activity. Such companies choose to establish partnerships with external digital marketing agency as a safer way to keep on reinventing themselves in the digital noise using the support of professionals in this area. This choice was the source of a new industry's birth: the digital marketing professionals and their agencies, a constantly growing and rapidly expanding market. Since corporate clients have now multiple alternatives to choose from when selecting their digital marketing agency, a question has emerged as to what the expectations of corporate clients really are when referring to their relationship with their digital marketing agency. In order to discover the corporate clients' perspective, a qualitative research was developed aimed at unraveling the depth of corporate clients' expectations based on who they are and also on their previous experiences. Data was collected through in-depth interviews, a choice determined by the need of privacy when approaching sensitive topics like motifs, past experiences and future plans. The research results showed that among the most common expectations of corporate clients include attention to the clients' specific needs, experienced staff of the digital marketing agency dedicated for their account, proactive approach and initiative of their digital team. In addition, when choosing their digital partners, corporate clients put great emphasis first on their fellow industry colleagues' recommendations and second on the awards of their potential future partners. As a trend, corporate clients tend to have more than only one digital partner as a way to secure their partners' eagerness to be competitive in the long run. Future research directions might approach the same subject from the other side, from the digital marketing agencies' sides as means to compare and contrast perspectives and expand communication opportunities from both ways.

**Keywords:** business-to-business, corporate clients' expectations, digital marketing agencies, marketing, relationship building

**JEL classification:** M31.

### **1. Introduction**

The digital revolution has brought a wide range of challenges for both users and companies that aim to communicate with their customers in their regular social environment,

now the social media environment. In this context, a new industry is gaining momentum, an industry of agencies that facilitate companies' communication with their customers in a virtual setting. In an ever-changing industry like this with more and more competitors, standing out becomes harder and harder and corporate clients become more and more demanding. For this reason, the present paper starts with a brief literature review on this topic and then it moves forward with presenting the qualitative research conducted among corporate clients from Romania with regards their relationship and expectation of their digital marketing agency. Results are then discussed and put into context in the last section of the present paper.

## 2. Literature review

The current shift from traditional media to a wider range of clients' networks puts more and more pressure on companies in terms of delivering messages efficiently while maintaining consistency and link to the core identity of the company (Adebisi, and Bello, 2018). Additionally, corporate clients' interaction with agencies can lead to secondary effects ranging from a better understanding of their brand to improved relationships with the end-consumer (Suh, et al., 2012). But on the other hand, the evolution of the digital landscape led to a sense of crisis for the marketers, a sense that ends up in responsibility erosion (Quinn, et al., 2016). Historically, the advertising agencies were the ones responsible for such endeavors, but given the need for experts in the new digital world, corporate clients are also bringing along digital marketing agencies that have the role to build and develop a wider range of relationships with various types of actors (Keegan, et al., 2017). Along with the expansion of digital marketing agencies, the digital exponential growth resulted also in the occurrence of big data expert and social media analysts, that we need to get to communicate with each other (Quinn, et al., 2016).

In this setup it is only obvious that a growth of digital marketing agencies unraveled: the average growth rate of digital marketing agencies number was 23% between 2018 and 2019, while the revenue of such agencies faced also a growth rate of 15% in the same period of time (Promethean Research, 2019). So, these service agencies, as part of the professional services group (Axelsson & Wynstra, 2002), prove themselves with every single year to be essential for building and developing company's competitive positioning (Tate, et al., 2010). And the industry seems more and more appealing (also proven by the average profit margin of 18%) to various entrepreneurs as 94% of the digital marketing agencies have fewer than 50 employees (Promethean Research, 2019). But how are they building their relationships with their corporate clients? Are they really building the right expectations out of those corporate clients followed by the efficient service delivery?

To begin with, paying attention to such a relationship is proven effective as for an agency, the success of a long-lasting relationship with their customer translates into income stability, enhanced reputation and a higher profit margin (Gulsoy, 2012). Also, the commercial well-being of marketing agencies depends to a great extent on the strength of the client relationship that is usually based on agency's ability in understanding and satisfying corporate client's needs (Lace, 1998). Delivering higher value to corporate clients is essential for digital marketing agencies, as their main lead source seems to be referrals with 38% of the entire lead sources (Promethean Research, 2019). Waller, et al. (2001) argues on the same point: personal contact is what matters the most in an advertising agency marketing. Therefore, identifying what corporate clients need for their happiness will lead to better outcomes in service conception and predicting corporate clients' behavior in time for both the agency and the client (Triki, et al., 2007). From the agency perspective, attention and focus on the client from the agency are vital in ensuring a long-term relationship between the corporate client and the agency (Keegan, et al., 2017). Going a bit further, Triki, et al. (2007) showed that that corporate clients' wants from their agencies include: creativity, experience, diligence, trust,

communication and cooperation. Also, Lace (1998) argues that reinvention is possible for agencies by providing essential core skills, higher quality service and better relationship development. These can be all achieved if a deeper understanding of the success and failure factors is gained. These factors were divided by Triki, et al. (2007) into three major categories: agency's performance, client's internal policies and interpersonal determinants.

But, despite acknowledging and understanding the importance of a strong agency-client relationship, both corporate clients and agencies admit that agencies have been slow in adapting as time went by (Lace, 1998), which is partially explained by the fact that digital marketing face a skills gap in this everchanging technological environment (Day, 2011). And this proves to be a bigger issue taking into account the features of services: heterogeneity and intangibility, completed by performance's inseparability from its provides (Tate, et al., 2010). Not paying attention to the important pillars of corporate clients' satisfaction can lead to major losses for the agency: lost in income, losses in reputation, lost human resources (Gulsoy, 2012). Lace (1998) argued that the main reason for ending a client-agency relationship relates to the client's dissatisfaction with agency's performance, a dissatisfaction that relates to agency's skill in business understanding, strategy, creativity and ability to measure effectiveness.

One way to tackle with the corporate client's complaints relates to both clients' and agencies' willingness to learn from each other, in the common belief that they are working together (Suh, et al., 2012). Besides having positive impact on brand co-creation (Payne, et al., 2009), this becomes even more salient as agencies are co-producers of materials along with their clients as they are engaged in a continuous long-term process of information exchange (Triki, et al., 2007) in which client leaning is an essential criterion in the digital marketing agency performance evaluation (Suh, et al., 2012). Changing perspectives is of even greater relevance as currently there is an unfair balance between the client and the agency, as the client ultimately holds the budget (Hughes, et al., 2018). Therefore, a switch away from the perception of being independent actors (Triki, et al., 2007) might generate improved outcomes for both the agency and the client. In the same line of thought, Koslow, et al. (2003) show that advertising creativity, as opposed to different types of creativity is constrained by the need of the client. In this given context, bringing creativity from the agency side becomes a balancing act based on the client's risk appetite (Hughes, et al., 2018), an act in which again co-operation and co-production are *sin-qua-non* conditions for the success of a client-agency relationship (Keegan, et al., 2017).

Using the current literature background, a research project was developed as a way to discover current corporate clients' expectations and wants from their relationship with a digital marketing agency. In this way, the current paper adds on the current conversation on how to build better, more efficient relationships with corporate clients starting from their own perspective and what they need from their digital marketing agency.

### **3. Research**

In order to discover the corporate clients' perspective on their partnership with their digital marketing agencies, a qualitative research was conducted. Being an exploratory study, a qualitative approach was preferred as underlying patterns, beliefs and expectations might be discovered in an open conversation with companies' representative, as opposed to quantitative research.

#### **3.1. Methodology**

The scope of this research was to evaluate corporate clients' expectation on building a relationship with a digital marketing agency. For achieving this scope, the following set of objectives was defined:

- a) Evaluating by comparison the offline and online communication of the corporate clients;
- b) Discovering the stages and criteria of digital marketing agency's selection for the corporate clients;
- c) Evaluating current satisfaction with the partner digital agency.

For achieving these objectives, a qualitative research based on in-depth interviews is the most appropriate research method as this research might uncover some sensible or even private information from corporate clients. The respondents included in this research sample were 10 companies from the Romanian market. The criterion for including these companies in the present sample was related to their revenue, that should be equal or higher than 3 million euro. The 3-million-euro revenue limit was settled because this size is usually connected with a continuous promotional activity that usually implies a need for a marketing agency involvement. The industries from which these companies were coming from include: FMCG, pharma, medical services, tech, e-commerce, training and consultancy, food supplements, digital services for the automobile industry, payday loan. Data was collected between February-March 2020 (when no Covid-19 effects were visible on the Romanian market, therefore, the pandemic effects were not taken into consideration in any of the research results) and then further analyzed as can be seen in the next section.

### 3.2. Results

Since the need of corporate clients for digital marketing agencies relate to their percentage of online communication in the total communication, discovering how different industries opt rather for online communication or offline communication is essential in discovering their need for a digital communication partner. Our research showed that an offline-dominant communication is preferred in industries like: FMCG (fast-moving consumer goods), pharma and medical services (as a result for also the extensive rules they need to comply in terms of media communication), food supplements multi-level marketing companies, training and consultancy. The reason for choosing such an approach relates to restricting national laws, end-consumers preference for offline interaction, billboards' efficiency for certain industries like training and consultancy. At the other end of the spectrum, with an online-dominant approach are companies from digital services for automobile industry, payday loan and e-commerce. Their preference is motivated by their usage of online setup to deliver the product, connect with customers or do business. A balanced online-offline communication is preferred by tech industry as they rely to some extent on events as offline communication.

When it comes to social media and the used social platforms, business-to-consumer industries opt more frequently for Facebook and Instagram, while business-to-business industries mention LinkedIn more often. An interesting was discovered in the case of the tech company, as they use both Facebook and LinkedIn, arguing that *'we know that businesses are not that present on Facebook, but for us is important a brand connection, so we are willing to experiment: let's see what comes from Facebook'*.

The choice for the online communication, be it dominant or just secondary, was argued through the benefits of it, as they were defined by these corporate clients:

- *'measurability [...] and a more detailed targeting'*;
- *'for some brands we are trying consumers' rejuvenation, by attracting new customers and through the TV we cannot do this'*;
- *'traceability: the fact that I can understand what is happening and I can put the money where the results are coming for'*;
- *'customer management is way easier'*.

On the other hand, the choice for offline communication is based on the following arguments:

- ‘we aim to reach customers that are not online yet, especially from rural areas’;
- ‘the power of TV is still major’;
- ‘we still have major advantages for offline communication’.

But one disadvantage for the offline communication was also mentioned: ‘it is pretty difficult to measure ROI (return on investment)’. These beliefs of corporate clients confirm the expected conclusions that depending on industry’s and product’s unique features and also on the target customers the proportion of online or offline communication is decided upon.

When it comes to the used KPIs (key performance indicators) in their communication process, they range from no clear measurement (‘we measure empirically what is happening, as we long at sales generated in the end’) to very precise measurements based on: the number new customers, the number of returning customers, response rate, answer time, review based customer’s satisfaction, customer-panel based research, sales, open-rate and click-rate, conversion rate. One interesting answer came from the tech company that mentioned that for them the agency is in charge with tracking. These various approaches show how digital marketing agencies need to adapt to various desires, needs and measuring system of their corporate clients, proving that agencies are required, first of all, empathy to understand the specifics of various clients and, then, fast adaptation skills to address various clients’ environments.

Corporate clients’ decision process when choosing a digital marketing agency was at the core of the second research objective. When referring to the client’s decision agent from within, it differs based on company’s size and whether it is part of a bigger multinational organization. So, in small, national companies’ decision are made by associates, bigger multinational companies receive instructions on the main message from the global headquarter and they get to choose only the media mix for delivering that message. In restricted industries (like pharma or medical services), decisions are a part of a much more complex process since they need approval for everything they communicate, with a 2-6 decisions layers. And then, there are companies with a more relaxed approach where ‘communication is not limited by a top-to-bottom strategy [...] we do not have a central communication axis that we should all comply with’.

Referring to corporate clients’ choice for communication partners, after extensive debate on this topic, the most important information source when choosing an agency proved to be for everyone included in the present study: referrals and personal connections, therefore confirming what Promethean Research (2019) showed earlier. These sources are then completed through info coming from: online information on agencies, even ‘asking former clients or partners for recommendations’ or agency’s awards. All these information resources provide input on agency’s selection criteria that include:

- Agency’s personality (‘it is essential how I work with those people, never the price’, ‘the human matters the most’, ‘it is not about the budget, but about compatibility’);
- Price (‘I am interested in a local agency that can bring me a cost closer to our Romania pocket’, ‘we are not looking neither for the cheapest, nor for the most expensive’, ‘we are looking for an optimized budget’);
- Services delivered by the agency (‘we want the same agency for as many elements of a campaign as possible’, ‘we mostly need agency’s availability’);
- Agency’s employees number.

Therefore, compatibility between the corporate client and the agency of agency’s employees is essential for agency-client relationship success. Even more than that, the word ‘chemistry’ appeared frequently in our interviews with the companies from the sample: ‘we need to have chemistry’, ‘this is chemistry: I have something in my mind and I feel you see it too’, ‘whenever I had a provider with whom I had no chemistry, I couldn’t do anything’, ‘if

*there is chemistry between us and the agency, things will work much better’, ‘what matters very much is the chemistry between us and the provider, because beyond the rationale, emotions matter’.*

Some corporate clients tend to prefer Romanian agencies, even though it is not a general preference. As opposed to this, regarding the digital marketing agency size, multiple corporate clients mentioned they preferred smaller agencies because *‘we feel more important to this small agencies’* or medium agencies because *‘if the agency is too big, then I am too small for them, and I might not get noticed’*. All in all, clients search for agencies that are *‘big enough to have the expertise, but small enough so that my volume to mean something for them’*.

Based on previous agencies’ experience on the corporate clients side, there is a predisposition for keeping marketing and digital marketing inhouse: *‘I did my own marketing’*, *‘we do almost everything in-house’*, *‘we do almost 90% of everything in-house’*. The choice for this strategy is motivated by the fact that *‘an agency will not constantly keep track as an in-house resource, as well as it will review traffic and costs elements’* or by the fact that *‘the money you pay to an agency will contain a fee of 30-40%’*, or as a participant shared *‘our previous experience when we worked with an agency proved that a 50.000 €/ month marketing budget used to vanish with roughly any results’*. And the negative previous experiences with agencies does not stop here, unfortunately:

- *‘agencies do not come with the applicable elements clearly defined’;*
- *‘the creative agencies get, the more they lose sight of applicable things’;*
- *‘they (agencies) make very interesting proposals, but the moment some math, discipline, project management are involved, they choke’;*
- *‘I have never met an agency to meet 100% of the deadlines’;*
- *‘the gap between promise and reality is pretty big sometimes’;*
- *‘what I didn’t like? Their level of involvement – they are not active enough’;*
- *‘I had experiences in which after a provider won my account, assigned it to an entry level employee and there was no proactive approach, just a few e-mails from time to time’.*

Related to corporate clients’ relationship to their agency, some prefer a long-term collaboration with the same agency while others prefer a number of collaborations with multiple agencies, sometimes simultaneously as a way to keep them all engaged and eager to make things happen.

While evaluating corporate clients’ satisfaction with their digital marketing agency relationship, the third objective of the current research, the general opinion on it was around 7 to 8+ on a scale from 1 to 10. The evaluation criteria for this self-evaluated satisfaction included: service quality, openness, their initiative, communication. Additionally, corporate clients’ expectations from their agency relates to: deadline compliance, brand-book and brief compliance, initiative, delivering according to their promise, assigning one dedicated employee, all media channel integration (without getting third parties involved), qualitative information and attitude (*‘chemistry’*), teaching (*‘I expect an agency to teach me, to tell what is new, even though afterwards I choose to do nothing’*), performance, adaptation and flexibility, power to implement, innovation (*‘I expect an agency to challenge us with breakthrough ideas, not to expect only from us innovative ideas’*), *‘direct, simple relationship, without too many politically correct limitations’*.

While some corporate clients aim to maintain the same approach (in-house or external agency), others are exploring the choice of bringing in-house talent for marketing activities that are currently performed by agencies. This choice is determined by corporate clients’ dissatisfaction in working with digital marketing agencies.

### 3.3. Discussion

The research results point towards the things that a marketing agency, be it a digital marketing agency, a traditional marketing agency or an all-in-one marketing agency, needs to consider when establishing their positioning on the marketing services market. The major elements that count for corporate clients are initiative, professionalism, a dynamic approach and chemistry between agency and corporate client. While some elements are things that can be improved as part of a learning process, elements like chemistry are difficult to measure and improve. Most probably, ensuring a certain level of empathy among agency's employees might create the premise of chemistry prevalence, but it cannot guarantee it. All in all, a strategic approach is needed for an improved initiative (materialized through suggestions, new ideas and continuous communication) and extra professionalism (through meeting deadlines and delivering according to the initial promises). As an agency makes sure that their services comply with these expectations, they become more and more likely to develop successful relationships with their corporate clients.

### 4. Conclusions

The current paper adds to the conversation on what are the success factors of digital marketing agency – client relationship. Without having the arrogance of pretending to be the most comprehensive research, the results here shed a new deeper light on where are hidden the relevant things for corporate clients. Limitations of the current research relate to its focus on the Romanian market, as well as the lack of a quantitative study aimed at verifying the qualitative research with a representative sample. Further researches should solve these issues by testing these results with a representative sample and expanding the target population to cover a wider diversity of markets, other than Romanian. Still, this project's results are an excellent starting point for any agency aiming to define their differentiation on the market with the elements that actually matter for their corporate clients.

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