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The client-agency relationship: an analysis of the Italian context

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Introduction

The client-agency relationship has faced several challenges in recent years, mainly caused by the digital revolution and the introduction of the Integrated Marketing Communications (IMC) approach. As the customer journey has evolved, it has become more complex, with consumers being no longer passive receivers but active shapers of the communication message. Social media platforms allow consumers to exchange opinions and engage with other online members, contributing to the visibility and reputation of brands. Moreover, modern consumers make more informed decisions, as they research brands and products on digital channels before the purchase. This digital shift, combined with the increased global competition, has put pressure on both the client, who wants to obtain results in a shorter time and at a lower cost, and the agency, which needs to deliver creative solutions fast. The different expectations of the parties has led to a lack of trust and mutual understanding, compromising the longevity of the relationship. These challenges are more pronounced for small and medium enterprises (SMEs), which generally lack trained staff, marketing competences and have limited resources. Their limitations place additional pressure on agencies, which have to compensate for clients' deficiencies. At the same time, SMEs provide a unique opportunity for agencies. Because of their lack of expertise and trained staff, they are more willing to accept riskier solutions and to rely on the agency's guidance. This allows agencies to perform a more consultative and strategic role, fostering stronger, long-term collaborations. In the Italian context, small and medium enterprises represent the majority of active businesses and play a pivotal role for its economy and national growth. Despite their significance, the productivity of Italian SMEs is lower with respect to other European countries, which is largely due to their lower level of digitalization. Their need to remain competitive, combined with the difficulty of obtaining digital skills, has led many smaller enterprises to rely on external service providers, initiating a collaboration with advertising agencies. This study analyses the perspective of agencies on their relationship with SMEs, in order to provide tools to establish beneficial and long-lasting relationships.

The first chapter presents an overview of the client-agency relationship, discussing the challenging context in which it takes place as well as the different stages, from its origin and development to its termination. The outline of the various phases also underlines the different approach of the client and the agency to the relationship and the positive influence of building personal bonds. The second chapter addresses the areas of conflict between clients and agencies, with a focus on small and medium enterprises. At the end of the chapter, potential solutions to reach a smoother and longer-term collaboration are suggested, though recognizing the uniqueness of each relationship and the many interrelated factors that influence it. The third chapter focuses on the level of digitalization of SMEs. It begins with a comparison of the implementation of communication and Information Technologies (ICTs) between SMEs and large companies across Europe. Then, it provides an overview of the Italian context, focusing on the use of Internet and social media among Italian consumers and the implications for small and medium enterprises. The discussion further investigates the perspective of Italian SMEs on outsourcing their marketing efforts to external service providers and the perceived challenges. The last chapter investigates the relationship between Italian agencies and small and medium clients from the perspective of the agencies. It explores how the relationship is managed and how clients approach it and identifies possible paths of future collaboration and integration.

Chapter 1. The Client-Agency Relationship: An Overview

The client-agency relationship represents the association between an advertising agency and its client (Waller, 2004). It is one of the key factors in the ad-industry (Arul, 2010) and it affects the marketplace at a global level (Waller, 2004). Over the years, more and more attention has been devoted to this topic, as research shows that a long-term relationship entails increased financial benefits (Davies and Prince, 1999). It is at the basis of a good cooperation between the parties and the pre-requirement for successful marketing efforts. However, there are several challenges that may have a negative impact on its duration and profitability. Difficulties emerge especially from the changing digital landscape, which causes an increase in competition (Arul, 2010), and the implementation of integrated marketing communications (IMC), which involve the interaction of different specialized players to develop integrated advertising efforts (Ceccotti et al., 2019). In this scenario, the client-agency relationship is more likely to develop under stressing and demanding conditions (Arul, 2010). Already in 1999, Davies and Prince pointed out the negative consequences of a vulnerable relationship, which leads agencies to focus on new businesses to recover resources at the expenses of reinforcing and maintaining previously established collaborations, creating a costly and unproductive cycle. Furthermore, a weak relationship implies increased costs in terms of money, time, and effort, and difficulties in developing trust with other partners (Fam and Waller, 2008). This chapter aims to portray an overview of the context in which the client-agency relationship takes place, and how the implementation of integrated marketing communications (IMC) has affected the roles played by each side. Then, it explores the steps and processes for the establishment of a client-agency relationship, underlining the different expectations from both parties, to set the basis for the following discussion.

1.1 Context and background

Changes in the marketplace, such as market demassification and media fragmentation, have led the marketing communication field to adjust and evolve (Beard, 1996). An immediate consequence is the introduction of integrated marketing communications (IMC) (Beard, 1996). Laurie and Mortimer (2019) mention that it is a complex phenomenon at a mid-range maturity level and its growing importance has been recognized and studied by many authors, from a general approach to more specific areas of research It consists in “an audience-driven business process of strategically managing stakeholders, content, channels and results of brand communication programs” and should be implemented at the strategic level of the organization. In the dynamic context of digitalization and multi-channels, IMC is the most effective tool that companies can adopt, and it has significant benefits on the brand and the financial performance. The principles of this practice lie in the cooperation among people across the company and across the different stakeholders, in order to integrate all the touchpoints of the customer journey. The steps that a customer goes through when purchasing a product are many, and each touchpoint plays a role in the customer experience, affecting the company either positively or negatively. The customer experience is complex and occurs at different levels, such as sales, marketing, and retail, requiring that all the phases of the customer journey are integrated. The customer thus acquires a new role, being no longer a passive target of the marketing efforts, but instead an active partner in the creation of brand value (Ceccotti et al., 2019). Besides consistency and synergy, the four principles of integrated marketing communications identified by Kilatckho and Schultz (2015) are: media neutrality, consumer centricity based on customer insight, co-ordination and consistency across the customer experience and the strategic involvement at board level (Laurie and Mortimer, 2019). Agencies play an essential role in helping the client to fully exploit the potential of integrated marketing communications (Laurie and Mortimer, 2019). In the last years, more and more companies have started to rely on ad-agencies to develop marketing outputs, because of their superior knowledge, expertise, and creativity (Arul, 2010). However, the advertising industry has now reached its maturity level and the barriers to entry are low leaving room for new entrants and more competition. This has led clients to demand more from their agencies, not only in terms of advertising, but also creativity, media plan, cost effectiveness and media research (Arul, 2010). Agencies are induced to review their business model as well as the range and type of services they offer in this fragmented and difficult landscape (Levin et al., 2019).

1.2. The impact of IMC on the client-agency relationship

As a shift in the market alters customer needs, the type of expertise demanded and the value of the client-agency collaboration are directly impacted (Davies and Prince, 1999).

The spread of social media channels and digitalization, which sees customers as active players in the creation of brand value, has resulted in specialized and hyper-specialized agencies (Ceccotti et al., 2019). As a consequence, the network of partners has intensified, with clients relying on agencies as well as communication specialists (Ceccotti et al., 2019). As IMC involves the collaboration between different partners to develop integrated marketing campaigns (Ceccotti et al., 2019), the plurality of agents complicates the coordination (Beard, 1996), (Ceccotti et al., 2019) and questions the role played by each side during the production of the advertising output (Beard, 1996). A study conducted by Beard in 1996 discovered that about 83% of clients believe it is their responsibility to define the strategy and initiate the integration and coordination process, while 65% of agencies consider it as part of their role. On one side, marketers take responsibility for the communication planning processes, because they question the ability of the agency to lead and manage the integration of advertising efforts (Beard, 1996). On the other side, agencies believe that clients do not have the required knowledge and expertise to implement IMC (Beard, 1996), and that they do not perform the task of coordination effectively (Ceccotti et al., 2019). This role ambiguity is supported by Mortimer and Laurie (2019), whose recent research reports that the client and the agency have different opinions on the role of the client in assisting the agency. According to their study, the agency believes that it is the client who should promote collaboration among the different partners, although clients do not acknowledge this responsibility. In general, 80% of clients adopt either the “All Agency” or “Lead Agency” model when dealing with different partners: the first one involves the client being in charge of managing the collaboration among the different agencies, while the latter sees one agency being responsible for the integration (Laurie and Mortimer, 2019). The party on which falls the responsibility of initiating the integration is not yet clear, not only among agencies and clients, but also among scholars. (Laurie and Mortimer, 2019). Some suggest that it should be the client to initiate the process of integration, because IMC has to be implemented at the organizational level, however, clients still do not have a deep understanding of the concept of integrated marketing communications (Laurie and Mortimer, 2019). This ambiguity of the clients’ role represents one of the main causes of relationship problems (Beard, 1996). If the client does not have a good understanding if its functions, or is not clear about its expectations and standards, dissatisfaction may arise (Beard, 1996), facilitating the emergence of conflicts at different stages and the deterioration of the partnership itself

(Ceccotti et al., 2019). Uncertainty arises not only from the responsibility of initiating integration, but also from a shift in power from the agency to the client. One of the first industry reports on the impact of IMC on the role of agencies, "The Future Of Agency Relationships" published in 2010, underlined the increasing importance of agencies over the years, as they would provide clients with the necessary tools to deal with the complexity of integrated marketing communications (Mortimer and Laurie, 2019). However, studies published after 2010 showed that the opposite has happened, with a deterioration of the client-agency relationship and the diminishing role of agencies (Mortimer and Laurie, 2019). Recent research conducted by Mortimer and Laurie (2019) recognizes the increased power of the client, attributable to a greater control of the customer journey. The client, according to the authors, has the instruments to monitor and identify all the different touchpoints that a customer encounters during the pre-purchase, purchase, and post-purchase phase, and communicates the data collected to the entire organization. The increased access of client to behavioral data allows it to gain insights and make decisions without involving the agency (Mortimer and Laurie, 2019). The agency's role in the decision-making process becomes marginal, with clients bringing more in-house work, making not only creative decisions but also media-buying decisions (Mortimer and Laurie, 2019). The shift in power and expertise towards the client is part of the reasons why the client-agency relationship follows the traditional agency theory logic (Mortimer and Laurie, 2019). This theory is based on the idea that both the client and the agency act in their own interest, hence the client must monitor and control the agency's activity and treat it like a supplier rather than a partner (Mortimer and Laurie, 2019). However, this traditional relationship is no longer functional (Mortimer and Laurie, 2019). The agency is aware of its diminishing role in the client's decision-making process and there is a common agreement on the fact that the agency should act more as a consultant at a strategic level (Mortimer and Laurie, 2019). Therefore, balancing the power and the influence of each party is important (Mortimer and Laurie, 2019), to build a profitable relationship in the long-run. According to the social power theory, the partner who has more power also has the most influence on the others (Mortimer and Laurie, 2019). Clients have power related to reward, meaning the payment system as well as types of praise and punishment, whereas agencies have knowledge and technical skills (Mortimer and Laurie, 2019). According to Laurie and Mortimer (2019), this suggests that there is room for finding a balance of power, and thus influence, in the relationship. The authors also mention another challenge set by the introduction of integrated marketing communications on the client-agency relationship, which is related to media neutrality. The customer journey has become more complex, as brands started to adopt the Paid, Owned, Earned (POE) media model, which involves the exploitation of paid media to encourage visits to the owned media and activity on earned media. This interplay of media requires a good level of cooradination among the different agencies, and has generated some issues in establishing a fair remuneration system based on both the contribution of each individual agency and the cooperation with the other partners. The most common payment system is based on performance and time allocation, which does not take into account creativity and generation of ideas. However, media neutrality implies that any member of the network can propose ideas and take the lead, which emphasizes the pivotal role of creativity, meaning that the current compensation system is not functional. Moreover, the authors report that until 2009 not even 1% of remuneration models accounted for the collaboration with the other partners, estimation which decreased even further in 2011, minimizing the importance of integration in the dynamics of the relationship network. Nonetheless, establishing a good collaboration system especially in the IMC environment is crucial (Ceccotti et al., 2019). Another phenomenon dominating the agency landscape is the susbtantial staff turnover of internal marketing, which averages about 18 months (Laurie and Mortimer, 2019). This consitent replacement of employees has challenged even further the relationship with the client in the long-term (Laurie and Mortimer, 2019. In fact, people and interpersonal relationships are relevant factors for the stability and successful collaboration between partners (Fam & Waller, 2008; Laurie & Mortimer, 2019).

1.3. Relationship steps and processes

The implementation of integrated marketing communications led by the digital transformation changed the client-agency relationship (Beard, 1996; Ceccotti et al., 2019), but it also increased its intensity (Ceccotti et al., 2019). This concept is explained by a study conducted in Italy by Ceccotti et al. (2019), who point out how the agencies promptly respond to clients' increased frequency of requesting marketing campaigns, which is in turn due to consumers' faster consumption of messages. Thus, the dynamics of the relationship between a client and an advertising agency have become more intricate, making it more difficult to clearly identify the different stages of the collaboration. As reported by Fam and Waller (2008), several authors tried to provide a classification of the relationship building process: pre-relationship, development, maintenance, and termination; pre-contracting stage, contracting stage, and post-contracting stage; agency evaluation/selection, relationship development and maintenance, and agency review/termination. Fam and Waller (2008) instead proposed the following categorization: (a) Inception, (b) Development, (c) Maintenance, and (d) Dissolution. The different denominations existing among scholars emphasize even further the ambiguity that characterizes the client-agency relationship, although they identify some common phases. Waller (2004) identifies three stages based on literature and previous research on the topic, which are 1. Agency evaluation/selection, 2. Relationship development and maintenance, 3. Agency review/termination. To represent a comprehensive outline of the steps forming the process of relationship building, the following classification refers to the work of Waller (2004) as well as to the study of Fam and Waller (2008), and is summarized in *Figure 1*:

1. *Agency evaluation/selection*: the relationship's lifecycle begins with the client's selection of the agency (Waller, 2004). During this step, several activities are undertook by both parties. On one side, the agency tries to attract new clients and promote itself, especially through direct mail, telemarketing, social media, and newsletter. Among the factors that should be advertised, Waller (2004) cites "clients served, full-service aspect, creative department, years with major accounts and years in business." In addition, the main aspects which are leveraged to secure a new client are personal contact with top management and positive recommendation of satisfied clients. This self-promotion is both time- and cost-consuming. On the other side, the client searches for some specific features that considers valuable before selecting a possible partner (Waller, 2004). Among these criteria, the "people factor" is considered the most valuable one, meaning "personnel quality, mutual agreement and understanding, reputation for integrity and interpersonal compatibility" (Waller, 2004). This is confirmed by a later study conducted by Fam and Waller (2008), who suggest that in the beginning of the relationship the most valued factors are Interpersonal Relations, Creative Ability, Quality Account Team, and Integrity & Shared Purpose. Thus, it appears that clients

are more concerned with the people who are managing their business rather than what the agency can offer (Fam and Waller, 2008). The interesting thing to note about this description is that both the client and the agency consider the personal aspect as important during this initial phase. This suggests that a professional relationship is also composed by interpersonal exchanges, preferences and attitudes that affect the overall dynamics.

2. *Relationship development and maintenance*: once the relationship has been established, the parties start to work together in order to achieve a long-term collaboration (Waller, 2004). The main aspects valued by clients in this phase are Trust in Agency's Honesty, Client Dependence, Expertise/Knowledge, Reciprocity, Commitment–Affective, and Bonding (Fam and Waller, 2008). Commitment and trust are particularly important for the development and maintenance of the relationship, because they "encourage marketers to (a) work at preserving relationship investments by cooperating with exchange partners, (b) resist attractive short-term alternatives in favor of the expected long-term benefits of staying with existing partners, and (c) view potentially high-risk action as being prudent because of the belief that their partners will not act opportunistically" (Fam and Waller, 2008). Hence, the agency should convey that it values and cares about the client's account, and that it can be trusted (Fam and Waller, 2008). Besides trust and commitment, other relevant factors identified by Fam and Waller (2008) are a good information exchange, such as know-how, involvement in the development of the marketing efforts, and understanding of the client's business and needs. Because of the multitude of aspects and dynamics taking place during this stage, some elements of dissatisfaction can arise (Waller, 2004), which may eventually lead to relationship termination. Two of the main problems identified are the lack of good communication between the parties and the involvement of too many agents (Waller, 2004), which is a consequence of integrated marketing communications. Also the Internet seems to have altered the equilibrium in the relationship, because it introduced the need for more specific skills, made unclear the role of each party and allowed companies to implement marketing communication without the need for an agency. (Waller, 2004). Another relevant aspect in this phase are shared attitudes toward specific topics, as if both the client

and the agency have similar opinions, it is more likely that the partnership will last (Waller, 2004). The behavior performed by the parties has a significant influence on "productive interaction, conflict and creative quality" (Waller 2004). Since client's trust increases as the performance of the agency increases, it is crucial for the agency to focus on "contribution to the achievement of client marketing objectives; contribution to the standing of client product(s), services or brand(s); creative output; value for money and service quality" during this stage (Waller, 2004). This second phase is the center of the dynamics between the client and the agency, where exchanges of ideas, information, and competences, as well as personal contacts, take place. Thus, it is mainly in this moment that agencies must try to satisfy the criteria that clients value in order to preserve the relationship in the long run.

3. *Agency review/termination*: At this point of the lifecycle, two situations can emerge. Either conflicts and dissatisfaction have led to the termination of the relationship, or the client simply wishes to review and evaluate the agency (Waller, 2004). In the first scenario, the client will look for a new partner, even though finding another agency and establishing a new relationship can take up to two years (Fam and Waller, 2008). Whereas, in the second case the client may continue with the current relationship (Waller, 2004). Anyways, in both cases the lifecycle of the collaboration will start again from the first stage (Waller, 2004). The interesting thing to note is that the reasons for the termination of the relationship and switching of partner are different for clients and agencies (Waller, 2004). Agencies report that the main reasons regard changes in the policy of the client and whether the client is profitable or not (Waller, 2004). Conversely, clients' criteria are related to whether the agency is able to perform its job (Waller, 2004) and dissatisfaction (Waller, 2004), (Davies and Prince, 1999). Dissatisfaction arises from three factors: creative design, inability to meet deadlines, and the lack of attention towards the client (Fam and Waller, 2008). Moreover, other relevant factors are the decline of the communication between the parties and different personnel either in the agency or the client (Waller, 2004). The factors that are most valued by clients in this final stage are the same as the initial one, that is Interpersonal Relations, Creative Ability, Quality Account Team, and Integrity & Shared Purpose (Fam and

Waller, 2008). However, in the study conducted by Fam and Waller (2008), these factors are ranked higher in the termination phase, suggesting that the client is more inclined to end the relationship whenever the "people factor" is not present. Indeed, one of the main reasons for termination is the decline of interpersonal relationships (Fam and Waller, 2008). Termination of the relationship appears to be a common phenomenon. A study conducted by Davies and Prince (1999) on the longevity of the accounts in UK and the USA reports that by the end of the first year about one third of the clients switched agencies. This probability increased by more than half accounts leaving their agency by the end of the second year, and resulted in 95% of USA clients and 98% of UK clients moving by the end of a 10-years period (Davies and Prince, 1999).

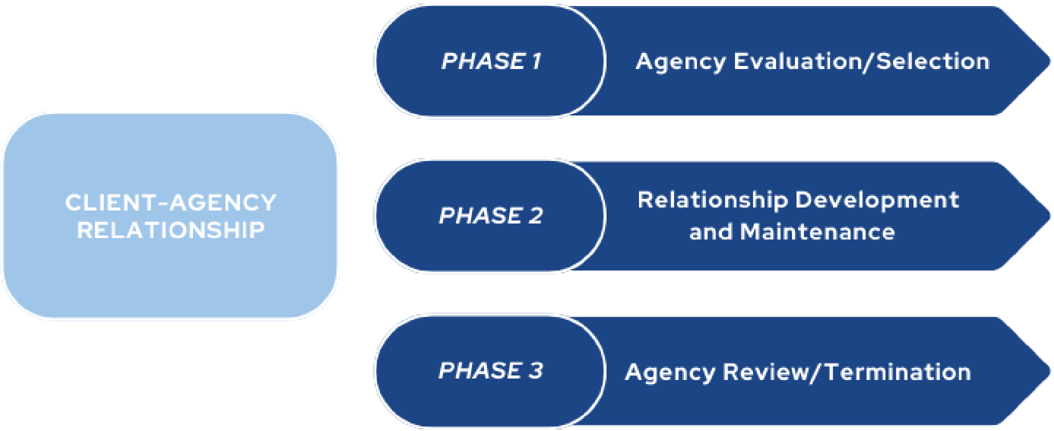

Figure 1.1. The phases of the client-agency relationship. Source: own elaboration based on Waller (2004)

The insights on developments of the three stages of the client-agency relationship underline how intricate and interrelated the dynamics are. Both parties have their own expectations, criteria, and values, and the poor communication that tends to develop in the second stage facilitates the emergence of misunderstandings and conflicts. Clients have different criteria regarding the selection of the agency and the decision to continue or terminate the relationship (Waller, 2004), thus the techniques that worked in the first stage of the lifecycle may not be effective in the second and third stage. A key aspect to keep in mind is that the collaboration between two parties involves people with different career paths, roles and at a different stage of the lifecycle (Fam and Waller, 2008). The classification underlines that the personal sphere plays a significant role in the development of the collaboration. Indeed, it is not only a professional collaboration, but it involves also interpersonal exchanges (Bruning & Ledingham, 2002), which in turn affect the overall collaboration. Therefore, it is relevant to analyse the lifecycle from another perspective, as the agency can exploit the fundamentals of building a relationship in dealing with its clients (Fam and Waller, 2008). Knowing which stage the relationship falls in, helps the ad-agency to take the necessary actions in order to maintain, improve or restore the relationship. Bruning and Ledingham (2002) conducted a study regarding the perception of account executives of a large public relations agency of the communication, behaviors, and interaction patterns that occur as an agency and client initiate and develop a relationship. Their work thus highlights more the personal aspects taking place during the development of a client-agency relationship, which is divided into 5 stages.

1. *Introductory Phase*: The agency introduces itself by means of advertising, public relations, or telephone call. In this stage both parties aim to understand whether the collaboration will be profitable, and the value brought by the other side. Generally, the same protocol is followed when initiating a relationship and the focus is to create a positive impression.
2. *Exploration Phase*: The client and the ad-agency representatives meet in person to discuss expectations, goals, and the method of interaction. After the exchange of information and a mutual agreement on social, cultural, political, and economic issues, the client retains the agency. A crucial aspect pointed out by the authors is that "the formal process of retaining the agency does influence the agency-client relationship because the client now has both professional and relational expectations that must be fulfilled by the agency." (Bruning & Ledingham, 2002).
3. *Escalating Phase*: In this stage both parties have gained knowledge about the other's attitudes, opinions, and expectations, thus engaging in more personal rather than professional exchanges. At this point, relational involvement, investment, and commitment have developed.
4. *Assimilating Phase*: This stage is characterized by increased level of satisfaction and commitment into the relationship, related to the involvement of more personal

dynamics. This involvement further aligns the expectations, attitudes, and opinions of the parties, and reinforces the prospect of a long-term collaboration.

5. *Fidelity Phase*: The features of this last step are a strong interaction and the public expression of loyalty, which involves high levels of commitment, demonstrations of appreciation and recognition of the importance of each other's work.

The first two stages, *introductory* and *exploration*, can be related to the first stage of Waller (2004) classification: *agency evaluation/ selection*. It is the moment in which the client and the agency first get in touch and get to know each other to move the relationship to the next level. This is done through different means, both professional, such as social media and newsletter, and personal, such as showing commitment and trust. The last three stages, *escalating, assimilating*, and *fidelity*, can be referred to the *relationship development and maintenance* phase of Waller (2004). The parties now know each other and regularly exchange information, opinions, and ideas. Personal factors start to prevail, reinforcing the level of commitment and loyalty. The intensity of exchanges and the interrelatedness of personal and professional aspects make this stage the most important and difficult to manage. Understanding the dynamics of interpersonal relationships can help to improve and manage professional collaborations, as many strategies and approaches work likewise (Bruning and Ledingham, 2002). Indeed, the closer interaction between the representatives of each side is an essential element for the longevity of the relationship, as people are more productive if working with people they like (Davies and Prince, 1999). This is supported by the study conducted by Fam and Waller (2008) aimed at understanding the different implication of the client-agency relationship at different stages. In particular, their study underlines the importance of people in the selection and evaluation of an agency and of the personal aspects, such as mutual agreement and understanding and interpersonal compatibility (Fam and Waller, 2008). The authors also underline the relevance of closeness between the two parties, which helps to improve the relationship with the client and avoid its dissolution (Fam and Waller, 2008). Besides, building a strong relationship does not only require time, but also "emotional attachment, a sense of commitment to the other party, and a shared sense of values and goals (Fam and Waller, 2008). Thus, the personal dimension is perceived as a key element in the client-agency relationship and should be nurtured by the agency. In order to establish long-lasting and profitable relationships with their clients, agencies should be able to perform “effective adaptation”, which refers to “an ability and the motivation of agencies to adapt continually and match clients’ needs to derive sustained value from their exchanges” (Davies and Prince, 1999). Knowing the clients’ businesses allows agencies to create opportunities of adaptation as the relationship develops over time, and clients will be more willing to maintain the relationship over the long term (Davies and Prince, 1999). Whereas, maladaptation occurs when agencies lack the motivation or ability to perform (Davies and Prince, 1999). This phenomenon hinders a profitable exchange and weakens the bond, ultimately causing the end of the relationship and the agency has to start a new process of gathering information about the clients’ needs (Davies and Prince, 1999). The cost of finding a new clients is five times the cost of retaining one, hence being able to manage a declining relationship is a useful skill for agencies to master (Bruning and Ledingham, 2002). Bruning and Ledingham (2002) identify 5 stages that clients and agencies experience when the relationship is declining:

1. *Contrasting phase*: it occurs when the parties first start to understand that there exist some differences between them. Usually, it is a consequence of a conflict, dilemma, or change, where the solution negatively affects one of the parties. One of the most common reasons that pushes the relationship into the contrasting phase is the decline of trust, which amplifies the perceived differences. At this point the agency can still solve the problem and rebuild the relationship. It should simply explain the reason for the conflict and provide a solution. However, if the issues are not dealt with, differences will start to dominate the exchanges as opposed to similarities, diminishing the amount, type, breadth, and depth of the interactions.
2. *Spiraling phase:* the differences that arose in the previous phase intensify and there is less frequent and honest communication between the parties. Thus, the communication becomes superficial, and the parties are less involved and willing to spend time, money, or effort into the collaboration. This results in a shift from personal to professional communication and the parties may start to think about terminating the relationship. Nonetheless, the relationship at this point is still recoverable, as long as the differences are properly dealt with.
3. *Idling phase:* If the differences are not addressed, the parties will enter the idling phase, where they blame each other for the relational problems because they feel like the other has not done enough to solve the issues. There is a lack of common

interest and the communication becomes almost null and mainly just professional. Hence, the client and the agency are no longer interested in neither the personal nor professional relationship and will both start contacting other partners.

4. *Evading phase*: at this point, the parties try to avoid communication as much as possible and they remove themselves from the relationship both physically and emotionally. The agency usually starts to think that it does not need the client. Under these circumstances, the probability of rebuilding the relationship is almost null.
5. *Discontinuance phase*: one of the parties, or even both, recognizes that the other is not able to meet its needs and the only little communication that takes place is difficult and strictly professional. Contacts and relationships with other partners are actively pursued, marking the termination of the current client-agency relationship.

The *contrasting* and *spiraling* phases, even if they represent a deterioration in the collaboration, can be inserted into the *relationship development and maintenance* stage. Some personal aspects are threatened, but differences can still be solved, and communication can be recovered. Whereas *idling*, *evading* and *discontinuance* phase fall into the *agency review/termination* stage. At this point, recovering the relationship is basically impossible. This decline can be traced back to some specific issues. Among them, the role ambiguity, the lack of trust and the poor communication and exchange of information are the most prevailing. Once the parties experience these problems, they start to go through the final steps of deterioration, where stress and conflict make it difficult to manage and maintain the relationship (Bruning and Ledingham, 2002). Building on the work of Bruning and Ledingham (2002), Waller (2004) and Fam and Waller (2008), this overview aims to point out the professional and personal exchanges taking place at different stages of the client-agency relationship. In the next chapter, the main relational issues are deeply analyzed, in order to better understand the causes of conflict and provide agencies with possible solutions to manage them.

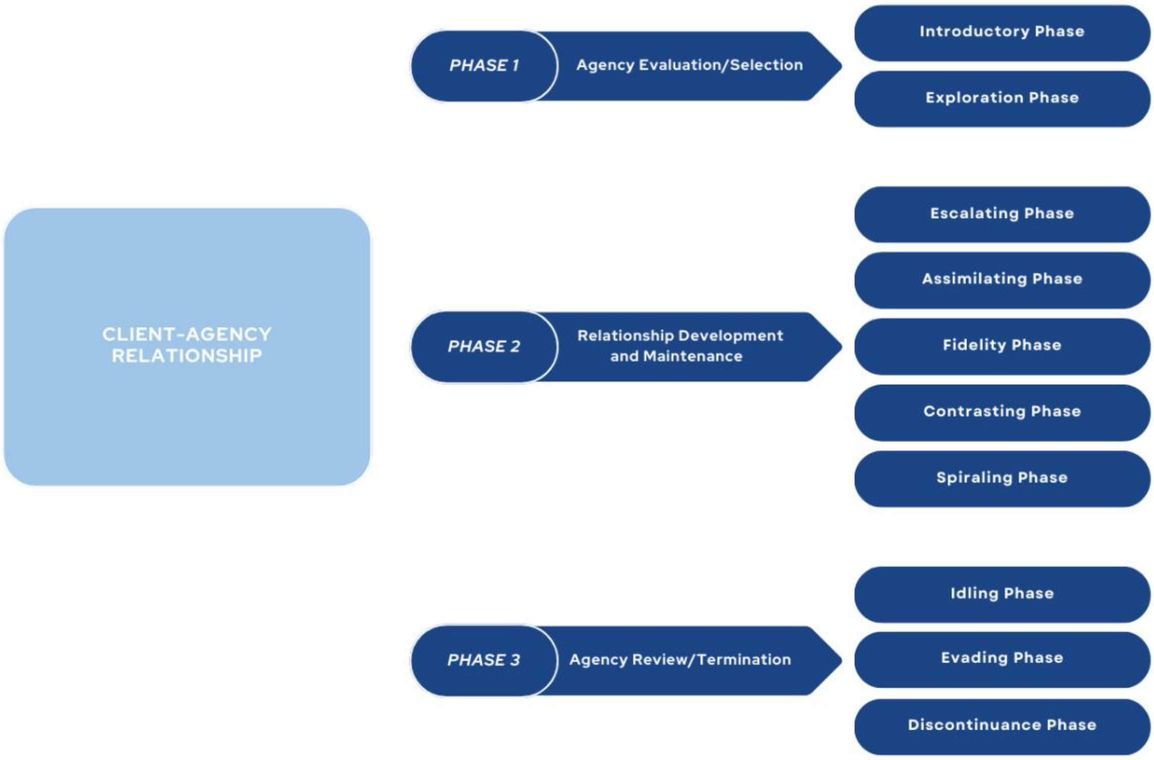

Figure 1.2. Model representing the phases of the client-agency relationship. Source: own elaboration building on the work of Waller (2004) and Bruning and Ledingham (2002).

Chapter 2. Areas of conflict between agencies and SMEs

The challenges characterizing the client-agency relationship have generated more competition among agencies to find clients, and smaller clients have started to search for high quality agencies (Sekely and Blakney, 1996). In order to remain competitive in the long run, agencies cannot depend only on large accounts, but need to include also smaller businesses on their client list (Sekely and Blakney, 1996). Therefore, the relationship between agency and SMEs may become more common in the future and may play a strategic role for agencies. Small firms have different needs in terms of marketing results with respect to bigger firms. Nonetheless, research on the relationship between small advertisers and agencies is basically non-existent (Gray and Fam, 2001).

2.1. Characteristics of SMEs

According to the European Commission (2020) micro, small, and medium-sized enterprises (SMEs) are all those enterprises which "employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million". SMEs play a pivotal role in the European economy because they contribute to growth, job creation, and social stability. They represent 99% of all the businesses in the EU territory (Andersen et al., 2022) and generate two out of every three jobs. However, they are subject to structural barriers, such as the lack of technical or managerial competences, and they may have no access to finance (European Commission, 2020). Gray and Fam (2001) describe the attitude of small businesses toward marketing, in particular toward the relationship with agencies. Because they have restricted financial possibilities, they tend to invest less in marketing efforts. Generally, they can hardly afford to either manage their own advertising or collaborate with an agency. They also lack marketing expertise, thus the advertising results seem to be created with no strategic thought behind. The marketing efforts are also influenced directly by the smaller business owners, because their personal characteristics affect the management style. This implies that if the attitude of the owner toward an agency is negative, the collaboration between the two is likely impossible. This is due to their tendency to adopt customer retention strategies, meaning the reliance on few customers for repeated business, which nullifies the need to advertise to new potential clients. The last factor that can affect the creation of a relationship between small businesses and agencies is uncertainty. This type of companies is subject to uncertainty due to a reduced customer and product base, characteristics of the owners, and the inability to control the market (Gray & Fam, 2001). This puts them in a position where they prioritize short term plans rather than long term strategies such as marketing (Sekely and Blakney, 1996). However, Bachnik et al. (2018) notes that the increased power of customers in the purchasing decisions, which is due to word-of-mouth, access to information and technology, intensified even more the competition. This led many companies to adopt a full "customer-centric approach", which involves addressing customers' needs and wants in order to gain their attention and differentiate from the competitors. Moreover, a study conducted by the authors shows that, among 505 enterprises in Poland, 51.9% of small enterprises and 50.3% of medium enterprises employ advertising agencies. This country's economy is sustained by small and medium enterprises, which represent 99.8% of the total market. Poland's advertising industry is relatively young with respect to other European countries. Considering the presence of more developed advertising markets in countries other than Poland, along with the significance and predominance of SMEs in the European Union and the renewed importance of focusing on the customer, it can be assumed that now more and more SMEs are investing in advertising and relying on an agency. This assumption is supported by Ceccotti et al. (2019), who report that now even large agencies are starting to consider smaller clients, because they allow to cover fixed costs in the eventuality of difficult times. Not only large agencies are looking for smaller clients, but also clients are becoming more interested in initiating a collaboration with small- and medium-sized agencies. This choice stems from the need for more specialized services and the desire of the client to get additional care and attention from its agency. Therefore, it is relevant to understand the areas of conflict between an agency and its client in relation to small and medium companies.

2.2. Role Ambiguity

One of the main issues affecting the client-agency relationship is the ambiguity of the roles. On one side, an agency can represent five main roles, which are leader, partner, counselor, occasional supplier of services, or no role at all (Sekely and Blakney, 1996). On the other side, the client's role should involve establishing and communicating aspects of the marketing plan, evaluating agency creative and media recommendations, coordinating advertising with other marketing communications strategies and tactics, and leading and monitoring the agency's activities (Beard, 1996). However, as previously reported, the introduction of the digital evolution and of Integrated Marketing Communications (IMC) have altered the expectations of both parties and thus the functions that they need to perform. Ceccotti et al. (2019) explain how the digital revolution has led to an increased consumption of communication messages and stimuli, which in turn has resulted in the client demanding more marketing solutions in reduced time. For the agency this translates in a reduction of time between the client's brief and the launch of the campaign, shorter decision-making and production processes. Moreover, the IMC approach requires clients to coordinate the agencies involved and the marketing efforts. This, combined with client's increased access to data, results in increased responsibilities and functions of the client. This disruption has led to role ambiguity. According to Beard (1996), to effectively perform a specific role, a person must know three things:

- What the expectations of the role are, such as rights, duties, and responsibilities;
- What activities satisfy the responsibilities of the role, such as means-end knowledge;
- What the consequences of role performance are to self, others, and the organization.

Ambiguity arises when these three factors are not clear or inexistent. Role ambiguity is highly negatively correlated to many aspects, such as job satisfaction, commitment, job involvement and performance, while it is positively correlated to anxiety, tension, and job turnover. Advertising agencies fall into the *task-interactive* category, which refers to an intense interaction between the client and the partner, with a focus on the tasks that need to be performed and on how to accomplish the client's objectives. The difficulty lies in the fact that this interaction largely depends on the client's performance and inclusion in the production process. As a result, the risk of emerging problems is higher, especially if the client's does not perform its role adequately. The consequences of role ambiguity prevent the client to commit and put effort into the relationship, as well as perceive that the agency's performance is inadequate. An effective way to actively involve the client is to make sure that attitude, knowledge, and the necessary skills related to the production process are aligned with the required level of client involvement. However, many representatives of the clients lack training and experience in their role, and may be not aware of their expected functions, which further increases role ambiguity (Beard, 1996). Many client representatives are also not able to properly judge their agency's performance or understand that specialized agencies have difficulties in considering an integrated marketing campaign approach (Ceccotti et al., 2019). Moreover, the client is more concerned with controlling performance to obtain results in the short term, especially in the case of SMEs, which have limited resources and need immediate results. This creates a discrepancy between the client's objectives and expectations and the ones of the agency, which instead aims to experiment and co-create with a long-term perspective (Ceccotti et al., 2019). This is one of the reasons why the client-agency relationship still follows a traditional agency-theory approach, where the client feels the need to monitor and control the agency to avoid that it acts in a self-interested way (Mortimer and Laurie, 2019). The fear is that the agency may offer a basic and standard solution to achieve the maximum remuneration at the lowest effort. This phenomenon is known as moral hazard (Davies and Prince, 2010). Because of this increased role of the client and the constant monitoring of the agency's performance, the latter feels left out from the strategic decisions and it becomes more a supplier of services rather than a partner (Ceccotti et al., 2019). Nonetheless, in recent years there seems to be a change in the strategic role of the agency, which shifts from provider of services to consultant and partner. Besides the main agency services such as creativity, media planning, and market research, clients now are looking for other options like direct marketing, public relation, and distribution. This multi-service that agencies are expected to provide is represented by the term "Integrated Marketing Solutions". Agencies that are able to differentiate their value creation through a wide range of services will develop client loyalty, create switching costs, and reduce the client's choice, which in turn will increase the client's tolerance (Davies and Prince, 2011). Therefore, because companies seek expertise regarding marketing strategy, business plans, product design, and customer intelligence, the agency should be able to provide these services in order to retain accounts for a longer period of time and reduce the client turnover (Arul, 2010). Smaller businesses are more interested in copy, art, strategy, and in the agency taking a leadership role in advertising

(Sekely and Blakney, 1996). This confirms that the agency, either dealing with large or small companies, should act as a business partner. In fact, a study conducted by Ceccotti et al. (2019) demonstrates that, among Italian agencies, only those which offered guidance and consultancy to their clients were able to grow in the last years, and agencies are reviewing their roles in the relationship. More specifically, over the Italian territory, media centers are assuming the role of coordinators, which was previously played by clients, and the one of strategic partners and consultants. Although this is still an on-going process, these entities, together with digital agencies, are gaining relevance by acquiring new expertise and data management skills and promptly adapting to change, in order to guide the client through the digital transition. This dynamic allows them to build more long-lasting relationships. Italian PR agencies are shifting towards a strategic function as well, however the outcome is still uncertain. Instead, advertising agencies in Italy have struggled to adapt to this new customer needs, losing their value as strategic consultants, and have become more marginal players (Ceccotti et al., 2019). Because most Italian companies are SMEs, according to the Italian public entity Istat, this study represents a possible future orientation for the collaboration between agencies and small and medium enterprises. Smaller companies lack resources and expertise and need more guidance from agencies to remain competitive. Although this trend provides a direction about the strategic role that agencies should play, it also implies new ambiguities about how and the extent to which agencies should offer guidance, and how SMEs can still contribute to the development of marketing efforts. It also does not reduce ambiguity in the case of an integrated approach, because if all agencies act as strategic consultants, it is not clear who should take the lead of the integrated campaign.

Avoiding role ambiguity is important because if the client is aware of its responsibilities, its satisfaction with the agency's performance will increase, and the client-agency relationship will benefit as well (Beard, 1996). While clients start to make more in-house decisions, the agencies become marginal in the decision-process, which prevents them to act as partners and makes them feel less valued (Mortimer and Laurie, 2019). To avoid this, an initial solution was proposed by Beard in 1996. Conversely to the traditional agency theory, where the client has to control and monitor the agency's performance (Davies and Prince, 2011), the author suggests that agencies should control the performance of the client through *client socialization*, which refers to "the process by which organization members learn the required behavior, values, and supportive attitudes that are necessary to participate as members". Because agencies depend on clients' performance, and coordination is one of the key elements characterizing the development of both traditional and IMC efforts, role socialization represents the only coordination method that task-interactive services can adopt in order to coordinate the production process with their clients (Beard, 1996). Nonetheless, clients are becoming more demanding in terms of the services offered by the agencies, and need a partner who can guide and advise them in the new digital era, where the customer is no more passive, and the consumption of messages has increased exponentially. More recently, a more "equal" form of relationship in terms of control has been proposed, that is business alliances (Mortimer and Laurie, 2019). It refers to a collaboration based on trust and commitment, where a proper exchange of information leads to increased cooperation and integration, resulting in better performance. The sharing of information, particularly of strategic information such as marketing goals, increases the motivation of the agency. This type of collaboration is based on three elements: shared problem solving, information exchange, and flexibility. Another relevant aspect of business alliances is the active participation of agencies, which should take initiative and not merely follow the client's requests (Mortimer and Laurie, 2019). Industry experts agree that agencies should act as consultants or advisors (Sekely and Blakney, 1996). In fact, clients value this proactivity because they perceive that the agency puts efforts and commitment into the relationship and in the production of the marketing efforts. Therefore, agencies should adopt a more strategic role, showing that they understand client's business and needs, in order to be influential and contribute to the decision-making process. Hence, being strategic consultant does not mean just advising and guiding the client through the production process, but it involves knowing the client, showing effort and building personal relationships. Besides, when the agency offers strategic consulting services, it manages to avoid price competition and obtain a more mature and lasting relationship. In this way, the strategic partner manages to have a counterpart in the client company at a higher managerial level (Ceccotti et al., 2019). While agencies need to take a more leadership role as consultants, clients need to take responsibility for providing coordination and guidelines to the different agencies involved (Mortimer and Laurie, 2019). Because client's role involves functional, managerial and interpersonal skills, companies should assign qualified representatives who are trained and expert in the development of advertising efforts (Beard, 1996). However, for SMEs it may be more difficult given that they often lack skilled personnel. Therefore, they need first to understand the importance of marketing, which means stop thinking of it as an impulsive and subjective output, but rather a strategic asset that needs to be planned in the long run. Then they need to train their staff and rely more on the agency's guidance. Other suggestions to reduce the role ambiguity involve the agency creating a mechanism to monitor the relationship and training the staff to build successful collaborations. This active effort from part of the agency will increase client's satisfaction (Beard, 1996) and enhance the possibility of a long-term partnership. However, the monitoring should be done in with a preventive approach, with the aim of anticipating eventual conflicts and promptly addressing the issue. If the monitoring is conducted under an agency theory perspective, with the objective of ensuring that the counterpart does not act self-interestedly, the relationship will never be a business alliance and will continue to follow the traditional mechanism, which has proved to be not working. Autonomy and feedback are two other mechanisms that can help increase clarity in the expectations of the roles (Beard, 1996). Besides the expectations of clients, it is important to also underline the ones of agencies. They refer mainly to three factors, which are clear briefing, more freedom in creative work and prompt payment of media bill (Arul, 2010). If both parties have a clear understanding of their own responsibilities as well as of the expectations from the other side, they should be able to work better together and build a long-term collaboration.

2.3. Creativity

The agencies' unstable role and the need for more strategic participation has led them to leverage their key competence, creativity, to reestablish their power in the relationship (Mortimer and Laurie, 2019). Regardless of the core business of the agency, whether it is digital, media, communication or other, creativity plays a key role (Bilby et al., 2023), and many agencies try to secure a client by leaning on creativity (Bachnik et al., 2018). By fostering innovation, this ability can be used as a competitive advantage to meet customer and market needs (Bachnik et al., 2018). Koslow et al. (2022) define the two dimensions of creativity:

- *Originality*, which refers to any marketing effort that is new or different;
- *Appropriateness*, which depends on the need or situation.

Creativity related to advertising is goal-oriented and is at the foundation of the client-agency relationship. Thus, a creative campaign is both original and appropriate (or strategic) at the same time (Koslow et al., 2022). The strategic aspect helps to meet client's goals by promoting and differentiating the brand, whereas the creative component aims to capture consumers' attention (Bilby et al., 2023). The issue that emerges in client-agency relationships is indeed related to this duality. Agencies may be more focused on originality and novel ideas, while clients are more concerned with meeting their strategic objectives and less with original outputs (Bilby et al., 2023). Creativity can be seen as the premium risk that enhances the success of marketing efforts (Koslow et al., 2022), and the generation of creative results can induce apprehension to both parties (Bilby et al., 2023). Clients are generally risk adverse (Koslow et al., 2022; Bilby et al., 2023), because creativity may lead to uncertainty due to "the variability of outcomes, lack of knowledge of the outcomes, and the uncontrollability of the outcomes" (Bilby et al., 2023). Thus, agencies may provide less creative solutions to mitigate clients' aversion, acting opportunistically (Koslow et al., 2022). Agencies may prefer to play safely as well, which results in providing less creative efforts to avoid scaring the client and maybe losing the account. This phenomenon is known as agency clientelism (Bilby et al., 2023). If both parties are risk adverse, and the client needs to cooperate with the agency to produce the advertising result, a double moral hazard may occur, where neither party is willing to invest into the relationship (Bilby et al., 2023). Koslow et al. (2022) explains how the quality of the client-agency relationship impacts creativity. In quality long-term relationships it is easily assumed that the agency understands client's requests and is able to keep it motivated in the case of risky or creative solutions. However, long established relationships can still suffer several challenges, as there is a strong correlation between risk and creativity. When the collaboration is long lasting, the agency fears that any minor change will be given more importance than necessary. If the client is risk averse, this concern is magnified, thus the agency reduces the creative input, negatively affecting also the strategy. Moreover, if the relationship is good, the agency may not even use the client's creative input, because it believes that it knows the client's needs. This may reduce the originality of the final solution. Conversely, when the relationship is at its early stages or its quality is low and the client is risk averse, agencies do not minimize their creativity, but focus on producing a solution that is more strategic (appropriate) rather than original. In this case, the agency has less information about the client and focuses on the insights given by the brief, which may increase originality. Thus, long-term client-agency relationships can affect creativity either negatively or positively, and the dynamics are explained by two different theories. The negative impact occurs when the client is perceived to be risk adverse or the agency personnel lacks motivation. This phenomenon is explained by the agency theory (or principal-agent theory), where the agency acts in its own interest thanks to its secure position and is not willing to take risks to avoid losing the account (Koslow et al., 2022). According to this perspective, the client should manage the agency by writing a quality brief, assisting in monitoring, and adopting formal testing to ensure that the brief has been followed. However, in the case of a risk averse client, the provided brief does not include any creativity on which the agency can develop its work, hindering creativity in the first place (Bilby et al., 2023). Instead, positive impact happens when the quality of the relationship enhances the intrinsic motivation of agency's staff. This is expressed by the principal-professional theory, which assumes that the agents can be stimulated and motivated, willing to take risks, possess technical expertise, and are not "inherently predisposed to behaving opportunistically". Thus, agents will perform duties that go beyond the conduct assumed in the agency theory. If agencies are proactive and involve their clients in a dynamic relationship, this will boost creativity and client's satisfaction (Koslow et al., 2022). Nonetheless, recent research suggests that clients are now embracing creativity, and start to accept the risk of creative outputs for the benefit of their brand (Bilby et al., 2023).

2.3.1. Client Sophistication

The characteristics of the client can have a significant impact on the collaboration and thus on the relationship overall. Client sophistication is another factor that can affect creativity either positively or negatively. This concept is explained by Bilby et al. (2023). Following the agency-theory (or the principal-agent) perspective, the principal sophistication (client sophistication) can contribute to the success of the agent (agency) and avoid misunderstandings and frustration because of its knowledge and expertise. However, sophisticated clients may be more risk averse because their knowledge and confidence make them focus on their predetermined ideas and often interfere in the agency's production process, limiting creativity. In the case of sophisticated clients, risk aversion has even a greater negative impact on the strategic component of creativity with respect to non-sophisticated clients. Moreover, sophisticated clients receive less original solutions, because in their case risk aversion has a negative influence also on the originality component. Thus, even if the agency was willing to produce more creative solutions and take some risks, client sophistication would prevent it from doing so and make it deliver simply what the client wants, despite what it actually needs (Bilby et al., 2023). The debate on whether client sophistication has a positive or negative influence is still open. Nonetheless some authors point out that sophisticated clients can contribute by reducing the risk associated to creative solutions and create "trust between the agency and the client" (Bilby et al., 2023). Laurie and Mortimer (2019) report that clients who have a lot of knowledge, together with a positive attitude toward collaboration, maximize the value co-creation and contribute to develop trust in the relationship with the agency.

2.3.2. Client's brief

Absorptive capacity refers to "a firm's ability to appreciate new information, assimilate the information, and try to use it to obtain innovative and cost-effective solutions" (Singh et al., 2023). According to the absorptive capacity theory, the development of a creative solution starts from the client brief, which should include the direction and strategic objectives of the brand, such as the vision, the mission, the target and expected results (Koslow et al., 2022). Industry experts agree that the client brief is a strategic tool to reduce information asymmetry (Koslow et al., 2022) and that it should contain a clear strategy, although it rarely does (Bilby et al., 2023). Instead, it is generally focused on short-term tactics which reduce the possibility to develop a long-term strategy. (Bilby et al., 2023). Clients often find it difficult to write an effective brief due to their unclear objectives and strategy (Koslow et al., 2022). Bilby et al. (2023) explain how the quality of the client's brief may have a direct impact on the agency's creative solution. The brief should identify the main problem to be solved, as well as the target audience and the expected result of the advertising communication. A good brief contains clear objectives and inspiration to produce creative results and includes useful insights as well as data about the market. On the contrary, a bad brief does not set a clear direction and is not clear about audience, objectives, and budget, or it is too prescriptive. Based on the client's brief, the agency develops the creative brief, which lays the foundation to produce the final solution. If the agency produces the creative brief without involving the client, this may lead to propose solutions that are perceived too risky to implement. Therefore, it is important that the agency's work starts from the directions given in the client's brief. However, a client's brief that is too specific and directive may limit agency's creativity. In either case, the marketing effort is not maximized. Recently, industry experts have confirmed that there is indeed a cooperation, with agencies guiding clients in the decision-making process and in selecting the right information to include in the brief. Nonetheless, this collaboration is threatened by risk aversion, either from the client or the agency. On one side, risk averse agencies may fall into opportunistic behavior and not defend their more strategic idea out of fear of offending the client, who may opt for a less effective solution without realizing it. On the other hand, risk averse clients may deliver a too prescriptive or directive brief because they are uncertain about what information to include (Bilby et al., 2023). Thus, the two parties should collaborate on the creative brief following some specific guidelines. On one hand, the client should provide a clear strategy and direction in the brief, in order to give the agency some guidelines to work on, as well as enough room to be creative. On the other hand, the agency should understand whether the client is risk averse and propose adequate creative solutions that simultaneously meet the client's objectives. If there is an intense interaction between the client and the agency, explicit and implicit knowledge is developed about each other's preferences and procedures (Bilby et al., 2023). Therefore, this type of collaboration can help build a long-term relationship.

2.4 Opportunism

It is assumed that long-term relationships are beneficial to both parties and improve the advertising efforts. However, Koslow et al. (2022) argue that long-established collaborations can have some negative outcomes, which involve the opportunism in the context of the agency theory. According to this perspective, agencies can take advantage of their secured position and produce the minimum marketing results to avoid taking risks and putting creative effort into it. This is caused by the asymmetry of information, as the agency has less information about the client's strategic goals and is thus less willing to take unnecessary risks. Instead, agencies cannot adopt this approach if they need to prove their value to the client, that is in the case of a recently formed relationship (Koslow et al, 2022). Nonetheless, opportunism does not occur only from part of the agency. It is a bilateral phenomenon that can take place either pre- or post-contract (Chohan et al., 2019). Chohan et al. (2019) explain that opportunistic behavior is represented by the manipulation or withholding of information, and the lack of compliance to responsibilities. Pre-contract, clients may engage in opportunistic behavior by not sharing information and taking advantage of the agency, while agencies' opportunism falls into not sharing information, exaggerating promises, and favoring industry awards at the detriment of the other party. Instead, in the post-contract phase clients may opportunistically engage in the same activity as in the pre-contract one plus focusing on their own goals, while the agencies additionally may not comply with their responsibilities, discriminate smaller clients and overcharge. (Chohan et al., 2019). Opportunism is hence a source of conflict in the relationship between agencies and SMEs. After the contract is signed, agencies may concentrate all their efforts and resources in big accounts, believing that it will be more profitable. Small and medium companies will then experience a lack of commitment from the agency, which will in turn lead to dissatisfaction and lack of trust. As previously mentioned, these negative factors will lead to relationship termination, therefore the agency should limit opportunism as much as possible. The information asymmetry that may occur in either the pre-contract or post-contract phase can lead to two types of opportunism:

- *Adverse selection*, which occurs before signing the contract and refers to misstating skills;
- *Moral hazard*, which occurs after signing the contract and refers to exploiting the information asymmetry at the expense of the other party.

The opportunistic behavior has its real origin in the different goals and expectations of the two parties. Clients aim at improving their return on investment (ROI) and are under pressure by their top management to deliver immediate results. Moreover, they perceive that the agency does not pay attention to their needs and objectives, and they are more and more concerned about how their budget is spent. On the other hand, agencies aim at creating campaigns that are both award-worthy and profitable. Because of the market changes, they feel under pressure to quickly adapt to the new digital channels and deliver solutions in shorter time and at a lower cost. They are also excluded from the main decisions and their fees are decreasing. Achieving their objectives is difficult, especially in a crowded context where marketing results hardly catch consumers' attention, and this leads the parties to act in a self-interested way, thus opportunistically (Chohan et al., 2019). However, other authors suggest that opportunism is constrained due to the professionals' pride and concern over their own reputations in the industry (Mortimer and Laurie, 2019). Chohan et al. (2019) explain also how opportunistic behavior can be improved to achieve a long-term collaboration. Both parties should try to align their objectives and expectations. This means that clients should explain how the marketing results affect their ROI, sales, and brand equity, while agencies should guide the client through their creative process and the resources they require, and show how their solution will meet the client's objectives. This can be done with the aid of a software together with personal communication. Understanding the other party's needs and the processes they have to follow will enhance transparency and collaboration, ultimately minimizing opportunism.

2.4.1. Agency Clientelism

Agency clientelism is a phenomenon that falls into opportunistic behavior and has a negative impact on the global standards of creativity, as explained by Bilby et al. (2023). It occurs when the agency is risk averse and tries to please the client at any cost, even at the detriment of creativity, to avoid losing the account. The opportunism resides in the agency providing a less creative solution out of fear, despite the client's needs. However, because of this basic creative effort, the client may even decide not to buy the work, resulting in the agency obtaining the opposite effect. Therefore, instead of securing the account, clientelism may induce conflicts and dissatisfaction, compromising the overall relationship. Despite its impact and global recognition, this phenomenon has been less discussed by researchers. However, some authors propose a possible solution to this problem, that is agency assertiveness. It is defined as "the willingness to offer a different perspective, even to the point of disagreeing with the client, and fearlessly advising when the client's decision may lead to poor outcome". Basically the difference is that clientelism responds to client's needs in an opportunistic way, while assertiveness provides the client with what it needs, whether in line with its opinion or not. (Bilby et al., 2023). Assertiveness can also be seen as an aspect of the strategic role that agencies should assume. With the recognition that agencies should act as consultants and help client through the digital revolution, the demonstration that pleasing the client does not work just confirms this recent trend. For the agency, being a partner and a consultant involves assertively communicate ideas and decisions, while being open to client's feedback and needs. It is important that the agency uses its expertise to guide and advise the clients if their decision is not strategic or profitable. Assertiveness thus plays a key role in aligning goals and expectation as well as making sure that everyone involved in the relationship is working in the same direction.

2.5 Staff Turnover

A study conducted by Gray and Fam (2001) in New Zealand discovered that a change in management or staff is one of the main reasons for the termination of the client-agency relationship among small businesses. The current industry context and the need for new digital competences has led to a renewal of management from the client's side (Ceccotti et al., 2019). In the marketing field, the staff turnover averages 18 months (Laurie and Mortimer, 2019). This causes a *junioritisation process*, which is a consequence of the employment of young managers with strong digital skills but weak managerial experience (Ceccotti et al., 2019). This phenomenon can provoke relational issues, especially in the case there is a significant age gap between the client's young resources and the agency's experienced staff (Ceccotti et al., 2019). Consistency among the representatives involved in the relationship is challenged also by the agencies hiring more freelancers rather than permanent employees (Laurie & Mortimer, 2019). Laurie and Mortimer (2019) report that, according to a recent study, 55% of agencies find it more difficult to both recruit and retain personnel than in the previous year. Besides the general visible costs associated to replacing an employee, such as recruitment and orientation, there are other costs associated with the disruption of workflow as well as of the other personnel's stability (Abbasi & Hollman, 2000). In a client-agency relationship, substituting the representatives either on the client or agency side entails considerable costs linked to "monitoring, training and loss of the previously built trust" (Davies and Prince, 2011). Although there is a general agreement that agencies should try to retain their most talented employees, some believe that staff mobility can have positive effects (Laurie & Mortimer, 2019). This belief may rise from the fact that long-term employees find it more difficult to adapt to change and learn new skills. Thus, their contribution may become obsolete and not have a profitable and effective result. Nonetheless, minimizing staff turnover can be beneficial to the client-agency relationship (Davies and Prince, 2011). In order to limit the consequences of staff turnover, Laurie and Mortimer (2019) propose two solutions. First, there should be clear roles and responsibilities, so that the newly hired know exaclty what their function is and can easily start from where things were left. Second, top management should play an active role in guiding and supporting strategic integration to make sure that the relationship does not suffer from representatives changes. This approach "should be reflected in the customer-focused culture of both the client and agency organizations".

2.6 Compensation system

The remuneration system has been challenged by the Integrated Marketing Communications (IMC) approach, which sees different contributors working on the same project on different levels. This method has been difficult to implement because, according to clients, agencies do not actually collaborate with each other due to internal competition, and thus do not work in the client's interests (Mortimer and Laurie, 2019). However, research confirms that agencies recognize the importance of integration and are willing to collaborate, but the remuneration system does promote this (Mortimer and Laurie, 2019). Davies and Prince (2010) explain that compensation can be either outcome- or behavior-based. Outcome-based systems involve compensation that is based on "pre-defined, measured performance targets", which can be related to factors like sales or market share. Instead, behavior-based systems entail compensation based on the accomplishment of pre-established tasks. Among behavior-based measures it can be mentioned traditional commissions built on media purchased, payment tied to the completion of a project, or services with a fixed fee structure based on hourly rates. This type of fixed arrangements usually simplifies planning, as most compensation is determined before the service results are known. However, this system does not account for the level of satisfaction or the contribution of the agency to the client's success. Because compensation is based on the evaluation of the agency's creative contribution, the most common system is the behavior-based. Nevertheless, the way in which clients and agencies evaluate performance is different. Agencies may focus on the aesthetics of the campaign, while clients may value more its compliance with strategy (Davies & Prince, 2010). These two different subjective metrics represents the two components of creativity mentioned before in relation to the research of Koslow et al. (2022). The aesthetics and the visual characteristics are related to the component *originality*, which refers to a campaign that is new and different, whereas the strategic compliance is tied to the component *appropriateness*, which depends on the situation, that is the strategy. This stresses once more the issue of measuring creativity in an objective and fair way. When there is an integrated network of collaborators, assessing an agency's creative contribution to the success of the campaign is even more difficult (Davies & Prince, 2010). Agencies are encouraged to cooperate but may see their work and resulting payments being given to other agencies, even if based on their creative input. This leads agencies to retain work and portray themselves as capable of handling aspects of the campaign outside their expertise (Mortimer and Laurie, 2019). This means that agencies may act opportunistically to obtain the work (Mortimer and Laurie, 2019). Moreover, behavior-based compensation necessitates that client oversee the performance of the agency, which is significantly costly and challenging due to the multifaceted nature of marketing and the involvement of different contributors (Davies & Prince, 2010). Thus, this kind of remuneration system does not work in an IMC landscape, and it is necessary to find a different solution which encourages agencies to collaborate by fairly identifying their work (Mortimer and Laurie, 2019). For integration to work, some requirements are indeed the "establishment of clear accountability and performance measurement, and creation of fair reward models and payment structures" (Mortimer and Laurie, 2019). A different compensation option taken into consideration are time-based fees, which guarantee a systematic payment to the agency (Davies & Prince, 2010). Nonetheless, they do not provide an incentive for the agency to add value to the brief (Davies & Prince, 2010), because they are based on time spent and activity and do not assess ideas and creativity (Laurie and Mortimer, 2019). Furthermore, they do not allow to achieve media neutrality, which is one of the principles of Integrated Marketing Communications (IMC) and may induce agencies to act opportunistically by taking on more responsibility instead of collaborating with other agencies specialized in different areas (Laurie and Mortimer 2019). Therefore, a solution can be found in output-based compensation systems, which do not require the client to monitor performance, but provide the agency with independence and creative freedom to pursue client's goals as they see fit (Davies & Prince, 2010). This independence allow agencies to feel more in control of how they produce their results, which in turn increases its commitment to the other partners (Davies & Prince, 2010). A compensation system based on payment by results can assess performance at the brand level, evaluate strategic thinking, and promote teamwork, thereby fostering greater integration (Laurie & Mortimer, 2019).

2.7 Dissatisfaction

Dissatisfaction is one of the leading causes of relationship termination (Fam and Waller, 2008; Beard, 1996) however it is hard to identify the exact causes. Fam and Waller (2008) suggest that dissatisfaction arises mainly from creative design, not meeting deadlines, and inattentive personnel. Sekely & Blakney (1996) identify creativity, research, and account services as sources of dissatisfaction. Beard (1996) reports that the antecedents of dissatisfaction from the client's side are the perception that there is conflict, that the agency is not familiar with its business, and disagreements on some agency's recommendations regarding marketing goals. Also role ambiguity can lead to dissatisfaction, not only with the job but also with eventual co-workers and partners (Beard, 1996). Bachnik et al. (2018) suggest that "integrity, core service account management, cost management as well as mutual commitment and communication" are all factors that influence customer satisfaction. Besides these factors, the client-agency relationship is characterized by a high degree of subjectivity. The interaction between personnel with different expertise, expectations and personal characteristics affects the dynamics of the relationship, ultimately influencing the marketing outcome. Thus, customer satisfaction is affected also by the client's subjective perception of the quality of the agency's performance (Bachnik et al., 2018). Dissatisfaction is thus a subjective perception that arises from many different factors. Because clients value the agency according to their perceived performance (Davies and Prince, 1999), and being dissatisfaction a subjective perception, it can be reduced by working on personal and relational aspects. Gray and Fam (2001) suggest that smaller clients seem to value more relational characteristics with respect to larger and more experienced companies, which instead focus more on functional characteristics, such as market research. Indeed, smaller businesses consider enthusiasm as the most important factor when selecting and working with an agency. This enthusiasm is conveyed in the agency's willingness to interact with the client, understand its business, and suggest changes or make recommendations. Other relevant factors for small businesses are "agency assistance in regards to clients long term business developments and strategic direction," "ability of agency to provide assistance in clients development of marketing plan or strategy," "compatibility of agency and client personnel" and "complete agreement with client concerning goals/objectives" (Gray & Fam, 2001). These elements are coherent with the characteristics of the consulting and guidance role that agencies should play. Thus, it reinforces the general agreement that now agencies should act as partners and guide the client through the digital transition, contributing to the overall marketing strategy. Smaller accounts see an agency as a contributor if it complies with the following criteria: "provide quality services; produce effective materials; have a highly professional image; have a good public profile; and be very creative" (Gray & Fam, 2001). Therefore, working on the agency's key competence, creativity, and on delivering quality by acting as consultants, can help improve the longevity of the relationship with SMEs.

Other personal and relational aspects that can be developed in order to reduce dissatisfaction are trust and commitment. Davies and Prince (1999) illustrate that they are relational bonds, which can be fostered over time through daily social and structural exchanges and can provide the foundation for a long-term relationship. The first one to develop is trust. It is defined as "the joint beliefs in the ability and/or motivation of agencies to sustain the perceived performance expected of their clients". If trust is the leading factor in the client-agency relationship, then commitment will follow. The difference between these two factors is that trust originates from client's expectations regarding the future actions of their agency, whereas commitment is based on the client's own intended behavior. Since clients evaluate their agency's performance according to their perception, the agencies need to develop trust with their clients, which will lead to commitment and thus enhance long-term collaboration (Davies and Prince, 1999). As client satisfaction is inherently subjective and hinges on their perception of the agency's performance, it is crucial for agencies to focus on developing trust and commitment, in order to positively influence these perceptions. Together, these relational bonds can effectively reduce client dissatisfaction, transforming subjective perceptions into positive, long-term collaborations. This strategic focus not only mitigates dissatisfaction but also ensures a collaborative partnership that benefits both parties over time. Once again, the importance of personal aspects in the client-agency relationship is recognized. Trust, commitment and satisfaction seem to be the key elements to establish a profitable and long-lasting relationship. This is especially true for SMEs, as closer and more personal relationships are more likely to develop, because they dispose of less personnel and require more guidance due to their less expertise. Satisfaction, trust and commitment are the result of interpersonal relationships, which are in turn linked to relationship quality (Levin et al., 2019). Through the application of project management to the advertising industry, Levin et al. (2019) explain the importance of interpersonal relationships to improve the agency's performance and ultimately the client-agency relationship. Project management has been employed in many different industries and is recognized as an important skill. It can be leveraged by agencies because their main service, which is planning and creating marketing campaigns, is project-based. Indeed, a campaign (project) requires several resources (budget and people) and a set of deadlines (project due dates), thus project management can help improve the agency's processes and ultimately its performance. The authors propose the following model:

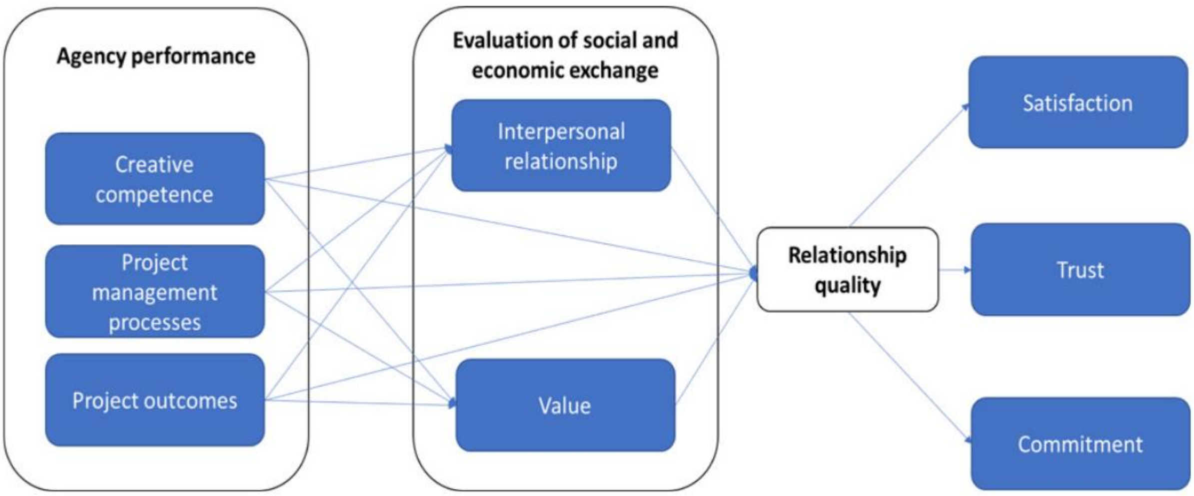

Figure 2.1. Theoretical model representing the impact of agency performance on relationship quality. Source: Levin et al. (2019)

Agency performance, which refers to the "comprehensive set of elements that are incorporated to evaluate service quality", is composed of three dimensions: creative competence, project management processes, and project outcomes. Creative competence is defined as "the client's perspective of its agency's level of creative performance", while project management processes and project outcomes refer to the "client's perception of the extent to which its agency executes the client's advertising campaign according to the plan". The model suggests that agency should be able to show high levels of creativity as well as to deliver advertising outputs efficiently and effectively. During the production of a campaign, frequent interaction between the client and agency's personnel occurs, leading to the development of both personal and professional bonds. Thus, agency performance helps to develop interpersonal relationships. Another important aspect in the client-agency relation is the perceived economic value that customers receive. It is defined as "the trade-off between the multiple benefits and sacrifices of a supplier's offering, as perceived by key decision makers in the customer's organization and taking into consideration the available supplier's offerings in a specific use situation". Creating value in customers' perception is related to the competences and expertise of the agency representatives in touch with the client. Thus, the agency performance affects value perception as well. The three components of agency performance, meaning creative competence, project management processes and project outcomes, are the key drivers of social exchange evaluations, that is interpersonal relationships, as well as economic exchange evaluations, that is value, and ultimately affect the relationship quality. Among them, creative competence is the most important factor in established collaborations. Being the precursor of trust, commitment and satisfaction, the interpersonal relationships factor has a greater impact on relationship quality than the economic value one. As stated also by other authors, clients want to collaborate with agencies that are pleasant to work with and social interactions have an indirect impact on customer loyalty and attitudes toward the agency (Levin et al., 2019). Therefore, working on the interpersonal exchanges can help build trust, commitment, and satisfaction, reducing client's perceived dissatisfaction and creating a solid environment in which eventual conflicts can be easily solved. This will eventually increase tolerance about the perceived other party's shortcomings and help the relationship last longer.

The last suggestion to reduce dissatisfaction is to start at the origin of the client-agency relationship. Selecting the right agency can indeed set the basis for a good relationship. There are many agencies in the market which offer different services, therefore companies need to identify a set of relevant selection criteria. (Bachnik et al., 2018). As previously mentioned, because the client-agency relationship involves also interpersonal exchanges, the "people factor" is a determinant aspect. The services offered by the agency strictly depend on the people who are providing it, hence all the elements forming the chemistry between the parties, such as trust, respect, and rapport, are extremely important (Fam and Waller, 2008). Intrinsic in the "people factor" are also *interpersonal relations*, *integrity and shared purpose*, and *quality of account team* (Waller, 2004). Based on their results, Bachnik et al. (2018) propose a framework of selection criteria that can have a broader geographical adaptation, as long as the assumption that customers expect similar services independently from company size, geographical area, and type of industry, holds. This framework outlines three main categories of selection criteria:

- *Skill-related*, which include the quality of the service, the level of creativity, and the agency's record of successful campaigns;
- *Market-related*, such as reputation and price;
- *Compatibility-related*, including the geographical proximity and accounts that were previously held by the agency.

The agency cannot satisfy all these selection criteria and cannot act on certain elements, such as the geographical proximity. However, it can certainly work on the quality of the services provided, its level of creativity and personnel. Also reputation is a quite important selection criteria (Waller, 2004), as smaller clients learn about an agency through direct contact, referrals, or public relations information (Sekely & Blakney, 1996). Although the selection choice will remain mainly in the hands of the potential client, by increasing the value of some of these criteria, the agency may attract more accounts and be able to collaborate with higher quality clients, who are willing to put effort into the relationship.

2.8. Factors fostering a long-term collaboration

The previous paragraph identifies the main areas of conflict between agencies and clients, focusing on small and medium companies, as well as possible methods of improvements. Nonetheless, it is important to recognize that the influencing factors are all interrelated, and a larger perspective must be taken. The growing number of media channels and the interaction between paid, owned, and earned media have enhanced the need for collaboration and cooperation among agencies (Laurie and Mortimer, 2019). The abundance of information available in the digital landscape has not eliminated information asymmetry, as both clients and agencies still have tacit knowledge that is not easily understood by external members. Furthermore, as business complexity grows and domain knowledge becomes more ingrained at the organizational level, opportunism may flourish. Nonetheless, some agencies tolerate client opportunism in an attempt to avoid losing the account, which can discourage clients from changing their perspective (Chohan et al., 2019). In this complex landscape, Laurie and Mortimer (2019) recognize the important of IMC for its strong and positive impact on brand and financial performance. However, the advertising industry faces challenges in establishing the collaborative and supportive structures needed for a fully integrated approach. A strong reduction of understanding and empathy has resulted in a lack of trust on both sides. This issue is primarily due to the proliferation of brand touchpoints, which have created complex communication projects involving numerous agencies with diverse roles. Consequently, this breakdown has led to more work being done in-house and a reevaluation of the role of agencies. Thus, agency landscape is subject to a considerable lack of trust which causes more creative and media-buying decisions made in-house. Most clients still view agencies as suppliers, even though agencies position themselves as partners (Chohan et al., 2019). The current scenario has led to role ambiguity, which makes it difficult to identify who should lead the integrated campaigns, the agency's responsibilities, and the client' s role. This phenomenon is amplified in the case of SMEs, which lack the expertise to successfully lead an integrated approach and to perform their role effectively. Moreover, Laurie and Mortimer (2019) note that there are four distinct mental models for the implementation of IMC, each highlighting a different aspect of how it influenced budget allocation, communication effectiveness, and creative execution. These various perspectives cause tension and friction among stakeholders, potentially leading to a lack of trust and transparency. Clients believe that agency politics hinders the IMC approach, as agencies focus on their objectives and do not act in the client's best interests. Agencies can engage indeed into opportunistic behavior. When an agency identifies significant flaws in a client's strategy but opts not to address them to maintain the relationship, it is acting opportunistically. Similarly, if a client is risk-averse and the agency responds by diluting the originality of its work to preserve the relationship, the agency falls again into opportunistic behavior (Koslow et al., 2022). Clients also criticize the agencies for exaggerating their abilities to secure more projects, rather than focusing on their areas of expertise. Nonetheless, this is due to the client failing to properly assess the value and contribution added by each agency, compromising collaboration. In fact, agencies acknowledge the importance of collaboration with the other agencies involved, but they feel like there is either too much or too little controlling and that the client is not able to create the right environment. Remuneration is a key factor to promote collaboration and trust among partners and it is one of the pillars to implement IMC. Agencies should be paid a fair price, while clients should receive a fair bill (Chohan et al., 2019). However, many clients still adopt a behavior-based approach, which does not promote collaboration and value addition with respect to an output-based approach. For successful collaboration among agencies, it is crucial to have a remuneration structure that establishes clear and transparent accountability, along with relevant performance and payment systems from the outset of the project. This structure should recognize and reward three activities: individual agency contributions, cross-agency collaboration, and the overall success of the project (Laurie & Mortimer, 2019). To achieve a fairer compensation system, clients should focus on achieving their ROI goals together with the agency, instead of cutting costs (Chohan et al., 2019), and adopt a shared performance-related fee alongside KPIs to encourage collaboration. This can potentially be achieved by identifying the operant resources supplied by each participant at various stages of the process (Laurie & Mortimer, 2019). Creativity still plays a key role in the relationship, and agencies need to leverage this key competence and provide good ideas to fuel long-term collaborations (Laurie & Mortimer, 2019). However, when the client creates a brief with a directive strategy, both strategy and creativity are negatively affected (Bilby et al., 2023). The agency needs some guidelines, but also freedom to generate creative ideas. An important characteristic of IMC is its strategic focus. To maintain this focus, an IMC culture must be instilled from the top levels of both client and agency organizations. This ensures that creativity extends beyond communications to the corporate level, incorporating strategic ideas that influence how the client organization operates and how customers experience the company and the brand. Such an approach keeps agencies involved in main discussions. With clients now having access to substantial behavioral data, they are in a stronger position to make informed decisions, necessitating agencies to clearly define their contributions (Laurie and Mortimer, 2019). A too directive brief may be related to risk-averse clients, who prefer to receive traditional solutions rather than trying something more original. Their brief does not include any creativity on which the agency can develop its work, hindering creativity in the first place (Bilby et al., 2023). Nonetheless, risk-averse clients can still accept the highly creative solutions if provided the right guidance (Koslow et al. 2022). Pretesting creative concepts can reduce client concerns and validate the agency's expertise. Copytesting mitigates the negative impact of client risk aversion on campaign originality. Therefore, it can help clients to accept more innovative and challenging ideas (Bilby et al. 2023). If the agency is proactive and provides reassurance and guidance to risk-averse clients, it increases the possibility for the most creative solution to be chosen, while if it falls into clientelism and tries to please the client, the quality of the creative solution is compromised (Bilby et al. 2023). Nevertheless, the client's brief should clearly define the brand's objectives without suppressing the agency's creativity and ensure that expectations are realistic. Clients must take responsibility for the consequences of poorly written briefs, rather than blaming the agency when management intervenes. Evaluating and auditing the relationship will offer explicit information that both parties can use to either account for or monitor each other's behavior (Chohan et al., 2019). In any case, for clients to obtain the best results from an agency, they must demonstrate trust and restraint. Rather than attempting to perform the agency's tasks, marketers should enable the agency to offer the expert advice and services they are hired to deliver (Bilby et al. 2023). These dynamics all lead to the same suggestion: the agency should fully embrace its role as strategic partner. When an agency provides strategic consulting services, it can avoid price competition and establish a more mature and enduring relationship. This approach allows the strategic partner to engage with higher-level management within the client company (Ceccotti et al., 2019). The pro-activity of an agency, understood as showing initiative, expanding horizons, and offering strategic reflection, may significantly improve customers' satisfaction and encourage them to use the agency's services in the longer term (Bachnik et al., 2018). Agencies should play an educational role in helping the client to improve their digital knowledge. In this way, they will secure their role of strategic partners and improve the stability of their relationship with the client. Instead, if the client does not attribute value to the consulting service provided by the agency, the latter will always be considered a temporary and replaceable partner, minimizing the possibilities of a long-term collaboration. (Ceccotti et al., 2019). This is crucial especially in the case of SMEs, who lack digital knowledge as well as expertise to contribute generating competitive marketing efforts. However, the relationship between advertising agencies and their clients seems to be shaped not only by economic outcomes but also by emotions and feelings (Bachnik et al., 2018). Trust is essential for these relationships to succeed, but it can be difficult to establish if fundamental elements like transparency and clarity of purpose are lacking from the start (Laurie & Mortimer, 2019). Chohan et al. (2019) explain that most client-agency relationships utilize software tools to align their goals. However, these tools should be complemented with personal communication to reduce ambiguity and foster collaboration. It is crucial to understand the processes involved on both sides when changes are made, or deadlines are extended. Building personal relationships can also enhance trust and social capital. Maintaining transparency and grasping each other's perspectives and objectives will promote collaboration and minimize opportunistic behavior. Before signing a contract, the parties should also make sure that there is some chemistry between them. Agencies with a strong focus on creativity may prefer working with clients who do not provide too prescriptive brief and appreciate original solutions. Also showing interests and recognizing each other's work can provide benefits to the relationship. By valuing each other's expertise, clients and agencies will feel appreciated and motivated to build a collaborative, long-term relationship rather than pursuing opportunistic, short-term results (Chohan et al., 2019). The quality of agency-client relationships can indeed affect the professional functioning of agencies. Thus, it is crucial to identify the benefits of strong relationships that could counterbalance these negative effects. One reason good relationships are considered valuable is that agencies feel more at ease working for clients with whom they have a positive rapport. These relationships can, in many ways, empower agencies to engage in work they are passionate about, potentially improving the creative quality of their output (Koslow et al. 2022). The significance of multiple agencies collaborating is recognized, as well as the need of a shared purpose founded on trust and personal chemistry for building a robust network. This perspective suggests that the relationship should extend beyond mere contractual agreements (Laurie and Mortimer, 2019). When the agency is able to develop a unique understanding with their clients, it becomes less replaceable, regaining power in the relationship (Davies and Prince, 2010). Close cooperation boosts the motivation of the agency as well as the service quality (Koslow et al. 2022). However, trust alone is not sufficient; to enhance an advertising agency's performance and boost advertisers' willingness to pay more for its services, it must be paired with commitment and cooperation. Additionally, other researchers emphasize the importance of building rapport and fostering a mutual business understanding, which can be achieved through shared values (Bachnik et al., 2018). Clients are more likely to feel connected to a company that engages in regular, meaningful, and honest communication, regardless of its frequency. Whenever possible, face-to-face interactions with clients can significantly enhance their perception of the personal touch in the service. In conclusion, maintaining close relationships with customers offers numerous benefits, including increased business with the company and a higher likelihood of referrals to the agency (Fam & Waller, 2008). Because SMEs dispose of less personnel inside their company, personal relationships are more likely to develop. Despite the lack of expertise and the limited resources of small and medium enterprises, agencies can benefit from a collaboration with them. Sophisticated clients, such as large firms, are more likely to hinder the strategy, originality, and creativity of a campaign, whether they are risk averse or not. Instead, unsophisticated clients like SMES can enhance the creativity of a campaign, even if they are risk averse. This is due to their lack of knowledge, which makes them more open to novel ideas and to rely more on the agency's advice (Bilby et al. 2023). Because of the intricacies among the different factors and the interaction of personal and professional aspects, it is difficult to identify a unique set of solutions to improve the client-agency relationship. Moreover, each relationship has its unique characteristics. For example, whether the client is risk averse or not affects the level of creativity of the agency's solutions. Nonetheless, the current industry environment affects all agents from different angles and calls for some specific adjustments. The following recommendations are formed upon the findings of other authors and can provide a set of guidelines to lay the foundations of a long-term collaboration, as long as they are adapted to the relationship's unique features. The model is summarized in Figure 4 below:

1. *Defining clear roles and responsibilities*: before signing the contract, both the client and the agency should be aware of their responsibilities, the tasks they need to perform, and each other's goals and expectations. This can be defined in a signed agreement which clearly states the parties' objectives and a description of their duties. It can also help minimize the effects of staff turnover, as the new hired can easily pick up the work from where it was left. The document should also specify who oversees the integrated approach. Because SMEs may not have the necessary competences, the main agency should be in charge, but it needs to be transparent with the client and establish clear accountability for its performance. Software can be implemented to align the work, but should be integrated with personal communications.
2. *Encouraging collaboration:* the client should promote collaboration among agencies by establishing a fair remuneration system that recognizes the individual agency contribution, cross-agency collaboration, and the overall success of the project. This can be achieved through outcome-related fees together with KPIs that promote collaboration. This will avoid that agency take on work outside their expertise and limit opportunism. Clients should also leverage their increased access to behavioral data to assess the agency's contribution in an objective way. By doing so, more realistic expectations will be set, and the increased objectivity of performance evaluation may reduce client's perceived dissatisfaction.
3. *Promoting business alliances*: the agency should fully embrace its role as strategic partner by providing consulting services and guidance. Agency clientelism and diluting creativity to please risk adverse clients should be avoided. Instead, agencies should reassure the client and show them how their idea will achieve the expected results. Creativity is the key element in the client-agency relationship, and it should be leveraged. This requires trust from the client, who should avoid too prescriptive and directive briefs to allow the agency creative freedom. SMEs are more likely to accept the agency's recommendations and opt for the more creative solution. However, they must be educated in relation to digital and marketing knowledge. In this way, the agency will secure its role as valuable strategic partner and will be less replaceable.

4. *Building personal relationships:* engaging in regular and honest communication will help create personal bonds and trust. Because people like to collaborate with people who are pleasant to work with, a strong personal relationship will enhance the collaboration by increasing trust, commitment and reducing dissatisfaction.

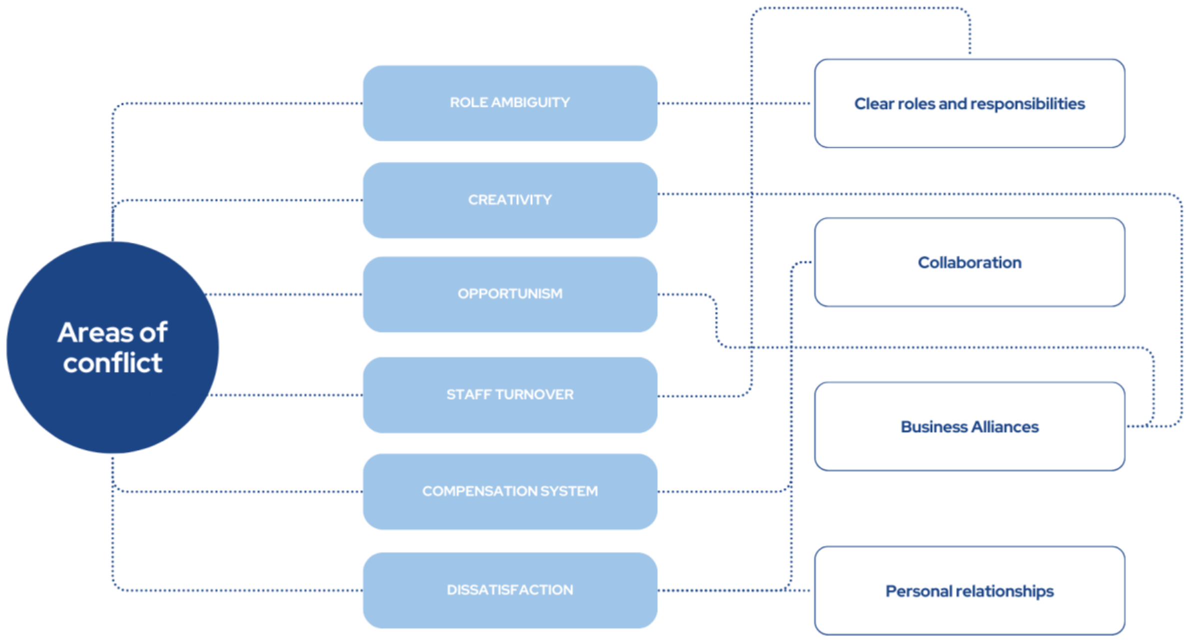

Figure 2.2. The areas of conflict in client-agency relationship and related solutions.

The current landscape identifies a dilemma that on one side calls for flexibility and adaptability, while on the other side it requires clear rules and procedures (Laurie & Mortimer, 2019). According to Chohan et al., (2019), as marketers face increasing pressure to reduce costs and speed up delivery, the need for a more adaptable and responsive agency model has become critical. The fast-paced nature of today's marketing landscape demands that agencies be more flexible to keep up with new media, technology, and current events. The rise of boutique and specialized agencies, along with clients increasingly bringing advertising in-house, highlights the need for established agencies to evolve or risk losing business to more nimble competitors. While clients seek agencies they can trust to consistently deliver, agencies desire clients who will treat them with respect and see them as partners rather than mere suppliers. Despite clients still hold significant power, agencies are increasingly asserting themselves. The difficulties of the industry and the increased competitiveness has changed the way in which clients approach the relationship with their agency. Clients are aware that they need a partner, not a supplier, and are willing to trust agencies to guide them through the creative process, however agencies still feel like clients simply look for flexible suppliers who deliver what they want (Calderwood et al., 2021). In this complex landscape, it is crucial that both parties have clear what their responsibilities are, as well as understand each other's goals, expectations, and processes. Clients must promote collaboration by establishing a fair remuneration system and properly assess their partner's performance, while agencies must fully exploit their creative competence and avoid clientelism. Besides this, the crucial factors in on-going relationships are trust and commitment (LaBahn & Kohli, 1997). If the client trusts the agency, it will follow its recommendations, allowing it to perform its role as strategic partner, and the agency will feel free to provide its most creative solution with no fear of losing the account, minimizing opportunism. If the agency shows commitment to the client, the client will feel appreciated and understood, minimizing its perceived dissatisfaction with agency's performance. Maintaining good relations with the other party hinges on building a strong relationship (Chohan et al., 2019). Clients are willing to give control to an agency they perceive competent, and will also be more open to accept riskier work (Calderwood et al., 2021). A high-quality agency performance develops trust and commitment in the client by reducing the attractiveness of competitors. It will also increase satisfaction and the probability of a long-term collaboration. Thus, the agency that provides high creative quality can build credibility and trust, which will in turn increase satisfaction and ensure a smoother collaboration (LaBahn & Kohli, 1997). Finally, clients are still experiencing confusion due to the wide range of communication services available. This issue is expected to reduce over time as the digital revolution progresses. However, addressing this challenge requires a collaborative effort. Clients need to acquire the necessary skills to make better choices and evaluations of partners, while traditional and new agencies must present a clearer and more distinctive value proposition (Ceccotti et al., 2019).

Chapter 3. The client-agency relationship in Italy

The previous chapter highlights that SMEs have different needs and expectations with respect to larger companies, and thus face different challenges in their relationship with agencies. Digitalization has not only influenced the context in which the client-agency relationship develops but also the marketing approach of firms. This chapter aims to provide an overview of the current level of digitalization of SMEs, along with related barriers and benefits. Then it focuses on the Italian territory, describing how Italian consumers use social media to interact with brands and the Italian SMEs approach to digital marketing.

3.1 SMEs and digitalization

In the European Union (EU), 99% of companies are small and medium enterprises (SMEs), which represent a crucial element for the digital transformation and national growth (Andersen et al., 2022). Arendt (2008) notes that Information and communication technologies (ICTs) are shaping both economic and social aspects, but SMEs are still slow in adopting them with respect to larger firms. The gap between SMEs and large companies in the use of ICTs is large, and it is even greater in the case of more complex applications. For example, only a third of small and medium firms buys and sells online. This puts small and medium enterprises in a vulnerable position regarding economic changes and their level of competitiveness with larger firms. The use of ICTs by SMEs is limited to customer relations, while financial management and marketing purposes are not really considered. After the COVID-19 pandemic, the implementation of ICTs has increased, with 70% of SMEs using digital technologies worldwide (Ramadani et al., 2023). Nonetheless, recent data show that the gap in the EU is still significant. According to Eurostat (2024), in 2022 about 70% of SMEs reached basic digital intensity, which is about 20% less than the EU 2030 target, while the share of large companies with basic digital intensity level is 98%. The digital intensity index (DII) measures the "use of 12 different digital technologies by businesses, for example using artificial intelligence or making e-sales. Basic digital intensity includes all those businesses with a low, high, or very high index score, except for the very low level. Large businesses show a very high (30%) and high (54%) level of basic digital intensity. Instead, most SMEs demonstrated a low (38%) or very low (31%) level. These data underline the slow adoption of ICTs among SMEs, which has led to the current digital divide between large and small and medium enterprises in Europe, represented in *Figure 3.1* and *Figure 3.2* below.

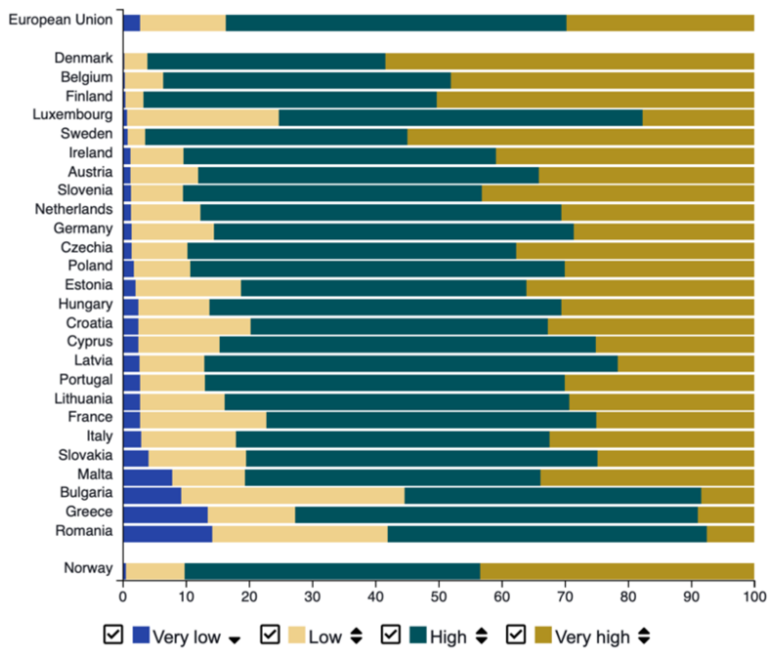

Figure 3.1. The level of digital intensity of large European companies. Source: Eurostat (2024)

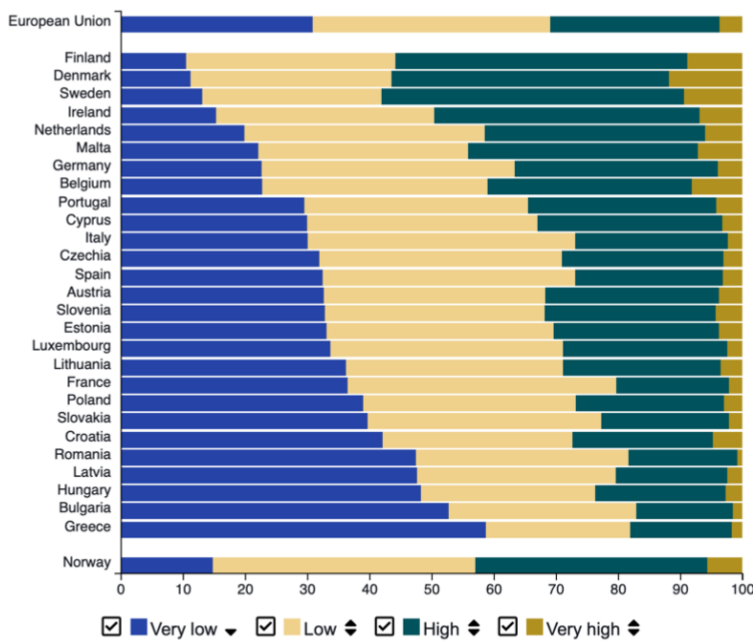

Figure 3.2. The level of digital intensity of European SMEs. Source: Source: Eurostat (2024)

Nonetheless, Galati et al. (2019) notes that in the European Union 45% of firms with at least 10 employees use at least one social media tool, which include social networks, blogs, and websites. Of those firms, 42% also use a social network, such as Facebook or LinkedIn. These data show that small and medium enterprises have started to recognize the potential benefits of digital tools and tried to implement some of them. The issue is that they are too slow in adapting to the digital transformation and do not have the necessary resources to fully understand and capitalize on new technologies, obtaining poor results and hindering the perceived benefits.

3.1.1 Barriers to digitalization

Arendt (2008) reports four main barriers to the adoption of ICTs among small and medium enterprises:

- *Unsuitability for the type of business:* this type of companies does not adopt e-commence solutions because they believe that it is not suitable for their kind of business;
- *Enabling factors:* refer to trained personnel, availability of ICT competences, and network infrastructure. SMEs usually lack these elements and are not interested in understanding the benefits of these technologies in the long run, as they prefer to focus on their daily operations;
- *Cost factors:* include costs of ICT networks and equipment, ongoing costs, as well as software and re-organization costs;
- *Security and trust factors:* comprehend legal frameworks, uncertainty of payment methods, and security and reliability of e-commerce systems.

Other factors that hinder smaller businesses' implementation of digital technologies are risk, limited resources, procedural complexity, and technical challenges (Ritz et al., 2019). Nonetheless, according to Arendt (2008), the main reasons why SMEs are slow in the adoption of ICTs are the lack of proper knowledge and trained staff in the company. They do not have the necessary knowledge to choose the adequate technology to implement or trained staff with ICT expertise. At European level, the market does not reward innovation due to restricted access to high-risk capital and the lack of innovation culture, as well as the lack of flexibility in the production environment. Moreover, SMEs do not perceive that these technologies can provide monetary value and they feel like they entail more costs than benefits.

3.1.2 Benefits of digitalization

Despite the barriers, SMEs are more suited businesses for the adoption of information and communication technologies because of their more flexible decision-making process and governance (Galati et al., 2019), and thus can receive the most benefits. The growth of social media and web 2.0 has affected how companies implement the Internet for promotion and marketing (Canovi & Pucciarelli, 2019) and played a key role in dealing with competition at a global level by gradually changing business models (Galati et al., 2019). Internet technologies can support organizations in achieving their marketing goals through the implementation of digital channels (Ramadani et al., 2023). Digital tools can enhance a firms' ability to discover new opportunities in the market as well as identify the needs of the main stakeholders involved (Galati et al., 2019). The pandemic did not only change the way in which organizations conduct their businesses, but it also affected the behavior of consumers (Ramadani et al., 2023) as well as their habits and the way they approach purchase (Bernal-Jurado et al., 2021). Web 2.0 technologies allow consumers to exchange information and view content at any time and place, enabling a digital transition for SMEs (Meier & Peters, 2023). Through this interaction, firms can increase their popularity, create positive word of mouth (WOM), enhance engagement, and boost sales (Pucci et al., 2019). Besides visibility, smaller firms can benefit from the adoption of digital tools for marketing efforts also in terms of Customer Relationship Management (CRM) and corporate image, which will help them compete also with larger firms (Galati et al., 2019). Among tools that are based on ICTs, social media emerged as transformative tools that are changing the way people communicate and collaborate, both with external stakeholders and inside the company (Galati et al., 2019). Research revealed that 93% of social media users states that companies should have a social media profile, while 85% believes that they should engage with consumers on social networking sites (Michaelidou et al., 2011). Social media can positively influence a business' competitiveness, reputation, brand equity, customer understanding and collaboration, and sales (Canovi & Pucciarelli, 2019). Pucci et al. (2019) underline that social media are a quick way to gather information and affect the purchase path of consumers as well as the digital decision-making process. These tools also allow companies to "build awareness, consideration, and intent earlier in the purchasing funnel". Galati et al. (2019) underlines the advantages that SMEs would receive by implementing such tools. They are interactive, fast, and cost-effective tools which allow companies to engage with consumers timely and directly at a low cost, guaranteeing higher efficiency with respect to traditional methods. Hence, with respect to traditional channels, social media require less investment and reduce incurred operating costs. Besides their practical utility, social media also have a social component. They can influence customers and help establishing a relationship between firms and individuals, representing a potential competitive advantage, and resulting in improved organizational and financial performance for SMEs. The exchange of information about products, services, and the brand itself increases the credibility of the firm, which in turn builds trust and generates awareness.

3.2 Digitalization among Italian SMEs and consumers

According to a report by the European Investment Bank (2021), small and medium enterprises play a pivotal role in the Italian economy. They represent 99.9% of active companies, 80% of employment, and 70% of gross value added. Micro enterprises, which have less than 10 employees, represent 94.9% of all SMEs in Italy and account for 53% of the country's total exports. The COVID-19 pandemic had a significant negative impact on all SMEs in Italy. The least digitalized firms were the ones most affected. Despite the significant importance of small and medium enterprises in the Italian context, the productivity of Italian SMEs is lower than the European average, which may be due to their lower level of digitalization. Italy ranks 25th out of 28 countries in the EU Digital Economy and Society Index (DESI), which is composed of five components, meaning digital public services, integration of digital technology, use of Internet, human capital, and connectivity (*Figure 3.3*). Among these components, Italy ranks last for the "human capital" category. Italy also scores low regarding the Digital Intensity Index (DII), with 40% of Italian SMEs showing low levels of investment in digital technologies. The Italian territory is characterized by a strong digital divide between SMEs in the northern and southern regions. Seven out of 12 regions with a DESI score above the country-level average are located in northern Italy, while the regions with the lowest score are in southern Italy. The lower digitalization of SMEs can be partly explained by the lower cost of labor of Italy. The report suggests that countries with a lower cost of labor do not feel the need to digitalize. However, this is not enough to explain the low digitalization of Italian SMEs. Small and medium enterprises in Italy struggle to access employees with digital skills. At the same time, they fail to train their staff to develop ICT competences. This puts them at disadvantage with respect to other European companies, compromising their competitiveness.

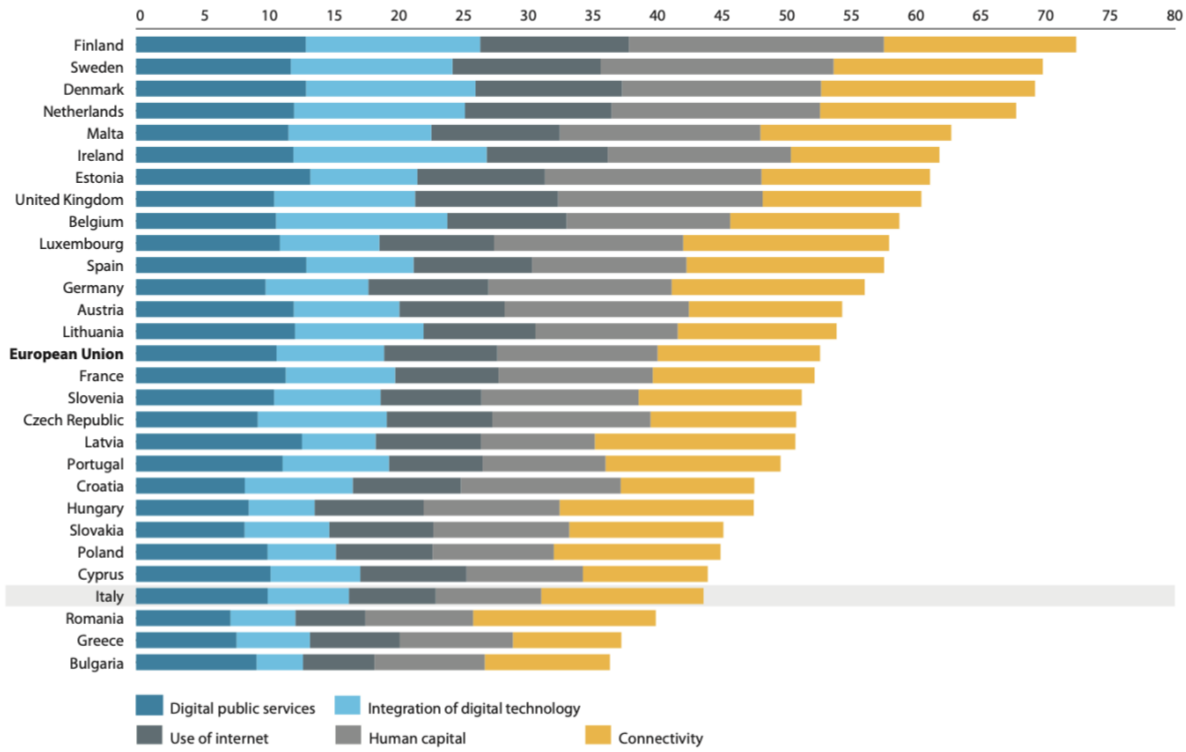

Figure 3.3 Digital Economy And Society Index (DESI) 2020 ranking.

Source: European Investment Bank (2021)

3.2.1 Media consumption of Italian consumers

According to Statista (2024) the number of social media users in Italy reached 43 million in January 2024, which represents over 83% of the country's digital population *(Figure 3.4).* Italian users spend a lot of time on social media. In 2023, they spent over 23 hours per month online interacting in online communities like social networks. Facebook is used by eight out of ten Italians, making it the most popular social media platform in the country, and its web version has the highest market share in Italy. However, TikTok has led to a growing interest in short online video platforms, bringing Italians to spend almost 24 hours per month on social media platforms. These data are expected to increase as the Italian digital population grows.

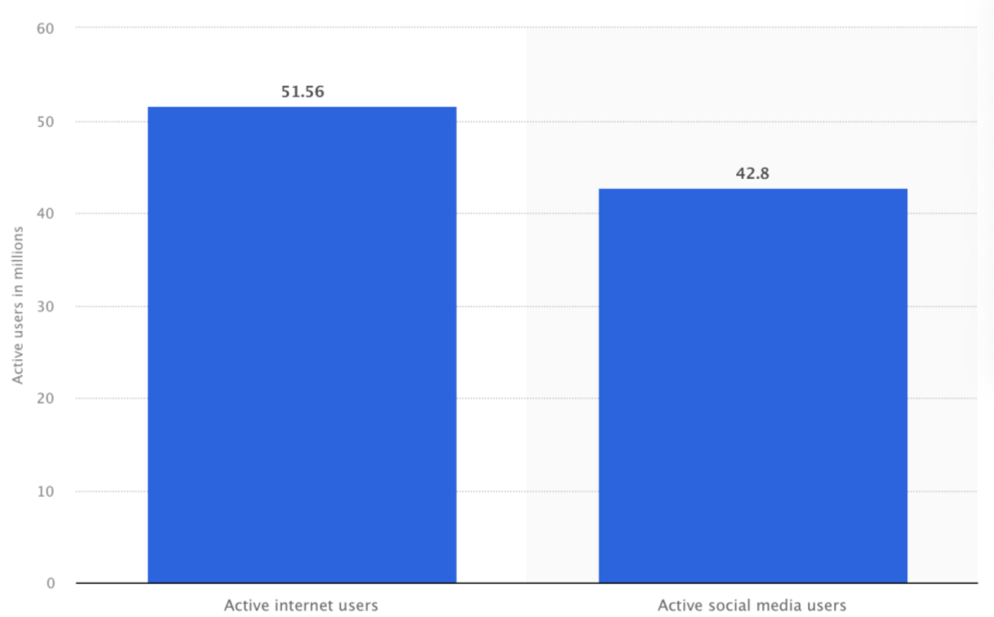

Figure 3.4. Number of Internet and social media users in Italy as of January 2024, expressed in millions. Source: Statista (2024).

It is evident that digital technologies represent a significant part of Italian consumers' daily life. Considering the report "Digital 2024" created by We Are Social (2024), media consumption among Italian people aged 16 to 64 displays is higher for the Internet, both from mobile (98,8%) and laptop, desktop or tablet (94,7%), and social media (94,3%) (*Figure 3.5*). Linear and broadcast tv is also highly consumed among Italians (95,5%), however it has experienced a decrease with respect to the previous year. Other conventional media, such as newspapers and radio, have also seen a decline in consumption and are less popular than new media. The growth in consumption experienced by social media and the Internet and the decrease in consumption of conventional media indicates the gradual shift of Italian consumers toward digital tools.

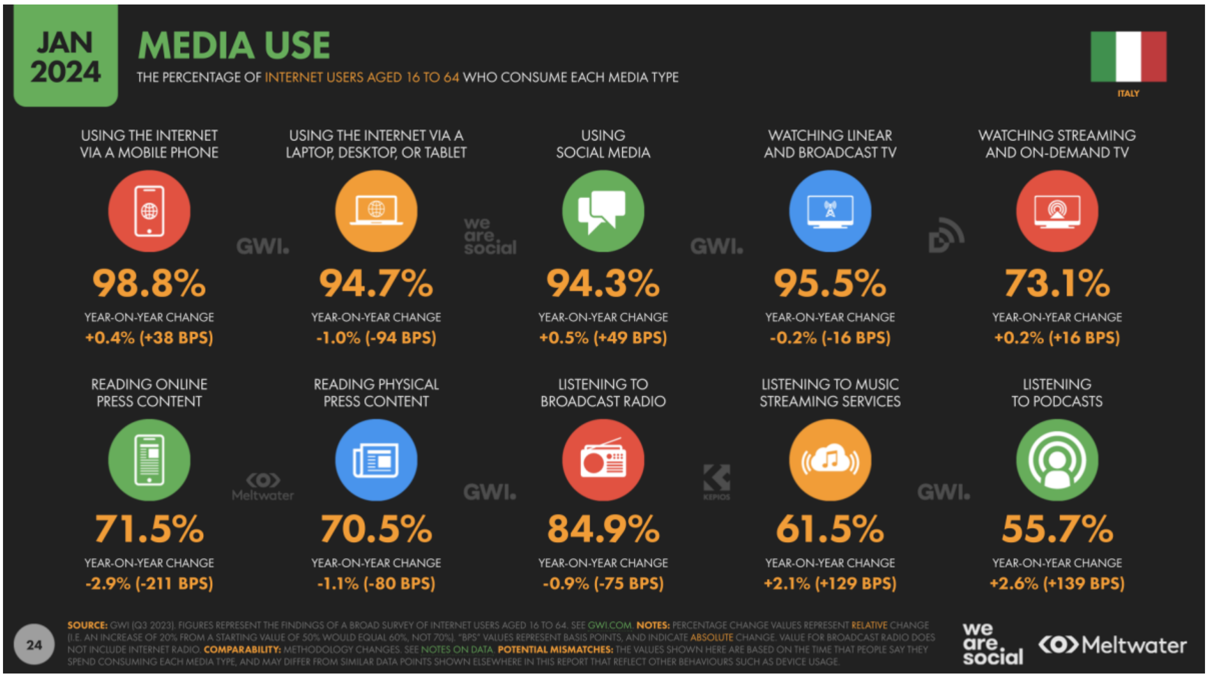

Figure 3.5. Media use among Italian consumers. Source: We Are Social (2024)

3.2.2 Italian consumers and brands

The reasons that induce consumer to purchase a specific product are complicated. Products are not only associated with their utility or functionality, but have also attributes and symbolic meaning that go beyond their commercial value (Jamal & Goode, 2001). Understanding the factors that influence consumers' purchase intention and how they engage with brands is crucial for businesses. Among Italian consumers aged 16 to 64, the main sources of brand discovery are search engines (40,8%), followed by TV ads (36,6%), and word of mouth (30,7%) (*Figure 3.6*). Consumers trust more information that comes from personal or neutral sources rather than advertising, which explains the relevance of word of mouth (Vlachvei et al., 2009). On social media, users can exchange opinions about brand and/or products and share ideas and images, which generate a spread of information through electronic word of mouth (eWOM) (Galati et al., 2019). Electronic word of mouth is defined as "all informal communications directed at consumers though Interned-based technologies related to the usage or characteristics of particular goods and services, or their sellers" (Canovi & Pucciarelli, 2019). By leveraging eWOM and digital marketing, businesses can improve their brand image, brand loyalty, and brand equity, and enhance consumers' intention to buy (Galati et al., 2019). Thus, having a strong social media presence is crucial for SMEs. Attar et al., (2023) explain that if consumers perceive a high social presence from companies, then trust develops, which in turn leads to the creation of loyalty. Customer loyalty reduces the attractiveness of competitors and increases customer retention.

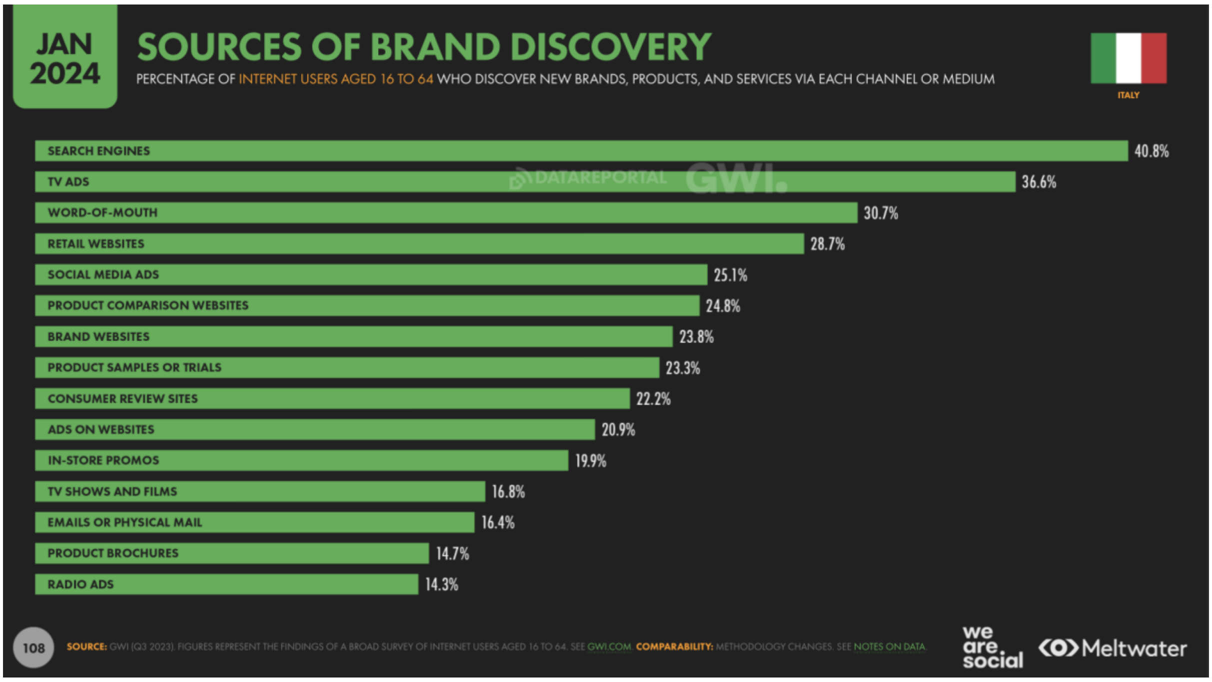

Figure 3.6. Sources of brand discovery among Italian consumers. Source: We Are Social (2024).

Most Italian consumers (56,1%) also demonstrate researching brands before making a purchase (*Figure 3.7*). This indicates that many consumers actively seek information online to guide their purchase decision. Having a social media profile is not enough. Companies need to implement specific tools that can enhance their online presence and target specific consumers. Moreover, 55,8% of Italian users visits a brand's website in the past 30 days, which highlights the relevance of a good website. Bernal-Jurado et al. (2021) suggests that websites as a key platform to build and reinforce relationships with customers. Often, they are the first and only touchpoint that customers have with the company. Good websites make users stay on the page longer as well as encourage them to return, which is linked to customer loyalty and purchase intention. The information included, together with the interactivity, connectivity, and visual appeal, affect how consumers perceive the website. A good website is based on content optimization, meeting customers' needs, and enhancing interaction, and will increase traffic and online brand performance. It is demonstrated that the quality of information included in a corporate website positively influences the number of visits to the page, and ultimately user satisfaction. Hence, the most important elements to include on the website to increase perceived usefulness are a high level of information, a wide range of services, and interactivity. Websites represent the channel where companies provide their information and communicate with customers. They can be exploited to engage in public relations, relationship marketing initiatives, and sales promotion. Therefore, websites are an essential tool in digital business strategies. SMEs should focus on ensuring that their websites offer an intuitive user experience, with clear calls to action and product/service information that helps users make informed decisions. Because consumers search for information about the brand or the product on social media, these tools affect their intention to buy (Pucci et al., 2019). There has also been a significant increase in the use or download of branded mobile apps, +16,5% with respect to the previous year. Apps generally offer a personalized experience, unique content, and easy access to products, which may facilitate repeat purchases and customer loyalty. The growing interest in this type of tool represents a potential opportunity for SMEs.

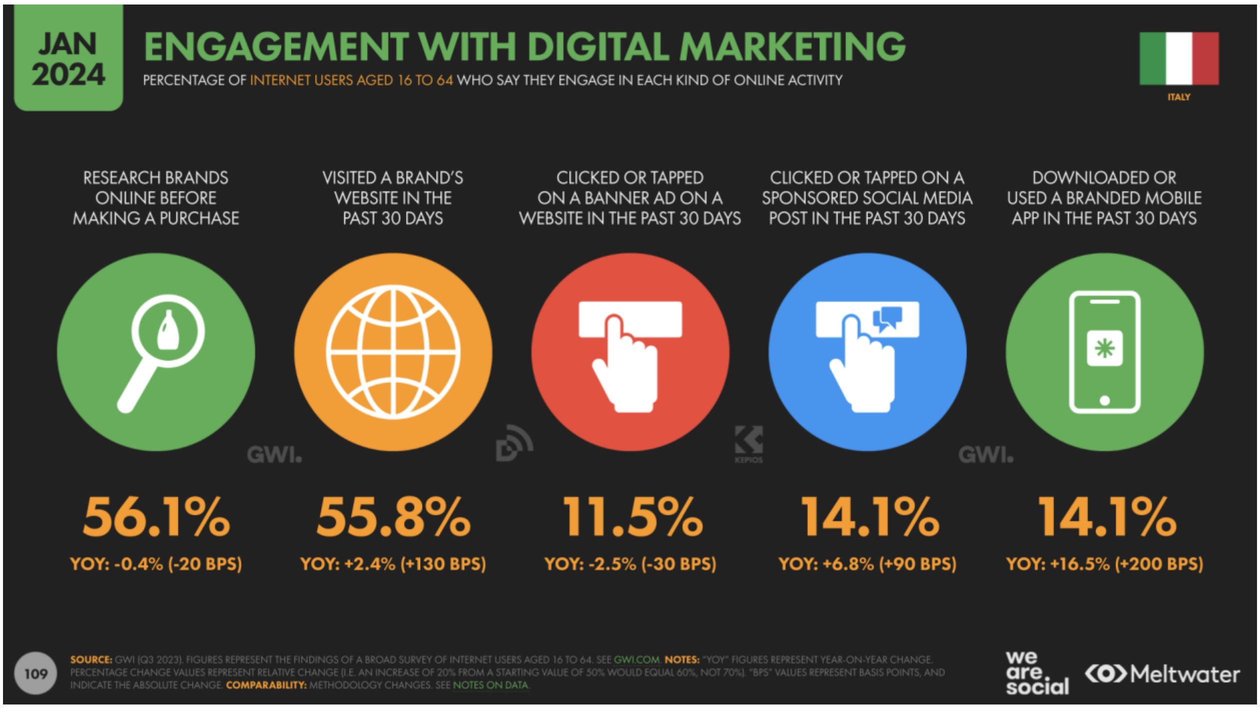

Figure 3.7. Engagement of Italian consumers with digital marketing. Source: We Are Social (2024)

3.3 Italian SMEs and Marketing

Since the 2000s, companies have changed the way in which they manage marketing channels to leverage the opportunities offered by the digital transformation (Martinelli & Tunisini, 2024). Despite the increasing importance of marketing for the success and long-term competitiveness of small and medium enterprises, Bocconcelli et al. (2018) notes that research mainly focuses on larger firms, and interest on the relationship between marketing and smaller firms has begun only in the 1980s. The authors underline that research mainly discusses the typical limitation of SMEs, such as limited financial possibilities and marketing expertise, which results in simpler and more instinctive marketing efforts with respect to larger firms. Some studies focused on the development of a specific marketing approach based on the characteristics of SMEs, which is referred to as "entrepreneurial marketing" (EM). It is based on the situation and lacks pre-planning and implies the use of specific practices in line with the characteristics of SMEs. This approach underlines that SMEs adopt digital tools with no clear strategy and expertise, hindering their effectiveness. Some small and medium enterprises have adopted digital marketing strategies to attract new customers and enhance customer loyalty, however, they still fail to measure the effectiveness of their strategies (Saura et al., 2023). Marketing efforts cannot have just a promotional intent or be created for particular situations, instead they need to be part of a comprehensive strategic plan. Saura et al. (2023) underline the importance of market orientation for the success of a company's online activity. When marketing their products, businesses which are oriented toward a specific target market need to design a website that enhances traffic and facilitates transactions. The authors specify that targeting a consumer market translates into a more popular and quality website, facilitating the interaction with final consumers. Brand visibility depends on the creative communication style and technology adopted (Galati et al., 2019). Hence, adopting a digital approach to marketing requires specific human resources and competences (Checchinato et al., 2024). Galati et al. (2019) states that human resources play a key role in leveraging social media, as they provide data to improve the firm's strategic decisions. Social capital and ICT competences are crucial to adopt new technologies, as their effectiveness depends on the firm's marketing skills and qualified staff. Research shows indeed that younger, educated managers are more likely to implement social media, because they are aware of their benefits. Implementing basic

ICTs in their business is not enough for SMEs, but they need to understand how to develop successful digital marketing strategies to generate more leads, customers, and ultimately sales (Saura et al., 2023).

3.3.1 Barriers to Digital Marketing for Italian SMEs

A study conducted by Martinelli & Tunisini (2024) on Italian SMEs operating in the fashion, food, furniture, and automation/mechanics identified the main factors influencing the adoption of digital channels. The perceived benefits include strengthening brand positioning by increasing the online presence. This comes from the recognition that being positively perceived by businesses and final consumers is crucial. Digital channels are also seen by Italian SMEs as a way to promote their brand and services to their target audience, as well as creating a direct relationship with them. Other benefits regard brand promotion, corporate brand awareness, increased competitiveness, and market entry possibilities, as well as the establishment of relationships with customers. These direct relationships are particularly important for Made In Italy, as Italian companies are recognized worldwide for their craftmanship and quality. However, there are several barriers that hinder the adoption of digital marketing strategies. The first barrier is related to the investment required and the limited impact on turnover. Creating a digital platform to deliver value and sell products, as well as investing in human resources to acquire technological assets and skills, require significant financial resources. The second barrier involves indeed the access to new competences. Managing digital marketing channels requires specific skills and expertise that are generally lacking among Italian SMEs. Their limited technological knowledge of owners and their inability to forecast results hinder the effective implementation of digital tools, as trained and updated human resources are crucial to improve brand awareness through the right channels. Ritz et al. (2019) underline that the adoption of digital tools by small and medium enterprises depends on attitude and capabilities of their owners or managers, who are usually limited by their financial resources. The investment that companies are willing to make in on digital marketing depends also on the existing marketing strategies as well as the expectations for success. Beside the lack of expertise, Canovi and Pucciarelli (2019) mention low levels of control, high complexity, and the lack of financial possibilities, resources, time, and interest as the main barriers to leverage digital tools. The authors also cite the uncertain return on investment (ROI) in social media marketing, the difficulty of assessing content quality, and the fear of getting negative reviews. Moreover, distinguishing customers among online users is difficult, which makes it difficult to measure the economic impact of social media on return on investment (ROI) and return on sales (ROS) (Galati et al., 2019). These factors prevent small and medium companies to fully commit to social media marketing, resulting in lower online engagement and interaction with customers. Nonetheless, digital marketing strategies remain the most appropriate for these businesses (Alebaki et al., 2022), as smaller firms with restricted financial possibilities can better compete in the market by implementing digital tools and acquiring visibility with respect to larger firms (Galati et al., 2019). The last barrier refers to the significant implications in terms of alignment of shared information, technological software, marketing strategies, and competences (Martinelli & Tunisini, 2024).

3.3.2 Italian SMEs and agencies

Small and medium enterprises that recognize their limited competences in managing a digital approach to marketing rely on external service providers for support (Checchinato et al., 2024). As a result, many SMEs are turning to agencies for their marketing strategies (Arendt, 2008). Nonetheless, the client-agency relationship faces several challenges also in the Italian context. A study conducted by Checchinato et al. (2024) among Italian SMEs in the agri-food industry reveals that owners are uncertain about the results they are going to obtain form the agency and need to be guided to understand the different available options. This lack of trust in the agency's commitment may hinder the adoption of digital communication. Moreover, small and medium enterprises in the Italian territory do not perceive the economic benefits of finding support in agencies, which induce them to terminate the relationship and attempt to implement digital channels on their own. Another problem perceived by Italian SMEs in relation to collaborate with an agency is the lack of specialized agencies, as many Italian industries require a specific and in-depth approach to fully promote their products. However, when properly guided and supported by consultants, SMEs adopt a more positive approach to agencies. If the agency is perceived to provide a high-quality service, it enables SME clients to improve their competences and knowledge of the digital landscape. As previously mentioned, SMEs are the companies which can benefit the most from the implementation of digital tools in their marketing strategies. Italian consumers have demonstrated a preference for digital channels over conventional media. Search engines are the first source of brand discovery, and consumers actively research and engage with brands on online platforms, especially if they are looking for information before purchasing a product. Digital tools such as social media and corporate websites are recognized for their ability to enhance visibility, establish relationships with consumers, and increase brand loyalty, but most importantly they can affect consumers' intention to buy. Therefore, it is essential for Italian SMEs to create targeted digital marketing strategies that meet customer needs while reaching the company's objectives. Beside investing in acquiring the necessary competences and training their human resources, small and medium enterprises should rely on the agencies' expertise rather than attempting a digital approach on their own. By leveraging the expertise of external service providers, small and medium enterprises can avoid costly and ineffective marketing efforts, and ensure that their strategies are both targeted and successful.

Chapter 4. The client-agency relationship in Italy

Despite recognizing the potential benefits of new technologies, small and medium enterprises have failed to fully capitalize on digital marketing strategies. With the power to share opinions and recommendations to online communities, users have become active contributors to the success or failure of companies. Meeting customers' new needs while maintaining focus on their main activity poses several challenges for Italian businesses with limited resources and staff. As a result, many companies have turned to external service providers, such as agencies, to gain a competitive advantage. However, the same phenomena (i.e digitalization and IMC) have compromised the client-agency relationship, which is now subject to several challenges. The way in which the relationship is managed ultimately affects overall satisfaction with the other party's performance. Research shows that both clients and agencies often do not have clear their responsibilities, which hinders the alignment of the parties' goals and strategies. Effective communication and clear procedures are critical in managing the relationship to ensure that parties understand each other's expectations and promote trust and collaboration. As Waller (2004) notes, poor communication often leads to misunderstandings and conflicts, while a good exchange of information and clear guidelines contribute to manage expectations and reduce tensions. Nonetheless, literature demonstrates that these elements are usually lacking in relationship management. To shed light on how a long-term and productive collaboration can be achieved, it is important to understand how Italian agencies are currently managing the relationship with their clients. These considerations have led to the following research question:

RQ1. How is the relationship managed?

An important aspect to ensure the longevity of the client-agency relationship is the client' performance. Advertising agencies are part of the task-interactive category, which means that there is a strong interaction between the client and the agency. This interaction heavily depends on the client's ability to perform their role and their inclusion in the production process (Beard, 1996). Hence, the client's risk aversion, expertise, and ability to produce a good brief affect the agency's overall performance. According to Bilby et al. (2023), the brief is essential for giving direction to the agency and aligning goals, but it should not limit the agency's creative freedom. Sophisticated clients generally provide higher-quality briefs but may also be too directive and limit agency's creativity. On the other hand, unsophisticated clients, like SMEs, usually lack the expertise required to provide meaningful information and thus produce low-quality briefs. This may prevent the agency to fully understand its client's strategy and objectives. Nonetheless, limited knowledge makes smaller firms more willing to accept riskier, creative solutions and trust the agency's guidance. This allows the agency to take on the role of a strategic partner, guiding and educating the client through the creative process. In turn, this increases trust in the agency and reduces dissatisfaction. Because client's behavior heavily affects agency performance, it is essential to understand how the client approaches and performs in the relationship. The following research question is examined:

RQ2. What is the client's approach to the relationship?

The digital transformation and the adoption of Integrated Marketing Communications (IMC) have intensified competition and challenged the roles in the client-agency relationship. Clients' increased access to data allows them to make more in-house decisions, reducing the power and strategic role of agencies. This has aggravated the partnership, as often agencies do not feel valued and clients express dissatisfaction with their agency's performance. Although both sides agree that further collaboration must be promoted, the current system does not support integration, and agencies are reduced to suppliers rather than partners (Mortimer & Laurie, 2019). To promote collaboration, both sides need to put effort into the relationship and have a long-term orientation. This has been challenged by the increased staff turnover, which introduces representatives with limited managerial experience, and hinders the development of personal bonds, furthering complicating the collaboration. The limited skills and experience of small and medium enterprises, which characterize the Italian industry, may have a dual effect. On one side, these firms may not be able to lead an integrated approach, thus hindering collaboration. One the other side, they may rely more on the agency's guidance, promoting trust and the creation of business alliances. It is relevant to explore agencies' perspectives on how a long-lasting relationship can be achieved in this unique landscape. Hence, the following research question is investigated:

RQ.3 How can collaboration and integration be achieved?

To explore these aspects, the three research questions are investigated within the context of the relationship between agencies and small and medium enterprises in Italy. The investigation focuses on the agency's perspective and is conducted through a questionnaire.

4.1 Methodology

The design of the questionnaire is based on a literature review of research about the client-agency relationship. For the purpose of this study, the variables and corresponding statements were selected from four key sources: Koch & Liechty (2005), Laurie and Mortimer (2019), Bilby et al. (2023), and Levin et al. (2019). A total of 49 statements were included, which investigate the following 9 variables:

1. Integration with client's company and strategy
2. Effective day-to-day communication strategies
3. Role of the client
4. Relationship between long term orientation and staff turnover
5. Client's brief contained a strategy
6. Client sophistication
7. Client risk aversion
8. Agency clientelism
9. Project management processes

The variables align with the research questions in the following way: *Effective day-to-day communication strategies, Agency clientelism*, *Project management processes,* and *Integration with client's company and strategy* respond to the first research question "How is the relationship managed?"; *Client's brief contained a strategy, Client sophistication*, and *Client risk aversion* investigate the second research question "What is the client's approach to the relationship?"; while *Relationship between long term orientation and staff turnover,* and *Role of the client address* the third research question "How can collaboration and integration be achieved?". The questionnaire is based on a Likert Scale from 1 = totally disagree to 6 = totally agree, with the intention to avoid neutrality. Respondents were required to express their level of agreement or disagreement with all the statements. Before the statements, five general questions were included to identify the sample characteristics, including the job title, the company size, the Italian region in which the organization is located, percentage of clients belonging to the SMEs category, and the services offered by the agency. The questionnaire was initially tested with two advertising agencies. Based on their feedback, some statements were revised to improve clarity and reduce ambiguity. The sample consists of Italian agencies offering advertising services, which were selected using two methods. First, agencies were drawn from the database of UNA – Azienda della Comunicazione Unite, using the following filters: advertising, integrated communication, marketing services, digital marketing. For further precision, agencies which did not appear using the filters but still offered advertising services were scouted and included in the sample. Through this method, 257 agencies were contacted. Second, agencies were identified through the social media network LinkedIn using the filters "advertising services", "company", and "Italy". With this approach, 256 agencies were included in the sample. A total of 513 agencies were contacted. The questionnaire was distributed via email to agencies which provided an email address on their corporate website, while agencies which required to fill a contact form were contacted via message on LinkedIn. A total of 100 responses were collected.

4.2 Sample characteristics

The sample characteristics are summarized in Table 4.1. Most of the respondents' job title is Chief Executive Officer (CEO) (30%), followed by Account Manager (18%) and Owner/Partner (15%). Most of the agencies are located in Lombardy (40,4%), Veneto (14,6%), and Piedmont (11,2%). The majority of the respondents are small (47.9%) and micro (39.6%) enterprises, while only 12.5% are medium or large enterprises (*Figure 4.1)*. The observed company size of the respondents reflects the general characteristics of the Italian territory, as most of the agencies fall into the SMEs category. This explains why many respondents are part of the top management of the agency, such as CEOs or owners.

JOB TITLE			
Chief Executive Officer (CEO)	30,00%	Project Manager	3,00%
Account Manager	18,00%	Digital Strategist	2,00%
Owner/Partner	15,00%	Chief Operating Officer (COO)	2,00%
Art Director	6,00%	Sales Manager	2,00%
General Manager	6,00%	Client Services Director	2,00%
Strategy Director	4,00%	Other	10,00%
COMPANY SIZE			
1-9 employees			39,00%
10-49 employees			47,00%
50 or more employees			14,00%
LOCATION			
Lombardia	39,00%	Marche	3,00%
Veneto	14,00%	Liguria	3,00%
Piemonte	10,00%	Puglia	2,00%
Emilia Romagna	9,00%	Friuli Venezia Giulia	1,00%
Lazio	7,00%	Calabria	1,00%
Toscana	5,00%	Trentino Alto Adige	1,00%
Campania	4,00%	Umbria	1,00%
PERCENTAGE OF CLIENTS UNDER 50 EMPLOYEES			
30%	17,17%	60%	2,02%
50%	13,13%	15%	2,02%
70%	11,11%	25%	2,02%
10%	11,11%	3%	2,02%
0%	7,07%	100%	1,01%
5%	6,06%	35%	1,01%
80%	5,05%	95%	1,01%
20%	5,05%	85%	1,01%
90%	4,04%	2%	1,01%
40%	3,03%	1%	1,01%
75%	3,03%		
Mean			***38,38%***
SERVICES			
Consulting and development of communication and marketing strategies			93%
Content creation and marketing campaigns			88%
Analysis and monitoring of the performance of communication activities			75%
Media management			72%
Management of press and media relations			33%

Table 4.1. Sample characteristics

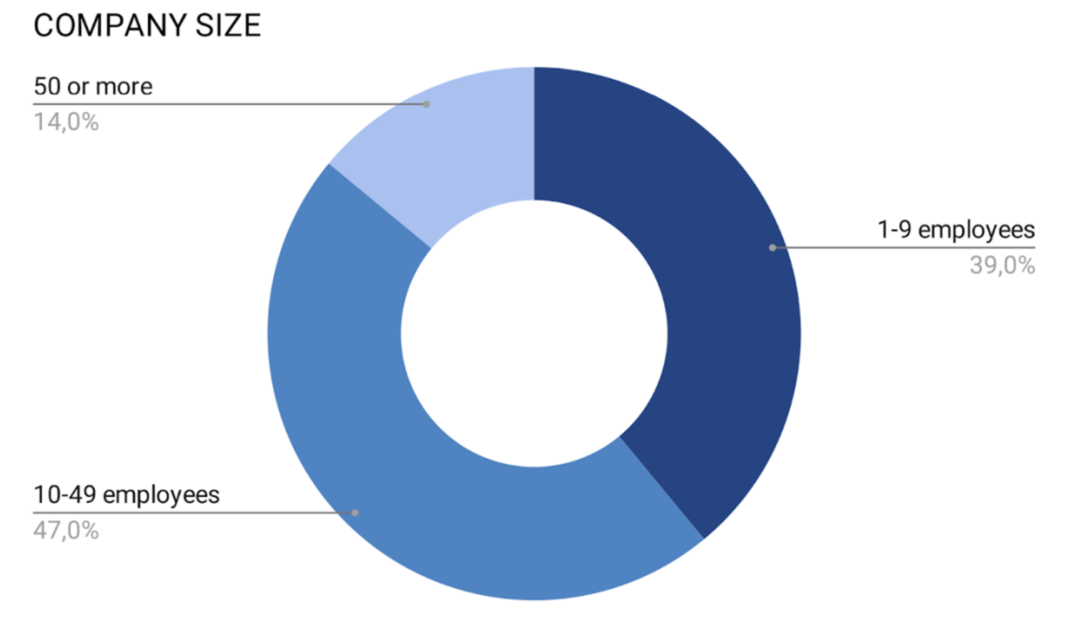

Figure 4.1. Company size of the respondents.

One of the questions investigated the percentage of respondents' clients below 50 employees. One of the respondents did not provide such information, hence 99 answers were considered for this analysis. On average, about 39% of the respondents' clients are small and micro enterprises, as they have less than 50 employees. An interesting data is that 41,4% of the respondents has half or more than half micro and small clients. The substantial amount of respondents dealing with 50% or more smaller clients confirms the recent trend mentioned by Ceccotti et al. (2019), which sees agencies increasingly including small businesses into their portfolio, as they allow to cover fixed costs in the eventuality of difficult times. Besides the strong presence of SMEs on the Italian territory, the diverse distribution of clients among agencies (*Figure 4.2*) shows that small and micro enterprises are a significant part of the market. The figure shows that 37,4% of respondents deals with 0-25% micro and small clients, 34,3% of respondents deal with 26-50% micro and small clients, while 28,3% deals with more than half micro and small clients (51-100%).

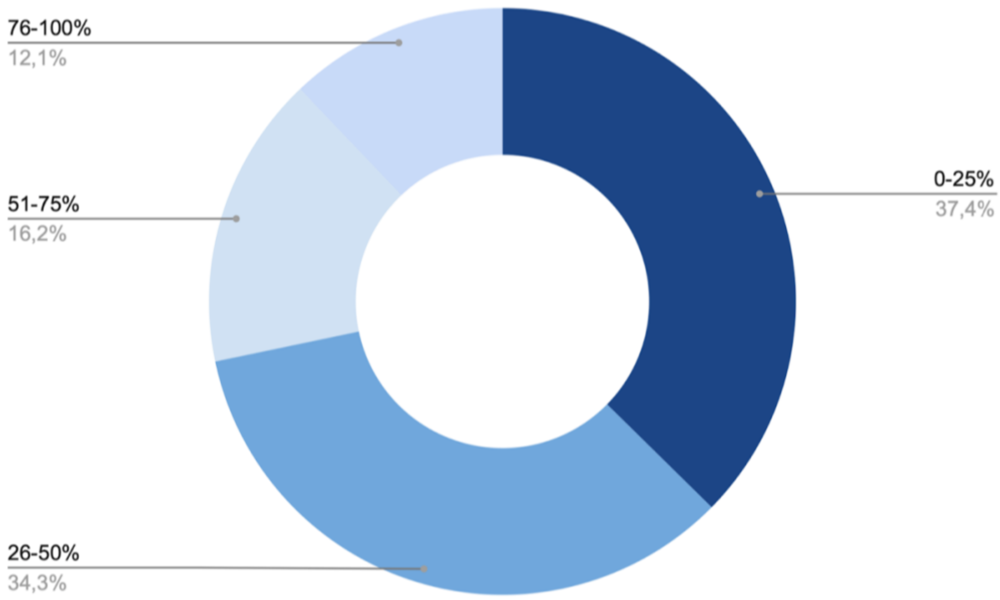

Figure 4.2. Percentage of respondents' clients below 50 employees

The last sample characteristic analyzed refers to the type of services offered by respondents (Table 4.4). Most agencies offer a multitude of services rather than specializing in a specific area. The most popular are related to strategic planning (93%), content creation (88%), and performance analysis (77%). Management of press and media relations is not a service that is usually provided by respondents (33%). A possible explanation is that it requires a different level of expertise, and thus it is offered by more specialized agencies. This reason may be related to the small size of agencies, which dispose of less personnel and reduced breadth of competences.

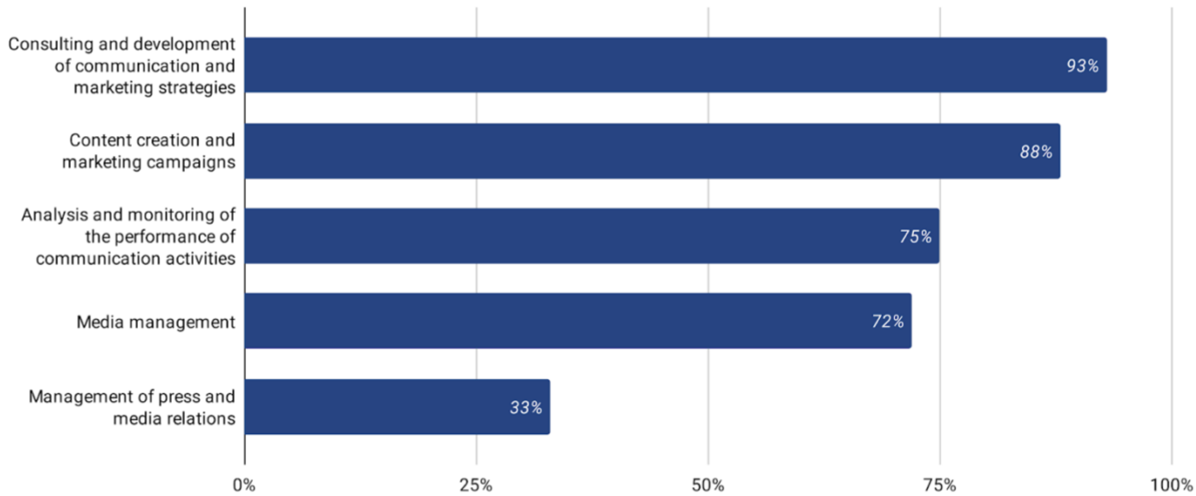

Figure 4.3. Different type of services offered by the respondents.

4.3 Analysis and results

To evaluate the impact of the statements on their corresponding variable, both the mean and the standard deviation were computed for each statement. Then, the average mean and standard deviation of the variables were calculated. The analysis is mainly based on the observation of the means, with a high mean indicating a high level of agreement, and a low mean suggesting a high level of disagreement. A high standard deviation was observed for most responses. This variation might be related to the difference in respondents' company sizes and the different extent to which agencies work with smaller clients, which may involve different procedures and relationship dynamics. A further analysis was conducted by making a comparison between agencies that deal with half or more clients below 50 employees, that is micro and small firms, and agencies that deal with less than half clients below 50 employees, meaning that the majority of their clients are medium or large firms. To facilitate the comparison, during the analysis the first type of agencies are referred to as "agencies with smaller clients", while the second as "agencies with bigger clients".

To answer the first research question, four variables were investigated (*Table 4.2*). The results for the variable *Effective Day-To-Day Communication* show that agencies believe they know what is best for their clients more than they do (mean = 4,23). This suggests that agencies are confident in their expertise and see themselves as strategic partners rather than just service providers. Agencies also demonstrate to have a contract covering costs, delivery, and remuneration before starting (mean = 5,56), as well as a contract covering communications (mean = 4,81) and defining project approval (mean = 4,33). Based on these data, establishing an agreed contract that covers different aspects of the project before starting has a positive impact on the overall communication. These results are consistent with findings from Koch and Liechty (2005), who argue that agencies' belief that they know better than their clients aligns with their belief that requiring up-front contracts defining project approval, costs, and remuneration improves the overall relationship. According to the authors, these findings indicate the need for practices that establish a clear and transparent collaboration based on mutual agreement on how to manage and execute a creative project. Another important aspect is that agencies find it easy to get in touch with the client representatives (mean = 4,62), suggesting that effective communication between the parties is in place, which provides the grounds for the development of personal relationships. Although agencies perceive that there is little conflict with daily work with clients (mean = 3,45), there is still room for improvement in this area.

The second variable, *Project Management Processes*, reveals that the decisions made during meetings are available to all relevant stakeholders (mean = 4,28). This demonstrates good internal and external communication as well as alignment among all the members involved in the marketing effort, which establishes a good foundation for a potential integrated campaign. However, the data also highlights some areas where project management processes need to be improved. Agencies report lower means regarding the presence of a detailed budget (mean = 3,81) and plan (mean = 3,75), as well as in the specification of key personnel needs (mean = 3,41) and in the definition of clear processes to deal with eventual changes later in the project (mean = 3,14).

In the relationship, the agency's approach to the client affects how it manages the project as well as the final outcome, hence the third variable taken into consideration is *Agency Clientelism*. The agencies' priority seems to be keeping the client happy no matter what (mean = 3,91), which indicates that the agency is willing to sacrifice some aspects of the project, such as strategy or originality, as long as the client is satisfied, underlining a certain degree of opportunistic behavior. However, this does not come at the expense of creative integrity, as it is not the case that the agency's culture accommodates clients at the expense of good creative work (mean = 2,81).

The final variable, *Integration With Client's Company And Strategy*, reveals that agencies have a significant role in shaping the client's strategy (mean = 2) and clients rely on them (mean = 4,39). These data are coherent with the findings of Koch and Liechty (2005) and have two possible explanations. On one hand, agencies often have to define the client's strategy because it is rarely provided in the brief, requiring them to fill in gaps and take on tasks that should be the client's responsibility. On the other hand, entrusting the agency with the creation of the strategy denotes that clients value the agency's expertise and recognize it as a strategic partner. This consideration is supported by the fact that agencies feel like they are part of their client's company, and not contractors (mean =

4,58). Agencies also report prioritizing client's strategy over creative fulfillment (mean = 2,48), supporting the findings of the variable *Agency Clientelism* and implying that agencies may be willing to sacrifice creativity as well to please the client. Integration between agencies and clients still requires improvement, as clients do not share enough corporate marketing information (mean = 4,07), Moreover, contrary to expectations, agencies do not believe that their fees should be tied to the measurement of their creative results (mean = 3,15).

Despite good daily communication strategies, the relationship management calls for improvements in relation to integration with client's company and strategy, agency clientelism, and project management processes (*Figure 4.4*).

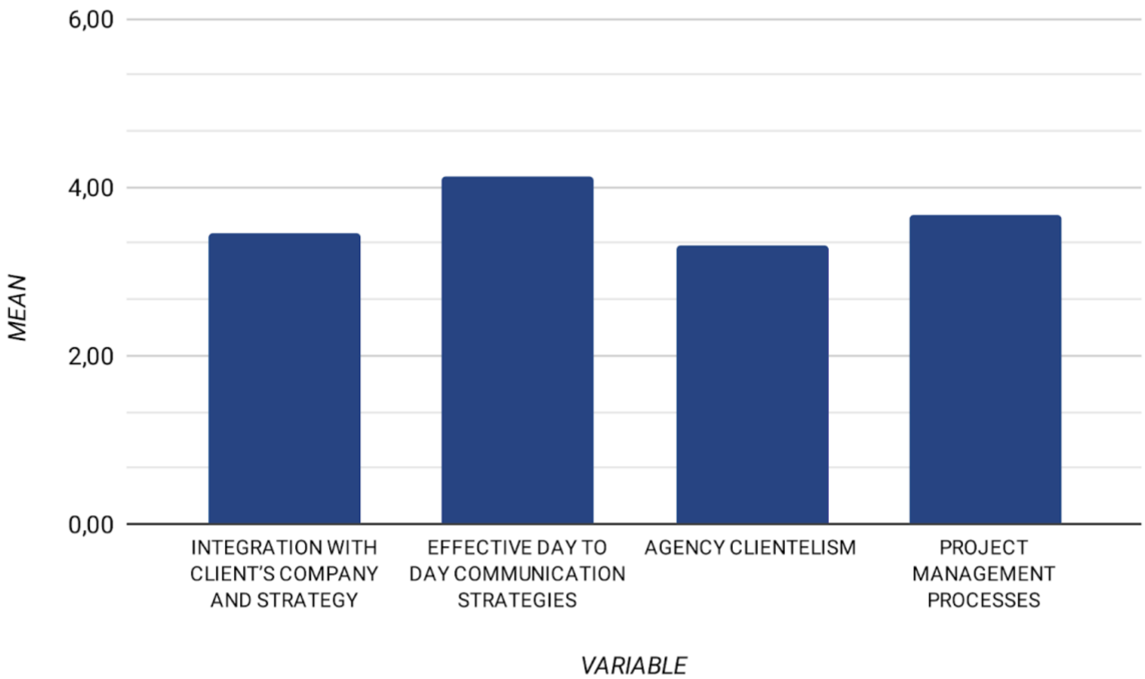

Figure 4.4. The impact of the variables on the first research question based on their mean.

VARIABLES	MEAN	S.D.
INTEGRATION WITH CLIENT'S COMPANY AND STRATEGY	**3,45**	**1,33**
Our clients provide the marketing strategy, we have no input.	2,00	1,17
Our clients rely on our agency to decide the marketing strategy for them.	4,39	1,23
Creative fulfillment is more important to us than the client's strategy.	2,48	1,36
I feel like I am a part of my client's company and not a contractor.	4,58	1,38
We believe our fees should be tied to measurement of our creative results.	3,15	1,51
Our clients do not sufficiently share corporate marketing information.	4,07	1,21
Our projects are executed in a way that results in few strategy changes.	3,17	1,33
The strategic impact of our creative efforts can be quantitatively measured.	3,73	1,42
EFFECTIVE DAY TO DAY COMMUNICATION STRATEGIES	**4,13**	**1,22**
We believe we know what is best for the client more than they do.	4,23	1,00
Sometimes our clients are surprised by our invoice amounts.	3,24	1,40
Before starting we have a contract covering costs, delivery, remuneration.	5,56	0,80
It is easy getting in touch with our designated client contact.	4,62	1,14
Before starting we have a contract over communications and with whom.	4,81	1,28
Before starting we have a contract defining project approval.	4,33	1,44
Client contact often has little decision power causing changes by superiors.	3,94	1,34
The client's opinion is all we hear about a completed project's success.	3,03	1,37
There is very little conflict with day-to-day work with our clients.	3,45	1,19
AGENCY CLIENTELISM	**3,31**	**1,34**
Top agency management often interferes in work to please the client.	3,22	1,28
The agency priority was to keep the client happy no matter what.	3,91	1,35
The agency's culture accommodates clients at the expense of good creative work.	2,81	1,40
PROJECT MANAGEMENT PROCESSES	**3,68**	**1,46**
There was a detailed plan (including time schedules, milestones, manpower requirements etc.) for the undertaking of the project.	3,75	1,46
There was a detailed budget for the project.	3,81	1,57
Key personnel needs for the project (that is, who, what capabilities and when personnel were required) were clearly specified.	3,41	1,51
A clear process was established for any changes initiated after the initial plan had been signed off.	3,14	1,47
The results of planning meetings, such as decisions made, information received and needed etc., were available to the entire project team and relevant stakeholders.	4,28	1,29

Table 4.2. Variables investigating the first research question.

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The comparison between agencies that deal with smaller clients and agencies that deal with bigger clients reveals interesting results (*Table 4.3*). The *variable Effective Day-To-Day Communication Strategies* does not show relevant differences overall. However, agencies dealing with smaller clients report a higher mean regarding the creation of an upfront contract for the definition of project approval (mean = 4,63), and lower means regarding the client's representative having little decision power (mean = 3,61) as well as the client's opinion defining the success of a project (mean = 2,56). However, they also report higher conflicts in daily work with clients (mean = 3,68). The variable *Integration With Client's Company And Strategy* indicates a similar level of integration between agencies and their clients. Agencies dealing with smaller clients demonstrate stronger belief that clients rely on them to create their marketing strategy (mean = 4,73) and that clients do not share enough corporate marketing information (mean = 4,34). An interesting finding is noted in *Project Management Processes*, as agencies dealing with smaller clients show a higher mean (4,06) with respect to agencies dealing with larger firms (3,41). In particular, the biggest differences are noted regarding the creation of a detailed plan (mean = 4,15), budget (mean = 4,20), key personnel needs (mean = 3,95) and a clear process to deal with potential changes once the project has started (mean = 3,54). The comparison reveals that agencies dealing with smaller clients mostly show the same results as agencies dealing with bigger clients. Nonetheless, a difference is noted regarding project management processes, with agencies dealing with smaller clients show a stronger implementation of such processes (*Figure 4.5*)

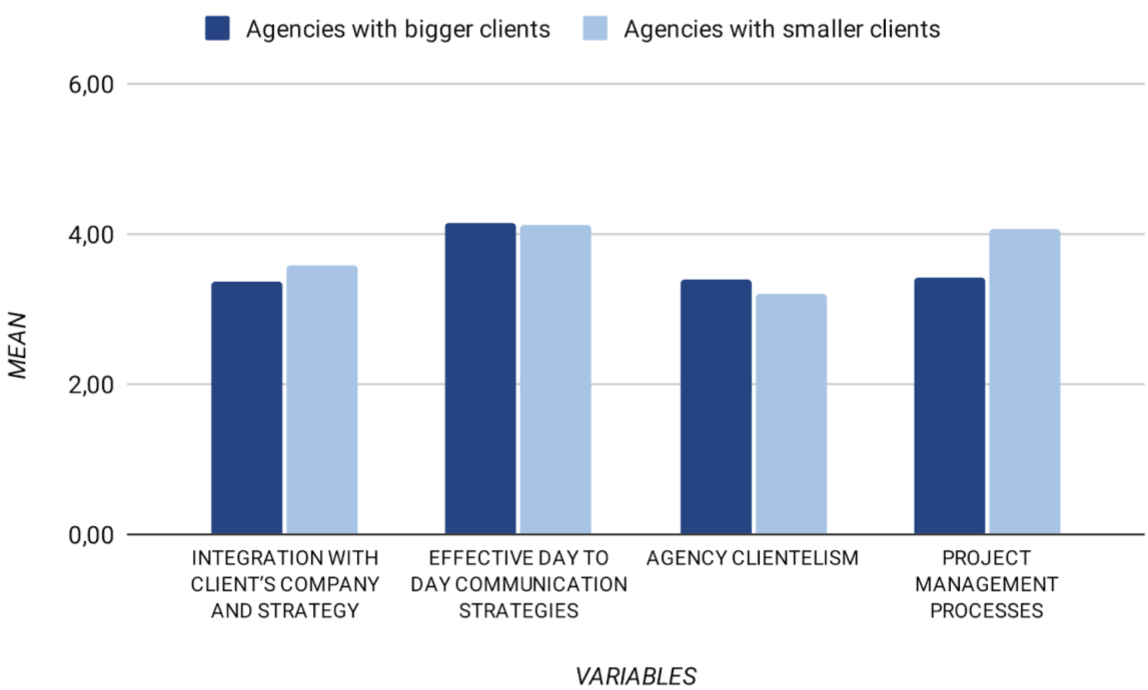

Figure 4.5. The impact of the variables based on their mean, comparing agencies with bigger and smaller clients.

VARIABLES	MEAN (agencies with bigger clients)	MEAN (agencies with smaller clients)
INTEGRATION WITH CLIENT'S COMPANY AND STRATEGY	**3,37**	**3,59**
Our clients provide the marketing strategy, we have no input.	2,19	1,71
Our clients rely on our agency to decide the marketing strategy for them.	4,21	4,73
Creative fulfillment is more important to us than the client's strategy.	2,52	2,44
I feel like I am a part of my client's company and not a contractor.	4,48	4,76
We believe our fees should be tied to measurement of our creative results.	3,00	3,41
Our clients do not sufficiently share corporate marketing information.	3,86	4,34
Our projects are executed in a way that results in few strategy changes.	3,14	3,24
The strategic impact of our creative efforts can be quantitatively measured.	3,52	4,07
EFFECTIVE DAY TO DAY COMMUNICATION STRATEGIES	**4,16**	**4,11**
We believe we know what is best for the client more than they do.	4,19	4,51
Sometimes our clients are surprised by our invoice amounts.	3,45	2,93
Before starting we have a contract covering costs, delivery, remuneration.	5,41	5,76
It is easy getting in touch with our designated client contact.	4,69	4,49
Before starting we have a contract over communications and with whom.	4,78	4,85
Before starting we have a contract defining project approval.	4,09	4,63
Client contact often has little decision power causing changes by superiors.	4,19	3,61
The client's opinion is all we hear about a completed project's success.	3,34	2,56
There is very little conflict with day-to-day work with our clients.	3,29	3,68
AGENCY CLIENTELISM	**3,39**	**3,21**
Top agency management often interferes in work to please the client.	3,28	3,17
The agency priority was to keep the client happy no matter what.	4,03	3,71
The agency's culture accommodates clients at the expense of good creative work.	2,86	2,76
PROJECT MANAGEMENT PROCESSES	**3,41**	**4,06**
There was a detailed plan (including time schedules, milestones, manpower requirements etc.) for the undertaking of the project.	3,48	4,15
There was a detailed budget for the project.	3,52	4,20
Key personnel needs for the project (that is, who, what capabilities and when personnel were required) were clearly specified.	3,05	3,95
A clear process was established for any changes initiated after the initial plan had been signed off.	2,84	3,54
The results of planning meetings, such as decisions made, information received and needed etc., were available to the entire project team and relevant stakeholders.	4,14	4,46

Table 4.3. Variables investigating the first research question, comparing agencies dealing with smaller and bigger clients.

The second research question "What is the client approach to the relationship?" is investigated by three interrelated variables (*Table 4.4*). The first one, *Client's Brief Contained A Strategy*, shows that the advertising strategy, which should be provided in the client's brief, is often produced by the agency (mean = 4,53) and that there is no strategic direction given in the client's brief (mean = 4,28). This suggests that clients enter the relationship expecting the agency to develop the strategy based on the limited information provided in the brief. The lack of strategic direction in the brief is explained by the second variable taken into consideration, that is *Client Sophistication*. Clients do not understand advertising (mean = 3,65) and they are not experienced with advertising (mean = 2,90). The last variable, *Client Risk Aversion*, reveals that generally clients are risk averse (mean = 4,11) and do not take risks on the creative work (mean = 2,85).

VARIABLES	MEAN	S.D.
CLIENT'S BRIEF CONTAINED A STRATEGY	**3,53**	**1,08**
The advertising strategy, which should have been in the client's brief, was actually constructed by the agency.	4,53	1,12
There was no strategic direction given to the agency in the client's brief.	4,28	1,25
The brief the client gave the agency contained a clear strategy.	2,67	1,04
The brief showed that the client had a specific strategy in mind.	2,64	0,90
CLIENT SOPHISTICATION	**2,95**	**1,17**
The client was knowledgeable about advertising.	2,31	1,07
The client was experienced with advertising.	2,90	1,16
The client did not understand advertising.	3,65	1,28
CLIENT RISK AVERSION	**3,67**	**1,24**
The client was risk averse.	4,11	1,36
The client was so uncertain, they had difficulties making decisions.	4,04	1,22
The client was willing to take a risk on the creative work.	2,85	1,15

Table 4.4. Variables investigating the second research question.

According to agencies, results show that generally clients fail to provide a clear strategy in their brief (mean = 3,53), which may be due to their level of sophistication, which is significantly low (mean = 2,95). Agencies also perceive that their clients are risk averse (mean = 3,67), which means that they prefer safer and more traditional solutions with respect to bolder and innovative ideas (*Figure 4.6*).

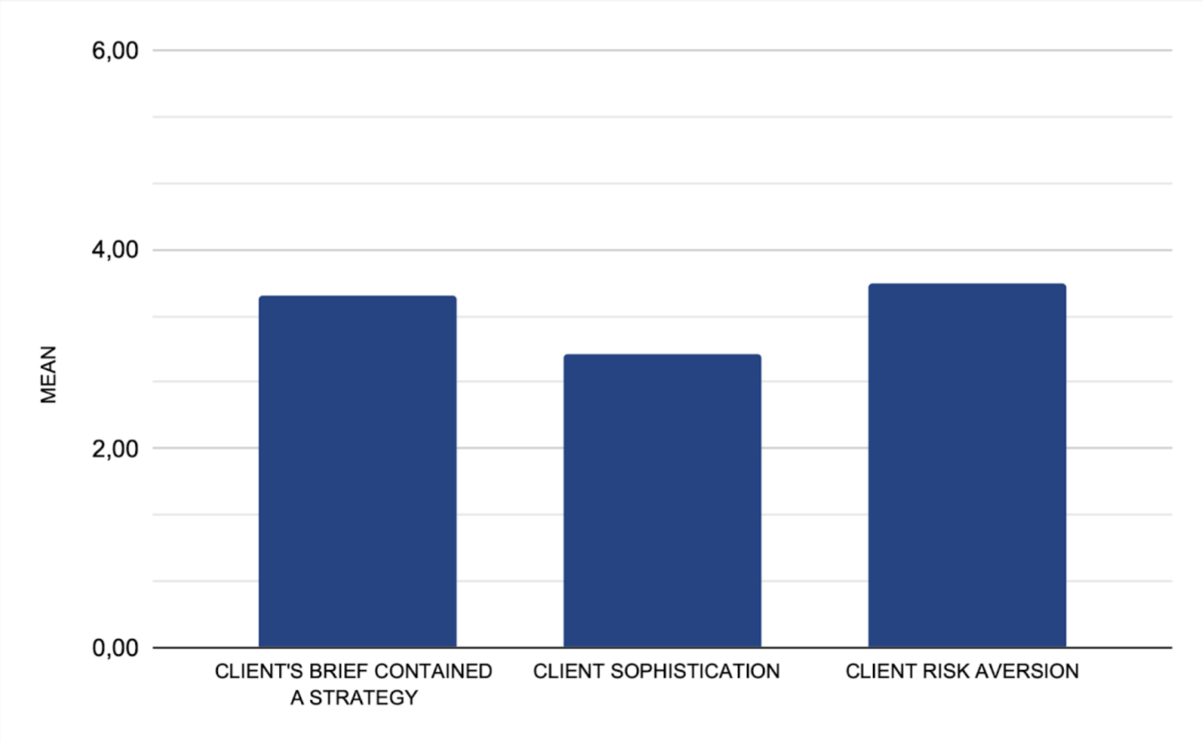

Figure. 4.6 The impact of the variables on the second research question based on their mean.

The comparison between agencies with bigger and smaller clients reveals similar data regarding the variable *Client's Brief Contained A Strategy,* as agencies dealing with bigger clients report a similar mean (3,58) to agencies dealing with smaller clients (3,48) (*Table 4.5*). Nonetheless, smaller clients are perceived as less sophisticated (mean = 2,78) with respect to larger firms (mean = 3,08). According to agencies, smaller clients are less knowledgeable (mean = 1,90) and experienced (mean = 2,46) about advertising, and do not understand it (mean = 3,98). This is coherent with the limited expertise and competencies of small businesses. Contrary to the expectation that unsophistication leads to increased risk aversion, agencies with smaller clients perceive them as less risk averse (mean = 3,59) with respect to agencies with larger clients (mean = 3,74) and are more willing to accept creative work (mean = 3,15). Overall, the comparison demonstrates similar results in terms of *Client's Brief Contained A Strategy* and *Client Risk Aversion*, while the main difference is noted regarding *Client Sophistication (Figure 4.7).*

VARIABLES	***MEAN*** *(agencies with bigger clients)*	***MEAN*** *(agencies with smaller clients)*
CLIENT'S BRIEF CONTAINED A STRATEGY	**3,58**	**3,48**
The advertising strategy, which should have been in the client's brief, was actually constructed by the agency.	4,57	4,49
There was no strategic direction given to the agency in the client's brief.	4,52	4,00
The brief the client gave the agency contained a clear strategy.	2,57	2,80
The brief showed that the client had a specific strategy in mind.	2,64	2,63
CLIENT SOPHISTICATION	**3,08**	**2,78**
The client was knowledgeable about advertising.	2,60	1,90
The client was experienced with advertising.	3,21	2,46
The client did not understand advertising.	3,43	3,98
CLIENT RISK AVERSION	**3,74**	**3,59**
The client was risk averse.	4,43	3,68
The client was so uncertain, they had difficulties making decisions.	4,16	3,93
The client was willing to take a risk on the creative work.	2,64	3,15

Table 4.5 Variables investigating the second research question, comparing agencies dealing with smaller and bigger clients.

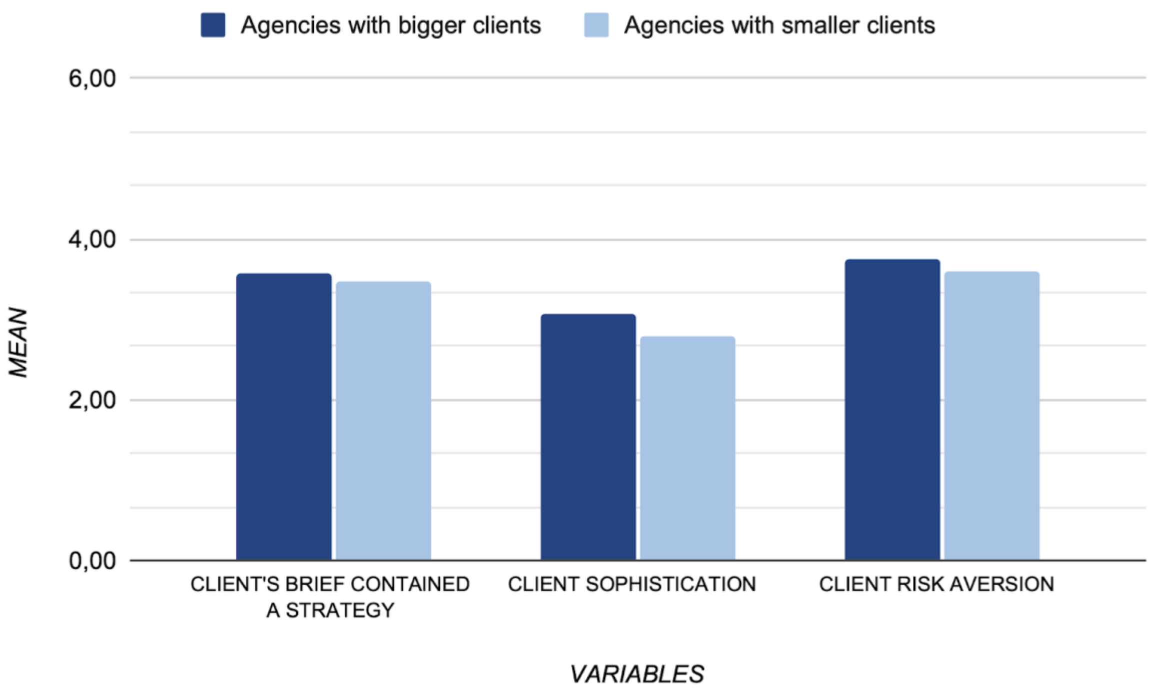

Table 4.7. The impact of the variables on the second research question based on their mean, comparing agencies dealing with smaller and bigger clients.

The last research question "How can collaboration and integration be achieved?" is explored through two variables that investigate agencies' perspective on potential future paths of collaboration and integration (*Table 4.6*). Regarding the *Relationship Between Long Term Orientation And Staff Turnover*, agencies agree that integration must be promoted by the top management (mean = 4,37) and supported by the company culture of both parties (4,97). Additionally, it is essential that clear roles and responsibilities are defined in a way that can be easily picked up by new hired staff (mean = 4,80) to guarantee that the integrated approach is not affected by staff turnover. These results support the findings of Laurie and Mortimer (2019), who emphasize the importance of leadership support to minimize the effects of turnover, as well as that clear roles provide clear expectations and responsibilities. Agencies also believe that they should implement talent retention programs to reduce staff turnover (mean = 4,85), however there is some recognition that this phenomenon can be a good thing, as many employees have a limited breadth of experience (mean = 3,85). On this matter, the authors report the thought of one of their respondents, who believes that the lack of mobility leads to stagnation in the long run.

Regarding the *Role Of The Client* to achieve integration and collaboration, agencies give the most importance to a co-scripted, quality brief, as it shows the highest mean (4,99). There is also a strong belief that clients should take full responsibility for defining roles and responsibilities of all the agencies involved (mean = 4,69) and ensure that experienced client representatives are assigned to the project (mean = 4,84). This is consistent with the study conducted by Laurie and Mortimer (2019), which suggests that clients need to promote collaboration and provide assistance to agencies involved in an integrated campaign by taking the lead and creating a supportive environment. This is a difficult task, which explains the belief of assigning competent representatives to the project. The authors also suggest in-person meetings and frequent informal contact to facilitate teamwork. This suggestion is supported by the results of this study, as agencies believe clients should promote the integrated approach by engaging all relevant stakeholders in meetings and workshops (mean = 4,62). Lastly, a potential area of conflict is represented by clients ensuring that agencies' success is measured and incentivized according to cross agency collaboration (mean = 4,37). Although this metric may be an effective way to promote collaboration, it is difficult to identify a system that properly accounts for individual agencies' contribution. The impact of the two variables is presented in Figure 4.8.

VARIABLES	MEAN	S.D.
ROLE OF THE CLIENT	**4,41**	**1,35**
Clients need to take full responsibility for defining roles and responsibilities for all agencies involved.	4,69	1,39
The most important element of the client's engagement is the quality of the brief; without a quality co-scripted brief, it never starts off on the right track.	4,99	1,13
Clients should ensure cross agency collaboration is a metric against which each agency's success will be measured (and for which they would receive incentive).	4,37	1,30
Clients own the budget and with this responsibility comes the role of leadership in detailing the direction a brand wishes to pursue.	3,95	1,44
The client should be the one initiating integrated meetings/workshops where internal key stakeholders and relevant consultants/agencies sit around 'the same table', at least during the start-up phase.	4,62	1,38
Clients should take responsibility, as all too often clients just throw the 'integration grenade' and stand back to see what happens.	4,50	1,23
Clients should have dedicated experienced Product or Project owners, who know how to manage teams and are focused on delivery and not distracted by other priorities.	4,84	1,11
Clients should create an anonymous agency peer review system, where each agency reviews the collaboration skills of the others.	3,35	1,82
RELATIONSHIP BETWEEN LONG TERM ORIENTATION AND STAFF TURNOVER	**4,43**	**1,15**
Ultimately it comes back to having clearly defined roles and responsibilities and agreed rules of engagement laid out that can be picked up and understood by anyone.	4,80	1,02
Integration can always work if the will is there from the top to make it happen.	4,37	1,31
The best relationships are inculcated into the culture and structure of both client and agency, and ultimately results speak for themselves – but it is a constant challenge.	4,97	0,94
Talent mobility is a reality that we need to embrace, agencies have to get better looking at talent retention programmes from professional but also lifestyle angle.	4,85	1,08
I think mobility can only be a good thing – too many client marketers have a limited breadth of experience.	3,85	1,24
Company cultures need to focus on the customer at all times, then any individual is not wholly responsible for integration.	3,74	1,31

Table 4.6. Variables investigating the third research question.

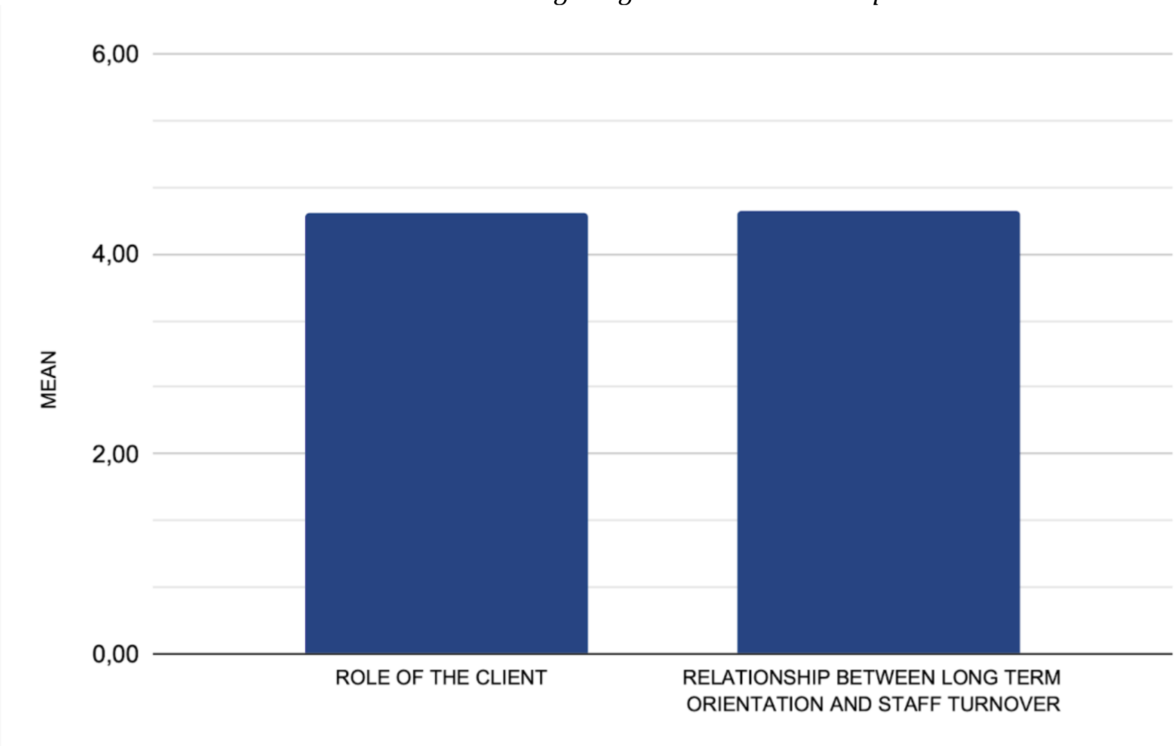

Figure 4.8. The impact of the variables on the third research question based on their mean.

The comparison between agencies dealing with bigger and smaller clients provides interesting results in relation to the *Role Of The Client (Figure 4.9).* The main aspect that emerges is that agencies with smaller clients show lower data regarding clients taking responsibility, in particular regarding responsibility for defining roles and responsibilities of the agencies involved (mean = 4,23), for leading the direction they want to pursue (mean = 3,68), for initiating integrated meeting and workshops (mean = 4,49). Moreover, agencies with smaller clients demonstrate lower average regarding the assignment of dedicated experienced Product or Project Owners (mean = 4,51). The comparison for the variable *Relationship Between Long Term Orientation And Staff Turnover* does not show significant differences. Still, it is interesting to note that agencies with smaller clients strongly agree that it is important to have defined roles and responsibilities that can be understood by anyone (mean = 5) (Table 4.7).

VARIABLES	MEAN (agencies with bigger clients)	MEAN (agencies with smaller clients)
ROLE OF THE CLIENT	**4,53**	**4,23**
Clients need to take full responsibility for defining roles and responsibilities for all agencies involved.	4,83	4,46
The most important element of the client's engagement is the quality of the brief; without a quality co-scripted brief, it never starts off on the right track.	5,03	4,90
Clients should ensure cross agency collaboration is a metric against which each agency's success will be measured (and for which they would receive incentive).	4,41	4,27
Clients own the budget and with this responsibility comes the role of leadership in detailing the direction a brand wishes to pursue.	4,12	3,68
The client should be the one initiating integrated meetings/workshops where internal key stakeholders and relevant consultants/agencies sit around 'the same table', at least during the start-up phase.	4,72	4,49
Clients should take responsibility, as all too often clients just throw the 'integration grenade' and stand back to see what happens.	4,66	4,27
Clients should have dedicated experienced Product or Project owners, who know how to manage teams and are focused on delivery and not distracted by other priorities.	5,07	4,51
Clients should create an anonymous agency peer review system, where each agency reviews the collaboration skills of the others.	3,41	3,29
RELATIONSHIP BETWEEN LONG TERM ORIENTATION AND STAFF TURNOVER	**4,42**	**4,44**
Ultimately it comes back to having clearly defined roles and responsibilities and agreed rules of engagement laid out that can be picked up and understood by anyone.	4,66	5,00
Integration can always work if the will is there from the top to make it happen.	4,29	4,46
The best relationships are inculcated into the culture and structure of both client and agency, and ultimately results speak for themselves – but it is a constant challenge.	4,95	4,98
Talent mobility is a reality that we need to embrace, agencies have to get better looking at talent retention programmes from professional but also lifestyle angle.	4,98	4,63
I think mobility can only be a good thing – too many client marketers have a limited breadth of experience.	4,00	3,68
Company cultures need to focus on the customer at all times, then any individual is not wholly responsible for integration.	3,64	3,88

Table 4.7. Variables investigating the third research question, comparing agencies with bigger and smaller clients.

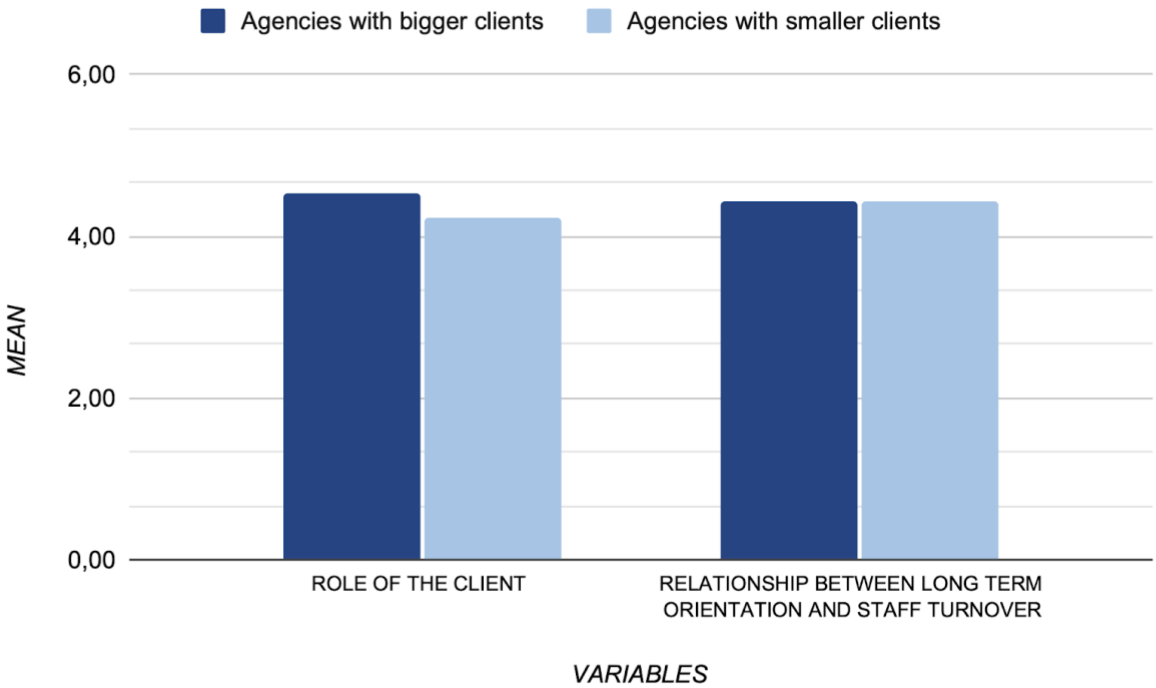

Table 4.9. The impact of the variables investigating the third research question based on their mean, comparing agencies with bigger and smaller clients.

4.4 Findings

This study investigates the relationship between Italian agencies and small and medium enterprises. The aim is to provide insights and tools that contribute to increase the longevity and productivity of the collaboration, in order to improve local businesses' implementation of marketing strategies and capitalization on digital tools. The analysis first focuses on how the relationship is currently managed to identify potential areas of improvement. Then, it assesses clients' approach and performance, as their performance directly affects the relationship and the agency's work. Lastly, it identifies potential future paths of integration and collaboration.

Overall, results demonstrate that there is effective daily communication between Italian agencies and their clients (mean = 4,13) (*Figure 4.4*). Agencies emphasize clear and regular exchanges, as well as agreed contracts before initiating the project which cover costs and remuneration, communications, and project approval. Agencies dealing with smaller clients report a lower mean regarding the client's representative having little decision power (T*able 4.3*). This underlines that, given the limited number of employees of micro and small firms, client's representatives usually are part of the top management and thus have more decision power. This improves communication and facilitates information exchange. However, they also report higher conflicts in daily work with clients. This may be due to their limited expertise, which requires agencies to intervene and may find resistance from clients' representatives. Another finding is that project management processes require more specification (mean = 3,68) in terms of budget, plan, key personnel needs, and potential project changes. This highlights a certain level of ambiguity in overall project management, which appears in contrast with the presence of pre-established contracts. This ambiguity suggests that while both parties initiate the relationship with the intent to follow specific guidelines, this intention reduces as the project advances. Despite the presence of contracts, they are not detailed or comprehensive enough, which makes it difficult for the parties to remain aligned. This represents a problem for smaller enterprises, which generally require additional guidance and benefit from clearly specified procedures. Supporting the client throughout the creative process has further implications. According to Levin et al. (2019), clients form value perceptions based on the agency's behavior. Collaborating with the agency allows clients to cognitively assess their performance and actively engage in the relationship. In this sense, project management processes can also help develop interpersonal relationships, which are the precursor of trust, commitment, and satisfaction, thus influencing relationship quality. By improving project management processes, the perceived performance of agencies will increase. However, when taking into consideration agencies that deal with smaller clients, results reveal a stronger and more effective implementation of project management processes with respect to agencies dealing with bigger firms (*Table 4.3*). This suggests that agencies are aware of the limitations of their micro and small clients and support them with clearly defined procedures and guidelines. Levin et al. (2019) underlines that advertising agencies provide clients with value not only through project management processes but also through creativity. Despite this, agencies reported prioritizing meeting client's objectives and strategy over creativity, which results in a certain level of *Agency Clientelism* (mean = 3,31). Meeting client's strategic results is important, but sacrificing creativity may negatively affect the relationship over time. Finding an equilibrium between meeting clients' requests and needs while maintaining creativity standards may prove difficult in the long run. If agency clientelism were to prevail due to fear of losing the account, trust and communication between the parties would be compromised. Moreover, sacrificing creativity, which is agencies' key competence, would reduce their power in the relationship. Reducing clientelism is particularly important when dealing with smaller clients, as they usually lack strategic direction and need the agency to compensate. If the agency does not identify and address potential deficiencies in the client's strategy and simply follows instructions, not only it fails its role as partner, but it will deteriorate the collaboration. Hence, even though pleasing the client may have some short-term benefits, it would compromise the relationship management in the long term. The results also highlight that a greater degree of integration is required (mean = 3,45). Contrary to previous research, agencies perceive themselves as strategic partners, and clients seem to have acknowledged this role, building the foundation for further integration. This aspect is more pronounced among agencies with smaller clients. Agencies feeling part of their client's company may stem from the limited expertise of smaller clients, which increases trust and reliance on agencies, and thus their involvement in the main decisions. However, clients do not share enough corporate marketing information, and the lack of transparency may hinder the development of marketing efforts that align with client's objectives, potentially leading to dissatisfaction. According to results, smaller clients are perceived to share less information with respect to larger companies. While bigger companies may withhold information due to diffidence and fear that agencies might use it to benefit other clients, smaller firms may simply be unaware of what information is useful or relevant for agencies to build a campaign. Moreover, contrary to expectations, agencies do not believe that their fees should be tied to the measurement of their creative results (mean = 3,15). This is in contrast with previous research suggesting that outcome-based compensation is the best solution to achieve integration (Davies & Prince, 2010; Laurie & Mortimer, 2019). This disagreement represents a potential area of conflict, as noted by Koch and Liechty (2005), and requires that clients and agencies find solutions that enhance collaboration and support integration. Addressing these issues during the initial contract discussions may help establish clear expectations and improve relationship management.

Regarding the approach to the relationship, Italian clients demonstrate a low level of sophistication (mean = 2,95) and often fail to provide a strategic direction in their briefs (mean = 3,53) (*Table 4.4*). Among agencies dealing with micro and small clients, these factors are more pronounced (*Table 4.5*). The limited expertise explains the lack of strategic direction in the briefs and the heavy reliance on agencies. However, it also means that clients are not fully complying with their responsibilities, placing additional pressure on agencies to compensate for the missing information and increasing the risk of misunderstanding client's expectations. It is important to keep in consideration that respondent agencies are mainly micro and small firms themselves. This implies that they may struggle to compensate for client's deficiencies while providing a creative and strategic solution. Clients also report a significant level of risk aversion (mean = 3,67), meaning that they prefer safer and more traditional solutions. The preference for more traditional and safer options may limit the agency's ability to innovate, hindering creativity and originality. This has a negative impact also on the marketing effort. A classic campaign may not stand out in a competitive market, especially in the crowded digital world. Thus, it would be ineffective and fail to reach the expected results. This presents a challenge to agencies, as they need to find a balance between client's comfort zone and creative solutions that meet strategic objectives. Therefore, it appears that the client's approach to the relationship is not effective and hinders the agency's performance. The interrelation among these variables is further discussed by Bilby et al. (2023). The authors argue that if client sophistication is high, risk aversion has a negative influence. Conversely, when client sophistication is low, client risk aversion can have either a positive or negative effect. It negatively affects strategy, with a stronger impact if the client is sophisticated. Instead, it has a positive effect on originality if sophistication is slow. Moreover, client sophistication has a negative impact on originality, strategy, and creativity independently from risk aversion. Nonetheless, low sophistication combined with risk aversion do not have a detrimental effect on creativity. The authors suggest that less sophisticated clients are more open-minded and willing to be guided by their agency. Hence, if the agency provides guidance to risk averse, unsophisticated clients, they will be more likely to accept more original and creative solutions. When comparing agencies dealing with smaller and bigger clients, results show that smaller clients are associated with lower levels of risk aversion and sophistication. Building on the discussion of Bilby et al. (2023), this combination indicates that, with proper guidance and education, smaller clients will accept bolder, creative solutions. Because of their unsophistication, smaller clients are also more likely to trust the agency and accept its guidance, recognizing its role as strategic partner and fostering integration. Therefore, although smaller clients may struggle to fully perform their tasks and responsibilities within the relationship, their unique characteristics provide agencies the opportunity to embrace their strategic role, ultimately providing the basis for a solid and long collaboration.

Both the variables *Role Of The Client* and *Relationship Between Long Term Orientation And Staff Turnover* provide significant considerations for fostering future collaboration and integration and have gained a good level of consensus among Italian agencies (*Table 4.6*). A long-term collaboration is shaped and influenced by the characteristics of the parties involved, particularly by the top management and the organizational culture, which play a pivotal role in promoting integration. Leadership's support will provide the parties with the necessary tools to work together, ultimately improving the relationship. This may explain why many smaller enterprises often fall behind in the implementation of effective marketing strategies. Their limited resources focus their attention on more practical, short-term organizational issues, and the top management is often involved in day-to-day work activities. As a result, integration and collaboration are not prioritized. This is coherent with results from agencies dealing with smaller clients, which have reported lower agreement regarding their clients taking more responsibility. While they still recognize the importance of clients taking responsibility, they are also aware of their limitations, which may hinder their ability to fulfill their role and assign dedicated, competent representatives. A long-term collaboration is challenged also by one of the issues identified earlier in this study, that is staff turnover. A change in representatives hinders the creation of personal bonds, which are essential for building trust and a collaborative environment. Additionally, such changes can also disrupt the workflow and cause project delays. Nonetheless, staff mobility can also provide new competences and ideas, promoting creativity and innovation, which will have a positive influence on the final outcome. This challenge can be mitigated by establishing clear responsibilities and procedures. Defining specific tasks and guidelines allows new hired staff to easily pick up the work from where it was left, minimizing the effect of staff turnover. This aspect is strongly emphasized by agencies with smaller clients and is coherent with their stronger implementation of project management processes.

Based on the results of this study, the relationship between Italian agencies and their clients is subject to several challenges. On one hand, clients fail to effectively perform their role, as they generally do not provide a strategy in their brief and do not take enough responsibility. This places additional pressure on agencies, which are mostly small firms and may struggle to compensate for clients' deficiencies while providing good quality solutions. On the other hand, agencies tend to please the client at the detriment of creativity, which may lead to solutions that do not meet strategic objectives. However, a significant opportunity emerges in relation to micro and small clients. Agencies are aware of their limitations, hence they provide clearly specified procedures that guarantee alignment throughout the duration of the project. This minimizes the negative effect of clients' deficiencies on the relationship. The low sophistication of SMEs also enables agencies to provide guidance, increasing clients' trust and reliance. Hence, agencies can fully embrace their role as strategic partners, enhancing integration as well as collaboration in the long run.

5. Conclusions

The client-agency relationship is one of the key factors in the ad-industry, as a long-term relationship entails increased financial benefits and is the pre-requirement for successful marketing efforts. However, the digital transformation has profoundly affected organizations, reshaping not only their business models but also their marketing strategies. Digitalization has led to an increased consumption of communication messages and stimuli, which in turn has resulted in the client demanding more marketing solutions in reduced time. For the agency this translates in a reduction of time between the client's brief and the launch of the campaign, as well as shorter decision-making and production processes. The increased access of clients to behavioral data has created an imbalance in the relationships. Clients make more in-house decisions and agencies are not involved in the main discussions, which compromises their role and influence. This has created ambiguity in terms of responsibilities and expectations. It has also hindered the effective exchange of information and communication, leading to a lack of trust between the parties. To regain power in the relationship, agencies have started to accept work that is out of their area of expertise, adopting an opportunistic behavior. These dynamics have compromised the quality of the collaboration, ultimately resulting in dissatisfaction and lack of commitment. The longevity of the relationship is thus compromised, as most collaborations end in less than one year. This client turnover entails increased costs for agencies, which need to invest resources to find new clients, while clients can take up to two years to find a replacement and establish a new relationship. The Italian landscape is dominated by the presence of small and medium enterprises (SMEs), which are characterized by limited resources, competences, and lack of trained staff, and their business management is highly influenced by their owner's attitude. Their slower digitalization process and adoption of Information and Communication Technologies (ICTs) has hindered their productivity and competitiveness with respect to larger companies. Many SMEs struggle to access employees with digital skills and fail to train their staff to develop such competences. Italian consumers prefer new media with respect to conventional media, and actively search for information about brands on search engines and engage on online platforms. Italian SMEs can thus significantly benefit from the implementation of digital marketing and communication efforts. This approach requires specific competences and a strategic perspective to be fully capitalized on. Small and medium enterprises recognize the benefits of social media tools and have tried to implement them in their businesses, but they do not adopt a strategic approach and do not know how to measure results. As a consequence, many SMEs have started to rely on the expertise of external service providers. However, the relationship between Italian agencies and small and medium-sized clients faces challenges related to both internal aspects, such as client unsophistication, and external factors, such as digitalization. Italian SMEs have expressed a lack of trust and mutual understanding in their relationship with agencies, which induce them to terminate the relationship and adopt a do-it-yourself approach.

The purpose of this study is to investigate the relationship between Italian agencies and their small and medium-sized clients to provide insights that can improve the quality and longevity of the collaboration. From the results, it emerges that small and medium enterprises' unsophistication has a huge impact on different aspects of the relationship dynamics. The unsophistication of SMEs, which stems from the limited access to trained staff and advertising competences, hinders their ability to fulfill their role and share the necessary information, providing low quality briefs and lacking strategic direction. They also struggle to create a supportive environment that promotes integration across different agencies. The top management of smaller companies is generally involved in daily work activities and focuses on short-term results, thus integration and collaboration are not prioritized. This places additional pressure on agencies and increases role ambiguity, as agencies have to compensate for clients' deficiencies. It also increases the risk of misunderstanding client's expectations and failing to meet the desired results, leading to client dissatisfaction. The lack of strategic direction from the client also hinders the agency's ability to create campaigns that meet long term and broader objectives. Hence, the lack of long-term strategy may be ineffective and hinder the competitiveness of the business. Client unsophistication can also result in long-term dependency on the agency, as SME clients may continue to rely on the agency for strategic and creative guidance. While this can be beneficial for agencies in terms of client retention, it also may lead to an imbalanced relationship where the client never fully develops the capacity to contribute and support the agency in the strategic process. Over time, this could lead to frustrations on both sides, as agencies may feel too much pressure and responsibility while clients may become dissatisfied with their lack of control or input. Therefore, to achieve long-term collaboration agencies strongly emphasize the need for clients to take responsibility. However, given smaller businesses' limitations, it is unlikely that they will take initiative to acquire advertising and digital skills to better perform their role. To help clients take on more responsibility, a solution lies in the agencies broadening their strategic role. This means taking on an educational role, guiding clients through the complexities of marketing strategy, creative processes, and campaign execution. This increases the client's reliance on the agency and fosters a sense of trust, especially if the agency is seen as a knowledgeable partner who can compensate for the client's limitations. Over time, this trust can lead to deeper integration and collaboration, as clients become more willing to defer to the agency's expertise. However, to effectively take on this role agencies should reduce their level of clientelism, which appeared to be too high in the relationship. Agency clientelism is a type of opportunistic behavior that occurs when the agencies minimize creativity in favor of providing safer solutions to avoid losing the client. The priority of agencies to please the client may result in opting for more traditional solutions and not advising the clients against poor strategies or ideas. While pleasing the client may lead to some short-term results, sacrificing creativity may hinder the achievement of the marketing objectives, ultimately leading to clients' dissatisfaction with the agency's performance. Clients also show a tendency towards risk aversion, preferring traditional solutions that can limit creativity and hinder marketing efforts, which explains agency clientelism. However, studies show that agencies perceived micro and small clients as less risk averse with respect to bigger organizations. Clients' unsophistication combined with lower risk aversion makes them more open to creative solutions, as long as they are properly guided by the agency. This supports the suggestion to reduce clientelism and to strengthen the strategic role of agencies, as their expertise and recommendations are highly valued by SMEs.

Another important aspect to improve collaboration is enhancing project management processes. Italian agencies and their clients maintain effective daily communication, with agencies prioritizing clear exchanges and agreed contracts before initiating the project. However, data reveal that project management processes require more clarity, particularly concerning budget, planning, key personnel, and potential project changes. This indicates that, despite initial agreements, the intention to follow specific procedures diminishes as the project advances, and the parties struggle to remain aligned. Agencies dealing with micro and small enterprises underline a stronger implementation of project management processes. This suggests that they recognize the limitations of their clients and provide them with tools to guide them through the creative process. Providing the client with clear and detailed tasks and procedures to follow will help perform its role and contribute to the project, guaranteeing a smoother collaboration. SMEs often do not have skilled personnel, or dedicated personnel at all, that can oversee marketing efforts. Hence, clear responsibilities and guidelines can help clients stay on track and contribute to the project, thus reinforcing integration between the parties. Enhancing these project management processes will also increase the perceived value of agencies, which will in turn lead clients to trust and rely on the agency, fostering long-term collaboration and client retention. Overall, enhancing project management processes will help agencies to educate and support the client. Moreover, the active engagement of clients in the processes will help build interpersonal relationships, which are the precursor of trust, commitment, and satisfaction. Since the client-agency relationship involves both professional and personal factors, the development of personal bonds can further enhance communication, tolerance, and understanding, supporting a long-term collaboration. The development of personal bonds is challenged by the growing phenomenon of staff turnover, which averages 18 months in the marketing industry, and has been recognized as an issue for long-term collaborations. Frequent staff mobility can disrupt workflows and slow down projects. However, it can also provide new ideas and competences, leading to more innovative solutions. Its negative effects can be minimized with clear procedures and responsibilities, so the new hired staff can easily pick up work from where it was left, without disrupting the workflow. By enhancing project management processes, agencies will not only position themselves as strategic partners, but also improve other aspects that are currently challenging the longevity of client-agency relationships.

The study points out several aspects that are hindering a long-term collaboration between Italian agencies and their small and medium-sized clients. A major challenge is client unsophistication, as SMEs frequently over-rely on agencies and fail to recognize how their involvement affects agency performance. Nonetheless, SMEs' limitations provide new opportunities for agencies. Due to limited resources and expertise, clients are unlikely to take initiative to improve their contribution. Therefore, agencies should take on a consultative role, actively guiding clients throughout the creative process. They should take the lead by educating clients on the importance of clear, co-scripted briefs, the advantages of innovative and creative solutions, and the value of long-term strategic objectives. By proactively shaping the client's understanding, agencies can help clients realize how their actions influence overall performance, motivating them to fulfill their role more effectively. This education can be done through the enhancement of project management processes, providing clients with clear procedures, guidelines, and responsibilities, helping them to remain aligned with the project while developing new competences. While this requires more effort in the short term, it will ultimately strengthen the agency's influence, increase client trust, and enhance retention by elevating the agency's perceived value. In the long run, this approach will build trust and strengthen the agency's position as a reliable partner, ultimately fostering collaboration and integration as well as improving the longevity of the relationship.

Appendix

Questionnaire about the client-agency relationship
General questions
1. What is your job title? (ex. Digital Strategis, Account Manager, Copywriter...)
2. What is the total number of employees within the agency?
3. What percentage of your clients are businesses with less than 50 employees?
4. In which region is the agency located?
5. What type of services does the agency offer?
A. Consulting and development of communication and marketing strategies
B. Content creation and marketing campaigns
C. Media management
D. Analysis and monitoring of the performance of communication activities
E. Media and press relations management
Please, express your level of disagreement or disagreement with the following statements from 1 (=totally disagree) to 6 (=totally agree).
1. Our clients provide the marketing strategy, we have no input.
2. Our clients rely on our agency to decide the marketing strategy for them.
3. Creative fulfillment is more important to us than the client's strategy.
4. I feel like I am a part of my client's company and not a contractor.
5. We believe our fees should be tied to measurement of our creative results.
6. Our clients do not sufficiently share corporate marketing information.
7. Our projects are executed in a way that results in few strategy changes.
8. The strategic impact of our creative efforts can be quantitatively measured.
9. We believe we know what is best for the client more than they do.
10. Sometimes our clients are surprised by our invoice amounts.
11. Before starting we have a contract covering costs, delivery, remuneration.
12. It is easy getting in touch with our designated client contact.
13. Before starting we have a contract over communications and with whom.
14. Before starting we have a contract defining project approval.
15. Client contact often has little decision power causing changes by superiors.
16. The client's opinion is all we hear about a completed project's success.
17. There is very little conflict with day-to-day work with our clients.

18. Clients need to take full responsibility for defining roles and responsibilities for all agencies involved.

19. The most important element of the client's engagement is the quality of the brief; without a quality co-scripted brief, it never starts off on the right track.

20. Clients should ensure cross agency collaboration is a metric against which each agency' s success will be measured (and for which they would receive incentive).

21. Clients own the budget and with this responsibility comes the role of leadership in detailing the direction a brand wishes to pursue.

22. The client should be the one initiating integrated meetings/workshops where internal key stakeholders and relevant consultants/agencies sit around 'the same table', at least during the start-up phase.

23. Clients should take responsibility, as all too often clients just throw the 'integration grenade' and stand back to see what happens.

24. Clients should have dedicated experienced Product or Project owners, who know how to manage teams and are focused on delivery and not distracted by other priorities.

25. Clients should create an anonymous agency peer review system, where each agency reviews the collaboration skills of the others.

26. Ultimately it comes back to having clearly defined roles and responsibilities and agreed rules of engagement laid out that can be picked up and understood by anyone.

27. Integration can always work if the will is there from the top to make it happen.

28. The best relationships are inculcated into the culture and structure of both client and agency, and ultimately results speak for themselves – but it is a constant challenge.

29. Talent mobility is a reality that we need to embrace, agencies have to get better looking at talent retention programmes from professional but also lifestyle angle.

30. I think mobility can only be a good thing – too many client marketers have a limited breadth of experience.

31. Company cultures need to focus on the customer at all times, then any individual is not wholly responsible for integration.

32. The advertising strategy, which should have been in the client's brief, was actually constructed by the agency.

33. There was no strategic direction given to the agency in the client's brief.

34. The brief the client gave the agency contained a clear strategy.

35. The brief showed that the client had a specific strategy in mind.

36. The client was knowledgeable about advertising.

37. The client was experienced with advertising.

38. The client did not understand advertising.

39. The client was risk averse.

40. The client was so uncertain, they had difficulties making decisions.

41. The client was willing to take a risk on the creative work.
42. Top agency management often interferes in work to please the client.
43. The agency priority was to keep the client happy no matter what.
44. The agency's culture accommodates clients at the expense of good creative work.
45. There was a detailed plan (including time schedules, milestones, manpower requirements etc.) for the undertaking of the project.
46. There was a detailed budget for the project.
47. Key personnel needs for the project (that is, who, what capabilities and when personnel were required) were clearly specified.
48. A clear process was established for any changes initiated after the initial plan had been signed off.
49. The results of planning meetings, such as decisions made, information received and needed etc., were available to the entire project team and relevant stakeholders.

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