Application of the Theory of Decision-Making to Decisions about Creative Advertising Strategy

Bronislavas Ėrėška, Kristina Vasiliauskaitė

Vilniaus universitetas
Saulėtekio al. 9, LT-01513, Vilnius

The article analyzes theoretical aspects of making decisions concerning creative advertising strategy. Problems related to making decisions about creative advertising strategy are relevant to both advertising agencies and advertisers, who increasingly focus on creation of advertising, which is considered to be the main means for gaining distinctiveness in the market oversaturated by advertising. In the article a creative advertising strategy is defined as the part of the general advertising strategy formed in cooperation between the advertiser and the advertising agency, a complex of interrelated organizational and creative decisions aimed at presenting product or service, conveying brand position, and influencing consumer and distinguished by the catalyst effect. The Theory of Decision-Making is applied to this new and understudied subject - creative advertising strategy (hereinafter - CAS). The purpose of the present article is to assess applicability of the Theory of Decision Making to making decisions about creative advertising strategy and to identify opportunities for increasing the efficiency of this process. The article details peculiarities of making decision about creative advertising strategy arising both from the complex and dynamic object of study and from participants in the decision making process. CAS decisions are categorized as belonging to the administrative model: they are characterized by relatively high uncertainty. There is another aspect, according to which management decisions may be classified - a number of participants in the process of decision-making. In terms of the number of participants, CAS decision belongs to the collective decision type. The participants include an advertising agency and advertiser, representing two independent organizations with different interests.

CAS decision making process is analyzed by identifying the main stages of the process, and clearing the content of each of these stages. Proposals for structuring the process and recommendations concerning application of decision-making methods are provided. The article reveals a new and understudied aspect about CAS.

Keywords: creative advertising strategy, advertising agency, advertiser, decision-making.

Introduction

Today both advertising agencies and advertisers increasingly focus on creative advertising, which is considered to be the main means for gaining distinctiveness in the market oversaturated by advertising. One of the biggest problems faced by advertising market players is evaluation and selection of creative advertising strategy options in order to pick the best available options. This represents a decision-making process, which becomes complicated due to two reasons. First, complexity of creative advertising strategy as an object as well as a lack of decision-making methodology and evaluation criteria make it multidimensional and extremely complicated. The decision-making process is also complicated by the fact that creative advertising strategy options are usually evaluated by two different parties: advertising agency and advertiser (except for the cases, when the advertiser is not using advertising agency services; however, such cases are beyond the scope of the present study). This way the decision-making process is divided into two parallel processes, which are separate, but leading towards the common final result. The main variables of evaluation process include objective, stages, and participants in the decision-making, time factor, evaluation criteria as well as perception of financial resources, which often differs from perspectives of the client and the advertising agency. This influences gaps in communication between the advertising agency and the advertiser, reduces effectiveness of decision-making, and creates conditions for the selection of sub-optimal creative advertising strategy.

The objects of the research are theoretical aspects of decision-making concerning CAS options.

The problem studied is application of the Theory of Decision-Making to the process of making decisions about CAS.

Purpose of the article is to analyze decisions about creative advertising strategy using the Theory of Decision Making.

To achieve this purpose, the Theory of Decision-Making is analyzed in the present article and its applicability to making decisions about CAS is assessed. On the basis of theoretical literature review, the article identifies peculiarities of the process from the perspectives of advertising agency and advertiser.

Background of the subject: Scientific literature devotes a lot of attention to the Theory of Decision-Making. The subject has been intensely studied by both foreign authors, such as Keen, Yetes, Day, Drucker, Kerzner, Mintzberg, Quinn, Ghoshal, etc., as well as by Lithuanian authors, including Puškori, Skyrius, Seilius, etc.

There has been little scientific research on the subject of making decisions about creative advertising strategy. Individual aspects of the problem have been analyzed in
the general literature on creative advertising strategy (Jewlwer, Drawniany, Rossiter, Percy, Russel, Lane, etc.), however, no studies have been conducted on this particular issue. Therefore, the topic of the present article is both new and relevant.

**Theoretical Aspects Making Decisions about CAS**

On the basis of scientific literature review the following main aspects of theoretical studies of management decision-making may be distinguished: aspects of systematization of management decision-making (Yates, Drucker, Horschgen, Dey, etc.), decision support systems (DSS) – i.e. collection and systematization of resources required for decision-making (Keen., Scott Morton, Sprague, Carlsson, Bonczek, Holtsaple, Whinston, Halhotra, Skyrius, etc.), decision-making process (Yaetes, Drucker, Bettman, Payne, Luce, etc.), ways of making decisions: decision-making methods, work styles of decision-makers (Drucker, Payne, Bettman, Johanson, Sherpard, Savame, etc.). Due to the limited scope of the article, we concentrate on those aspects of the Theory of Management Decision-Making, which are the most relevant to making decisions about CAS, in particular on the process of making of decisions.

The purpose of making decision concerning creative advertising strategy¹ is selection of the single best strategy from totality of available options. In the present article a creative advertising strategy is defined as the part of the general advertising strategy formed in cooperation between the advertiser and the advertising agency, a complex of interrelated organizational and creative decisions aimed at presenting a product or service, conveying brand position, and influencing consumer and distinguished by the catalyst effect. The result of the CAS is the advertising message.

Though distinguished by peculiarities arising from complexity of CAS as a subject, this process decision-making is a process of making a decision to select one or another CAS option. As today decisions are made on the basis of imprecisely defined and difficult-to-substantiate information, the prevailing opinion maintains that decision-making is more of an art than of a science (Drucker, 2004). However, ever increasing competition is raising stakes of decisions being made as well as costs of consequences. Therefore, more and more often people try to substantiate their decisions, to predict their consequences, and to find optimal solution (Puškorius, 2001).

On the basis of the Theory of Decision-Making, there are distinguished two criteria, allowing for systematization and classification of management decisions. These are level of definition and degree of risk. These criteria allow for grouping of management decisions into the classical normative, which are based on the Economic Prediction Theory, and the administrative. Purposes of

---

¹ In the present article a creative advertising strategy is defined as the part of the general advertising strategy formed in cooperation between the advertiser and the advertising agency, a complex of interrelated organizational and creative decisions aimed at presenting product or service, conveying brand position, and influencing consumer and distinguished by the catalyst effect. The result of the CAS is the advertising message.
by the definition of the collective decision-making provided by Daft, who defined it as “decision made by groups or individuals of a collective, each of which has its role in the decision-making, is responsible for his area of expertise and shares goals and interests of the organization” (Daft, 1987). This definition sets the main criteria for the definition of collective decision: number of participants, that is the decision is made by a group of persons rather than by one person, shared interests (goals), and consensual basis for making a decision. On the basis of this definition we may point out peculiarities of CAS decision-making as a form of group decision-making. First, this kind of decision-making is distinguished by the fact, that participants are a group of people coming not from the same organization, but from two different economic entities – an advertising agency and advertiser. Though theoretically both groups should act in pursuit of a common result, but in reality both shared and conflicting interests are at play, particularly the financial and the informational ones. Conflict of financial interests is expressed as conflict of profit orientation of the two organizations, which confrontation concerning information arises because two subjects have differing information in terms of both the nature of information and its reliability level. The second problem is the organization of cooperation between group members, division of responsibility, and creation of a system of delegation and information distribution. This problem is complex and complicated on both the theoretical level (i.e. modeling) and the practical level (i.e. process organization). The third problem is related to differences in competence, knowledge, and education of the participants in the decision-making process, which makes communication among the participants more difficult.

Another aspect of the general Decision-Making Theory to be discussed is process theory and peculiarities of its adaptation to the CAS decision-making. In the present paper the process is defined as a sequential transformation a phenomenon, its conversion into another phenomenon, that is, sequential transition from the problem – a need to make a decision concerning CAS – to the result manifested as the CAS selected.

The process of making any management decision is described by a number of variables, including purpose of the decision, speed of decision-making, the decision-maker, financial and time resources.

In the scientific literature six main stages of decision-making process are traditionally distinguished: a need, assessment or general research, preparation of decision options, selection of the best decision, realization of the decision, evaluation of results, and feedback (Richardson, Richardson, 1990).

Other authors divide this process into smaller steps. Yates F asserts that any decision-making process involves the following main stages: a need, method, investment, options, opportunities, decision, quality, compromise decisions, acceptability assessment, and execution (Yates, 2004). These stages may be summarized by three main stages: a need to make a decision, determination of decision options, and selection of the best option. (Mintzberg, Quinn, Ghoshal, 2001). The CAS decision-making is analyzed in terms of these stages.

Stage 1: CAS decision-making process starts from emergence of a need. The need to evaluate and select CAS options is usually raised by the advertiser on the basis of his marketing needs. It may be expressed as a need for image, supporting advertising campaign or sales promotion. This needs is presented to the advertising agency as a task (in case of continuous cooperation) or an invitation to tender of advertising agencies. The need to make a decision is directly related to assessment of the situation – a stage in which the problem and advertising purposes are specified. In CAS these purposes are represented by general purposes of advertising.

A purpose represents the final result of an activity. Such definition allows treating the purpose as the most important stage in decision-making process. According to A.S Bolshakov, V.I. Michailov, different decision options imply different result and the closer this result is to the initial purpose, the more successful the decision will be judged to be. Therefore, definition of purposes and ensuring of the purpose-result feedback are vital in making of a decision, as they provide for evaluation of the decision.

Purposes are defined on the basis of assessment of a situation, which includes collection of essential information providing for specification of purposes with the emphasis on the creative aspect of advertising.

Assessment or collection of the initial information includes collection, analysis and organization of internal and external information in order to define purposes of advertising campaign and to define requirements for the creative aspect of advertising. Situation assessment may be conducted in a number of methods: SWOT analysis, opportunities/risks analysis, limiting factors analysis, etc. Deeper analysis of these methods is beyond the scope of the present article. However, we must note, that regardless of the method used, a situation assessment shall include the main elements of the marketing mix, a consumer segment, and a competition context. Advertising may solve only the problems related to the advertising message (image, awareness, consumer attitudes, presentation of information). It cannot solve problems related to price or quality of the product.

In this stage there is a difference between the information, which is possessed and used for analysis by the advertiser and the advertising agency. The advertiser may make an unlimited use of internal sources of information, such as company’s strategy, marketing plans, and market and competition studies. Advertising agency staff receives this information only from representatives of the client; hence, the information acquires a subjective quality. Furthermore, extent of the information provided may be limited by the policy of the company (confidentiality, trade secrets). It is of particular importance for the client to communicate adequately purposes of the advertising campaign, while the agency must do its best to understand these purposes appropriately. Standardized documents called “creative briefs” are often used for improving of communication between the advertising agency and the client. Such creative briefs include basic information processed during the first state of the CAS decision-making, including information on the target audience, product, and the competition context. This document shall be produced by marketing...
Stage 2: formulation of options of the creative advertising strategy involves several aspects. First, there is evaluation of the limiting factors, that is, time and financial resources. Second, there is formulation of options of the creative advertising strategy and determination of the necessary number of options.

Time is an important factor in the decision-making process. It is assessed from two perspectives: in terms of a time required for making the decision, that is, for performance of the act itself, and in term of a decision perspective, which could determine result of the decision.

Financial resources determine the selection of the method of decision-making, the number of participants in the decision, and the number of options. Furthermore, it is one of the main criteria for selection of options. (Yates, 2004). Time and financial resources represent the criteria for rejection of options.

Preparation of decision options is a process of development of alternatives. During this stage two main issues shall be solved: method of development of options and the number of options to be developed. Both of these issues are quite widely analyzed in the scientific literature.

The most prevalent recommendation in the literature is to create the CAS using brainstorming, which is one of the oldest methods for generation of ideas based on the principle “individual-group-individual”

The second issue, which should be solved during this stage of decision-making, is setting of the number of options to be considered. U. Gross (Gross, 1967) was the first to study the issues related to setting of the number of options to be considered. The theory was based on the analysis of empirical studies. The main principle hinges on the abundance of options. The assumption is that the more CAS are presented, the higher is the chance of selecting a suitable CAS. The author claims that only one in six CAS may be effective.

Modern theorists tend to narrow down alternatives taking into account time and financial costs. The objectives of the work is to determine the optimal number of options.

Stage 3: The third stage of CAS decision-making is selection of the best CAS. The following principle is followed: the best option is the one providing for achievement of the desired result with the smallest financial resources. On the other hand, the best decision may be considered the one which suits best the criteria and indices used. We will analyze the problem of criteria and indices in more detail. As decision is made, and the best CAS is chosen, it correspondence to the objectives is tested: (a) if CAS does not correspond to the objectives – process of development of CAS alternatives is repeated, (b) if CAS corresponds to the objectives – CAS implementation is made.

To summarize, the process of making decisions about CAS consists of three main stages, which may be in turn divided into smaller steps. The CAS decision-making model may be represented as follows (figure).

Conclusions

1. Theory of Decision-Making may be applied to making decisions about CAS, as the purpose of making such decisions is the selection of the best CAS from the totality of options.

2. CAS decisions may be categorized as belonging to the administrative model: they are characterized by relatively high uncertainty arising from complexity of the object and sociodemographic characteristics of the consumer and the decision-maker as well as from dynamics of these factors. Risk of
decision-making may become manifested in the longer-term perspective as a risk to deform brand position in the mind of consumers.

3. In terms of the number of participants in the decision-making it is a managerial group decision characterized by participation of representatives of two independent economic subjects – the advertising agency and the advertiser. Therefore, apart from the general issues of group decision-making, such decisions are also characterized by issues of compatibility of interests of the subjects.

4. CAS decision-making involves three main stages: a need for a CAS, development of CAS options, and making a decision concerning the best CAS. These stages are further divided into ten steps: definition of a need, objectives, situation assessment, evaluation of limiting factors, selection of a method for generation of options, identification of options, selection of a CAS decision-making method, selection of CAS, implementation of CAS.

5. Application of the Theory of Decision-Making allows the structuring of CAS decision-making process and reveals new managerial aspect of this understudied marketing phenomenon. Understanding and studying CAS from these perspective shows that it is possible to manage this process, which has been often kept as absolutely irrational or spontaneous, in the rational way. This is relevant to both advertising agencies and advertisers, who increasingly focus on creative of advertising, the main means for gaining distinctiveness in the market oversaturated by advertising.

References

29. Bronislovas Čereška, Kristina Vasiliauskaitė

Sprendimų priėmimo teorijos pritaikymas reklamos kūrybinės strategijos pasirinkimui
Santrauka

Reklamos kūrybinės strategijos pasirinkimo problemas aktualiausiu tik reklamos agentūroms tiek reklamos davėjams, šiandien vis didesniems skiriantiems reklamos kūrbybę, kuri vertinama kaip pagrindinė priemonė išsiskirti informacijos persotintoje rinkoje.


Nagrinėjama problema – kaip pritaikyti sprendimo priėmimo teoriją KRS pasirinkimui procesui.

Sprendimo tikslas – pasiteikus sprendimo priėmimo teoriją, išanalizuoti KRS pasirinkimo procesą.


Reklamos kūrybinės strategijos pasirinkimo klausimas nėra ištirtas mokslinio požiūrio: atskiri problemas aspektai analizuojami ben-
Kolektyvo grupi
ū
Reklamos agent
ē
ir rizikingumu, susijusiu su objekto specifika. Sprendimo pri
č
erat
ē
KRS pasirinkimas iš visos alternatyvų visumos. KRS pasirinkimas –
 tai administracinis valdymo sprendimas, pasižymintis neįprastum
iu ir rizikinumui, susijusiu su objekto specifika. Sprendimo priėm
ių rizika gali pasireikšti ilgalaikėje perspektyvoje – kaip rizika defor
muoti prekės ženklo poziciją vartotojo sąmonėje.

Antrasis aspektas, pagal kurį galima klasifikuoti valdymo sprendimus, – sprendimo priėmimą dalyvaujančių subjektių skaičius. Įskiriama individualūs ir grupiniai valdymo sprendimai. KRS pasirinkimas dalyvauja reklamos agentūros ir reklamos darbo atstovams, taigi jis priskirtinas grupiniams valdymo sprendimams. Analizuojant KRS pasirinkimo proceso specifiką, turime išvystyti šio kolektyvinio sprendimo priėmimo modelio ypatumus. Tai ištyrėti padės kolekty

Antrasis etapas: reklamos kūrybinės strategijos alternatyvų suformavimas apima keli aspektus: visą pirmo ribojančių veiksnių; t.y. laiko ir finansinių išteklių įvertinimas, antra – alternatyvių reklamos kūrybinės strategijos suformavimas bei reikalų alternatyvų skaiči
u