Chapter 5
Advertising Agencies and Interactive Media

ABSTRACT
Advertising generally refers to the promotion of products, services, activities, and ideas. According to marketers, advertising is an important part of a promotional strategy. However, other elements of promotion, noted in Chapters 1 and 2, include sales promotion, personal selling, and public relations. Advertising involves the process of designing a message to promote a product, idea, or even a service. Advertising is a difficult task since it is the arrow that targets customers in order to attract them and change their beliefs, attitudes, and behaviors.

For advertising to be efficient, various methods are used. Forming emotional or rational attractions, characterizations, animation, developing memorable mottos, and propaganda are some methods that allow an advertisement to achieve more success. To design a dynamic advertisement, a department should be organized inside or outside of an organization, with a staff demonstrating outstanding marketing skills. This chapter provides a detailed analysis of advertising agencies. It first presents a perspective of advertising agencies, and follows with the nature of the industry, work environment, and other involved elements. Next it deals with the role of advertising agencies in the new media and introduces concepts that have emerged due to changes made in the agency environment. Moreover, two groups of interactive agencies which play a significant role in online interactions are discussed: network advertising and lead generation.

NATURE OF THE INDUSTRY
Advertising agencies are different due to the capacity and size of their transactions; however, the advertisement production process is the same for all. Generally, advertising agencies have two tasks to fulfill. The first task is the procurement of all advertising requirements such as artistic, graphic, written and audiovisual aspects, and the second task is strategic placement. Strategic placement is a comprehensive effort to find the right media, the right exposure time and the right space for the ads. Advertising agencies produce advertisements for other companies, and design activities to improve those companies’ customers’ mental
images and interests. Moreover, these industries are responsible for finding the right media for advertisement placement. The right media is a message distribution channel where marketers are able to reach, communicate and deliver advertisements to target audiences with minimum repetition. When searching for the right media, some advertising agencies act more skillfully in market niches. A market niche for advertising agencies is a market which is considered smaller than other markets with few competitors. For example, some companies are more skillful in outdoor advertising such as billboards and electronic exposures, and some are more proficient in advertising on buses, or inside metro stations, taxi stations, and airport terminals. When online advertising finally proved itself to be a necessary method, committees were established inside advertising agencies to meet the demand. These new work groups’ objectives were to shift and redirect users from a small advertisement to a larger one. Advertising agencies design small online advertisements like banners to motivate users to click on them and thus lead the users toward the advertiser’s website or larger advertisement. This larger advertisement provides the users with all the specifications of the product, including the brand name, company records, and various types of other products. It is noteworthy radio, TV, newspaper, and website companies who sell or rent time and space for advertisements play no role in the production of an advertisement; employees of these organizations are more involved with preparing the information and laying the groundwork required to sell the time and space.

Organizations believe that advertising can improve their sales and revenue by publicizing their products/services. Thus, proper design of an advertisement is a prerequisite to achieving this goal. However, most organizations do not have employees skillful enough to produce an efficient advertisement. Moreover, since some advertising activities are transient, company owners can hardly satisfy such experts and retain them. To meet their advertising demands, most companies contact advertising agencies for bids on an advertising project. The advertising agencies then present their estimates and ideas, and if a mutual agreement is reached, a contract is agreed upon between the two parties. This is when the agency’s various committees (Research, Innovation, Production, and Media) begin their work aimed at increasing their customer’s sales.

In large companies, a public relations department is able to effect decision-making in governments, businesses, and institutes. Generally, public relations agencies can provide resources that their customers are unable to provide, including high levels of knowledge, experience, skill and innovation in a certain field. Customers of public relations agencies could be businesses, institutions, merchants and public interest groups. To improve customer satisfaction and to gain more clients, advertising and public relations agencies have incorporated marketing to increase the variety of their services.

**ADVERTISING AGENCIES**

Advertising agencies play an important role in producing modern advertisements. They require a proper level of knowledge and experience in order to provide efficient services. An advertising agency principally is skilled in advertisement design, production and placement. The Association of Advertising Agencies of America (AAAA) defines advertising agencies as independent commercial institutions consisting of innovative individuals and commercial experts who produce ads and find proper media for publishing (for sellers or advertisers who seek customers). Advertising agencies work with a variety of different methods and have distinctive ways of communicating with their clients. We first examine the history of these agencies, and then we discuss the different types of ad agencies.