Interactive Agencies and Digitalization Readiness

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ABSTRACT

This study presents primarily factors affecting interactive agencies in Iran. There is a kind of unwillingness among Iranian ad agencies to execute online ad campaign in compare to the global trend and the advantage of use of online ad makes it imperative to find the key factors affecting interactive agencies behavior. Accordingly, the body of literature was analyzed and eight critical factors including “Management participation,” “Organizational culture,” “Size of the organization,” “The level of organization technology,” “Communication infrastructure,” “Financial infrastructure,” “Technology infrastructure” and “Electronic readiness,” were extracted. The expert questionnaire was designed to validate the gathered factors. By analyzing 294 questionnaires, the type of management was found as key factor in adopting online ad campaign execution.

KEYWORDS

E-Business, E-Readiness, Infrastructures, Interactive Agencies

INTRODUCTION

As the need of people (human being) to make interactions and relations with each other grows, Communication and IT (information technology) developments grow at the same rate in the world. That is why creating and developing IT related industries is becoming popular more than ever, in a way that it includes all layers of individual life, from education and health to even selling goods or services and business and has become a fundamental basis in life. Among them is internet field, an important part of information technology, which would have a great impact on improvement and optimization of performance and increasing sales of a business by its extensive and growing potentials, which is why people are dragged into internet advertisement industry or online advertisement.

Today internet is very critical, because according to Porter the Internet can be a critical factor in enhancing a firm’s market reach and operational efficiency (Porter, 2001). In a way that nowadays, many advertisement agencies tend to become an interactive agency, because the existence of internet in this kind of agencies, makes production order and also advertisement publication “online,” which in addition to its benefits for the customer, would lead to an increase in the number of visitors, and at the same time, makes its accessibility easier, as we know that internet is the only integrating channel of three requirements of buying and selling goods: goods order path, goods payment path, and goods receiving path. (Hanafizadeh and Behboudi, 2012) On the other hand, we all know that organizations

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use advertisements because they believe advertising is a way that leads to an increase in selling goods by increasing public display of a product or service (Hanafizadeh and Behboudi, 2012).

Regarding Internet advertising, Hanafizadeh and Behboudi (2012) define Internet advertising as “an Internet-based process through which advertisers communicate, interact with, and persuade online users in order to position a brand, which allows a company to promote both consumer awareness and preference in a customized and personalized way, and to decrease the time needed to make a buying decision” (Hanafizadeh and Behboudi, 2012, p. 22). On other hand, The Association of Advertising Agencies of America (AAAA) defines advertising agency as “an independent business organization composed of creative and business people who develop, prepare and place advertising media for sellers seeking to find customers for their goods and services” (quoted in Moeran, 1996, p. 21).

Also, according to (Hanafizadeh and Behboudi, 2012), interactive agency is a kind of advertising agency that the scope of its activity is mostly centralized in web, which provides 4 main services to online advertisers in total: strategic consultation, planning and buying media, designing and creating website, and analyzing business information. (Hanafizadeh and Behboudi, 2012, p. 32). Estimates show that the number of registered web sites reached 200 million in 2011 (itiproportal.com, 2011), and the number of internet users throughout the world was about two billion, 800 million of whom are Asian (Internetworldstats.com, 2011). Moreover, the number of Iranian users at the end of the third quarter of 2011 was about 37 million, ranking first in the Middle East and fourth in Asia.

On the other hand, based on Interactive Advertising Bureau of USA (IAB), internet advertisement incomes had reached to 31 billion dollars (IAB. Net, 2012), which grows into more than 36/5 billion dollars in 2012, 15 percent more than 2011, and in the first half of 2013, an 18 percent increase in comparison to the first half of 2012, vividly indicates the extraordinary growth of internet advertisement (IAB. Net, 2013) that based on a report by Internet word stats, the number of Asian users in 2012 was 1,076,681,059 which from this number, the number of Iranian users at the end of the third quarter of 2013 was about 42 million, ranking first in the Middle East and fourth in Asia. These statistics indicate that Iran is an appropriate place for studying the Internet and its application as a channel for distributing information. These studies indicate that Iran is a suitable place for developing internet advertising (Hanafizadeh et al., 2012). This becomes more important when realizing that advertising through other channels in Iran, such as governmental TV, costs more than $500 per second (Hanafizadeh et al., 2012). Existence of a high number of users in Iran and daily growth of this number, increase the tendency of becoming interactive in advertising agencies, which the aim of this project is to recognize factors affecting on development of interactive agencies in Iran that is why the question of this project is written as:

Which factors affect formation of an interactive agency in Iran?

LITERATURE REVIEW

Recent years have witnessed a growing interest in examining the process and influence of online advertising. With the rapid progress in computer-based business, many firms have made the internet part of their advertising media mix to take advantage of online technologies (Calisir, 2003; Lim et al., 2010). So, the internet has become a popular advertising platform because marketers found that the internet has greater flexibility and control over advertising content (Ducoffe, 1996).

Hanafizadeh and Behboudi, 2012 had found in their studies that “one of the factors that makes online advertising different than traditional advertising, is the ability of becoming a kind of purchase”.
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