

VALUE CHAIN AND CRITICAL SUCCESS FACTORS FOR THE ADVERTISING AGENCY IN TURKEY'S ADVERTISING INDUSTRY

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ABSTRACT

Today, businesses are increasing the importance of competition in terms of advertising. Businesses are admitted advertising market share increases. Advertising is one of the most significant elements of the competitive factors, which most effective way to reach consumers. Businesses come in contact with advertising agencies to advertise, directly or indirectly. Giving ad should be considered as a process. After the selection of the agency carefully planned and programmed process monitoring, it is important for advertisers. Thus, the choice of the appropriate agencies be approached by reducing the failure condition in the selection of advertising agencies. Some of the critical success factors are also important for advertisers appointed in and found successful advertising agencies. On the other hand, many sectors are mobilizing along with many actors playing a role, which is at the forefront of creativity in the advertising industry. This study was aimed to determine the critical success factors in terms of advertising agencies, to reveal the advertising industry value chain analysis in Turkey.

Keywords: *Advertising, Advertising industry, Advertising agencies, Value chain, Critical success factors*

INTRODUCTION

Advertising industry is one of the main factors revealed a large contribution to the cultural economy in Turkey. Advertising sector as their more prominent compared to other sectors of the creativity, affects along with the TV, film, music, etc. sectors. While advertising supporting creativity, which create employment area to get a share of sake is considered the cultural economy. Starting from advertisers advertising activities, there is a long process leading up to the advertising medium and high value rises so forth. Advertising industry has the main characteristics of creative industries in terms of organization and structure of employment. Production process; which activates the basic products of advertisers and advertising agencies with the creative work is managed through developing value chain. If we think for advertising agencies, there are some critical success factors that play a role in the selection of advertising agencies. Advertising process

is intensive in terms of labor and capital, the most important factors are one of the creative and technical labor force levels (Töre 2011).

In this study, the value chain are examined, revealed in Turkey's advertising industry and the aim of identifying for critical success factors are in general advertising agencies. In this context, the data of these institutions have also been utilized: RTÜK (Radio and Television Supreme Council), TÜİK (Turkish Statistical Institute), RD (Advertising Association), RVD (Advertisers Association).

DEVELOPMENT AND MILESTONES OF TURKISH ADVERTISING INDUSTRY

Today, advertising is one of the most important methods of promotion, which has a very old history. Advertising in Turkey has emerged as a result be declared by the Ceride-i Havadis newspaper, the first private newspaper published in Turkish Ottoman Empire in 1840. This can also be considered as the first advertising agency in the formation of understanding ([http:// hurarsiv.hurriyet.com.tr/goster/printnews.aspx?DocID=-51477](http://hurarsiv.hurriyet.com.tr/goster/printnews.aspx?DocID=-51477)). In the first commercials are seen of the Tercüman-ı Ahval Newspaper's 1864 edition. This year in many newspapers and magazines have started to press life. In 1909, Publicity Company was founded (Yazıcı 2004). In the 1950s, newspapers and radio started to demonstrate as an effective advertising channel.

Press Association was established by Law No. 195 on January 2, 1961. Together with these developments, the number is also increased advertising expenditures and advertising agencies. This event is referred to as a milestone in terms of advertising history. On 3 March 1972, the first live TV broadcast was held by TRT (<http://www.trt.net.tr/Kurumsal/s.aspx?yil=1972>). This live broadcast is expressed as another turning point for Turkish advertising.

In 1980s, multinational companies have been prepared the ground for entry into the Turkish advertising, buy a 51% stake provided that the agency in Turkey. This development has reached about a new era for the Turkish advertising industry. With the start of the color broadcasting since 1983, television has become a more important medium for advertisers. Thus, since 1990s the increase of the number of private television channels in television broadcasting in the field of advertising has created a fully competitive environment (Töre 2011). In addition to all these developments, advertising, TV, cinema of industries such as, it's just perceived as a marketing channel within the scope of the value chain created by traditional television, film, music, photography contributed to many sectors, such as creative industry has become.

CRITICAL SUCCESS FACTORS

Critical success factors, located in almost every line of business and success factors that make it easier to reach. In other words, it is necessary to achieve success the key points. These factors may relate to the ability of the enterprise, and sometimes it may be related to environmental factors out of business. The critical points can be found in all that we do. First of all it is necessary to the determination of this point. Critical success factors to have the relevant business after

determining the necessary works for these factors should make it. After the critical success factors identified, the company should be required to work with these factors. In the critical success factors are already in business to do business in this state, their development and to become superiority compared to competitors. But it may not always be possible to achieve success in this regard. Businesses may not have the opportunity to reach the superiority of their competitors in these factors. In both cases, the work to be done, which is important for success is to provide the best of these factors necessarily outside the enterprise. At all levels of business critical success factors can be composed of different factors. Thus, at every level and in every activity should be analyzed whether there even of these factors (Ülgen and Mirze 2010).

Critical Success Factors in Terms of Advertising Agencies

Businesses who need to advertise, they decided to work with advertising agencies will want to rely on as the first company to work together. Moreover, the preparation of a new ad would be very costly. Advertisers are able to minimize the margin of error on behalf of, the selection of ad agencies work together they will pay attention to some critical factors. In determining advertising agencies, corporate image of the advertising agency is one of the issues that are most attention by advertisers. Corporate image is a good agency to work with, will be effective in the minimization of risk for advertisers point. Referrals from other business, it is important in the selection of advertising agency. Factors that make a successful ad agencies include: The agency's creative skills, the marketing capabilities of the agency, the agency's past experience, geographical location of the agency and to respond quickly and effectively to the needs of the agency skills, harmonization of operational and coordinated to work with agency staff, the group will stay in touch with current business consists of the agency who is that (Adcock, Halborg and Ross 2001).

According to another study in the literature, critical success factors, by size according to the client and agency, location, and accessibility, the type of need, expertise, experience, adaptability, empathy, and are specified as business skills. (Brassington and Pettitt 2003) In the company of a similar size, with respect and understanding of the business with the idea that advertising may be similar to each other of similar size advertising agency it is preferred. Also, the size will decrease the probability of any of the parties to put pressure on the other be similar. Advertising agencies in terms of control is present in close proximity to the business as you choose will be a situation where the advertisers. Customers are trying to choose the agency that can best meet their needs. The agency's areas of expertise also be a selection criterion for customers. If the business needs of a specific question, the customer will be able to choose to work with an agency that specializes in this regard. The experience and knowledge is a critical success factor for virtually any advertisers. The past experience of the agency is considered to be a reference point for the customer and can help to reduce uncertainty. Business, working with the clients of the agency, observations and prepare their advertising campaigns successful work, evaluate, and would have seen the skills of advertising agencies. The mutual harmony and empathy are important in terms of working

together. Customers with advertising agency by signing a partnership agreement creates a relatively specific process. In this partnership, both parties work in coordination with each other, integration, assimilation of the utmost importance to be able to take steps in parallel to take joint decisions. (Arslan 2002) In addition to this, the absence of conflict of interest should take its place among the success factors. In the same sector of the advertising agency in case there is a solution partnership with two different businesses may pay more attention to any of the customers. In this regard, the advertising agency, with two different businesses in the same industry advertisers will pay attention to this issue.

Advertising is of great importance is creative thinking, and wonder consumers are undoubtedly of great importance in terms of retention. However, in case of ad creative and useful, it will be reached to the desired level in advertising. (Kurtuluş 1992)

VALUE CHAIN MODEL

Value Chain Model was brought into literature by Michael Porter, it has found extensive applications both in theory and in practice to be himself. Michael Porter is carried out in the process of integration is seen as a key factor in gaining competitive advantage in the case of a company all operations are expressed as the basic tool to examine systematically. (Porter 1985) The model consists of two main parts: the main activities of the inward logistics, operations, outward logistics, marketing and sales and services, creating, in supporting activities, company infrastructure, human resource management includes technology development and purchasing departments. Value chain model recognized as a serious analysis tool in the strategic planning of the organization after Porter's industry or the industry itself by many researchers in the identification of specific technological and economic operation and it has been used frequently in the determination of the connection between each operation. So, managers could focus on the core competitiveness and strategic position in the industry will be able to more easily identify. Where as in the figure below, to carry out value chain analysis, examining and supporting activities under the heading of basic operations are essential. The basic operations of a company, while supporting operations associated with the production covers the operation of the requisite infrastructure for efficiency and effectiveness. (Eraslan, Helvacioğlu and Bakan 2008)

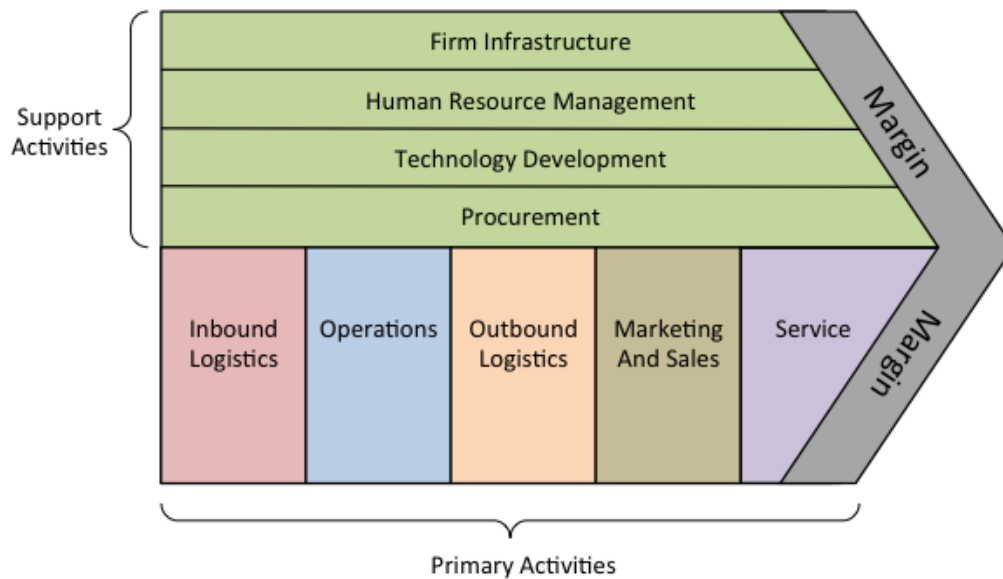


Chart 1. Porter's Value Chain Model (Ülgen and Mirze 2010)

Actors of Advertising Industry

Before revealing the model in the advertising industry value chain it is essential to mention the actors involved in the advertising industry. Advertising industry, only advertisements, but are not consist of advertising concepts, in particular industrial use of the concepts associated with it. Advertising or advertising just one area defining the advertising industry mainly refers to the presence of multiple workspaces. Advertising industry emphasize different aspects of advertising or advertising, both the advertising industry includes other sectors that support this industry. Advertising industry, advertisers, advertising agencies, media and promoters/suppliers from and so on. It consists of actors such (Hızal 2005). Here are some key actors for the advertising industry: Advertiser produced by or to make the promotion of goods or services markets, is prepared to strengthen advertising to increase sales or that create the image of the publication, another way is to distribute or exhibit natural or legal person. (<http://ticaretsicili.net/reklam-veren-kimdir>).

Advertising consulting firms, non-department for in-house advertising or institutions that want to use this unit more effectively advanced advertising can benefit from these firms for consulting services. These companies are in constant communication with advertising agencies and helps to find the appropriate agency and acts as a bridge between advertisers and advertising agencies. The advertising agency brand their companies, the characteristics of products and services, with advertising design, organization telling the masses. The behavior of consumers, to direct it towards the products and services or brands that use them for all the features are the organization of the advertising industry. Agencies, companies of products and services most useful features, the most striking, finding the most desirable property, advertising design at this point and pursues the aim of drawing the attention of consumers. Agencies, firms of large masses of people, brands, products, services recognize, try to make them love. Advertising agencies are

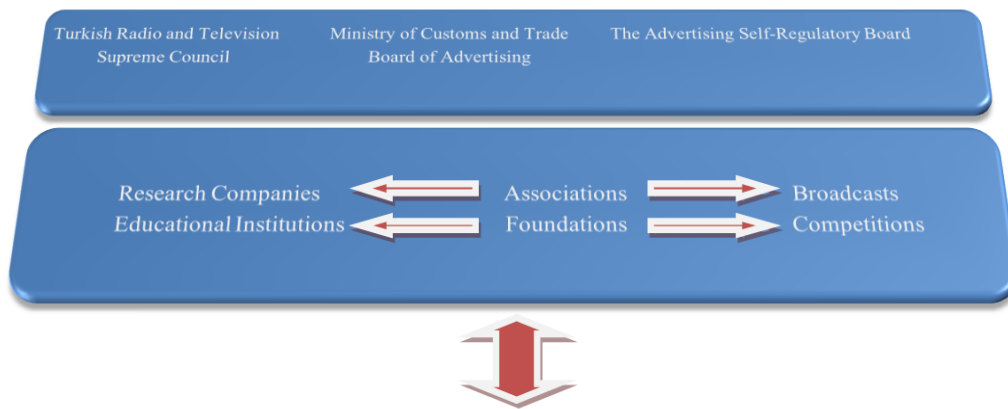
organizations responsible for communication between consumers and companies. Both sides are aware of each other, help each other to understand the request (<http://www.reklam.com.tr/reklam-yazilari/reklam-ajansi-neler-yapar/36>). It is one of the most important aspects of the advertising in media industry. The advertisers, advertising agencies have to prepare that message sometimes mass communication technologies in vehicles other than sometimes they are published at a specific price. These as well as promoters for the advertising industry are also available. Proponents of the advertising industry, according to the type of services they provide; research companies, film production companies, PR agencies, media buying companies, such as the specialized agencies or photographer, crook, color, printers discrimination includes units involved in the emergence of the final products(Hızal, 2005).

Value Chain Analyze of Advertising Industry

First, the advertisers with ads that directly relate to the main actors (holding up to all kinds of companies that sell retail products, company) progress on advertising the need for or thinking, that has become popular in recent years and play an active role in the selection of appropriate advertising agency advertising agency selection of consulting firms, advertising production and continues through appropriate advertising mediums(Arslan 2002).

Advertisers in general terms, the services of a product or provide the current orientation/consumption to increase or to contribute to the institutional image in advertising on condition, either through consulting firms or also apply directly to the agency. Selection of advertising agencies is critical because it requires significant and expertise. Businesses can take advantage of the advertising agency in the alternative that suits them from choosing another business counseling. Businesses receiving assistance in the selection of advertising agencies from their own internal marketing department considering that no longer have the expertise to select the most appropriate advertising agency consultants of the company today consultant for the elections to be carried out through the company's advertising agency. (Russell and Lane 2002) If they are found in constant communication with business consultants and advertising agencies, agencies better recognize, analyze and customers can contribute to their decisions proposing the most appropriate agency.

As shown in the table "Value Chain Analysis of Advertisement Industry", in reference to content of advertising, advertising production and advertising product can be included in the process. Furthermore, it can be concluded that photography, music, and graphic design can be incorporated into the process as well. Indirect activities, which are not directly related to this process and, which are included in the process from time to time, can take a place in this process. All the products, take part in advertising and advertising expense, advertising production and its sales, can increase and affect the production and sales of media productions, such as TV and radio (Töre 2011).



Some of the critical factors affecting the selection advertising agencies are: Creative labor, marketing skills, references for agencies, geographical position, proficiency, media purchase skills, rate of customer retention, corporate image etc.

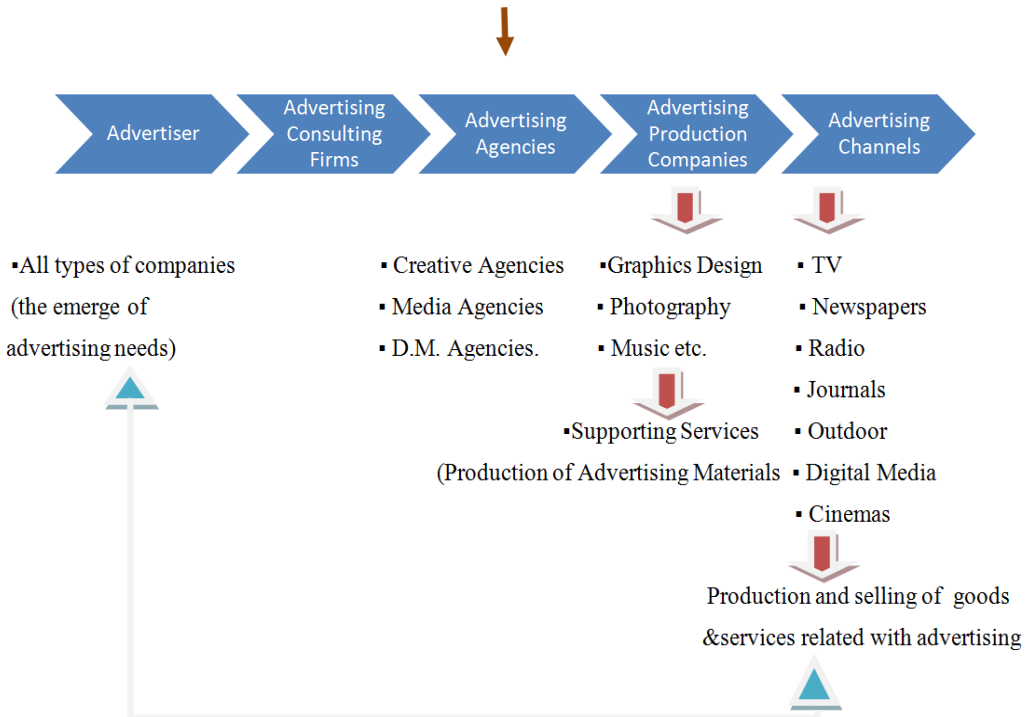


Chart 2. Value Chain Model of Advertising Industry ¹

The law no. 3984, "the foundation and broadcasting of radio and television" and "Radio and Television Supreme Council" (RTÜK) as well as the law no. 4077 "consumer protection" and board of advertisement of ministry of science industry(<http://www.rtuk.org.tr>), take an important role at the top stage of industrial structuring. Among the industrial institutions and foundations, association of advertising agencies has been considered as prominent, due to its contribution to facilities and research. Besides, Advertising Self-Regulatory Board (RÖK), which was jointly founded by advertising agencies, advertisers and

¹ Created by the author and inspired from Evrim Töre's Chart of Advertising Value Chain.

advertising channels in 1994, is regarded as one of the leading institutions, which provides auditing in advertising.

Compared to last year, % 9.2 growth in 2013 occurred and increased to %10, as to the estimate of media agencies that are members of RD. It was seen that the moving force of the growth was composed of fast moving consumer goods, finance, communication, automotive, construction and and decoration. In the first nine months, advertising investment was said to be increased to % 3 growth all around the world, it was reported that the advertising investments have an increase in all regions except Europe. In comparison to stable media hybrid in 2012 in Turkey, the increase was seen in TV and digital media (<http://www.rv.org.tr/announcements/details/140>).

Table 1. Media Investments in Turkey
(http://rd.org.tr/doc/RD_TABLO_2014_NISAN.pdf)

| TURKISH MEDIA INVESTMENTS*(mio TL) | | | | | | | |
|---|---|---------|--------|--------|--------------------|---------------------|------------|
| TV | PRESS | OUTDOOR | RADIO | CINEMA | DIGITAL | TOTAL | DIFFERENCE |
| TOTAL | TOTAL | TOTAL | TOTAL | TOTAL | TOTAL | | % |
| 2.908,46 | 1.139,38 | 347,90 | 132,77 | 57,41 | 494,79 | 5.080,70 | 9,2 |
| MEASURED | NEWSPAPERS | | | | DISPLAY | | |
| 2.303,26 | 1.037,49 | | | | 445,84 | | |
| NON-MEASURED | JOURNALS | | | | MOBILE | | |
| 605,2 | 101,89 | | | | 48,95 | | |
| *EXPLANATIONS | <p>These are the imaginary numbers, in reference to 2013 data results. Value added tax is not included.</p> <p>These are formed by data obtained through the media planning and purchasing institutions.</p> <p>TV: All the TV channels with time or duration data are included in this estimate. However, the product placement and integration research, which cannot be measured due to its lack of time data, are excluded.</p> <p>Press: The newspapers with column centimeter data are included in the estimate.</p> <p>Radio: All the radios with time data are included in the estimate.</p> <p>Magazines/ Journals: All the journals and magazines with page use data are included in the estimate.</p> <p>Outdoor: Unites, which are periodically hired and have the data use, are included. Except the practices which are like wall and parapet.</p> <p>Digital: Advertising investment is included, except the search and advertisement page.</p> <p>Local media investments are excluded.</p> | | | | | | |
| TURKISH ADVERTISING INVESTMENTS** | | | | | TL 1.693,57 | USD 886,68 | |
| **EXPLANATIONS | <p>USD Currency: 1,91 TL</p> <p>Advertising investments consists production, BTL, sponsorships, agencies incomes come from commissions and constitutes ¼ of total investments.</p> | | | | | | |
| TOTAL INVESTMENTS*** | | | | | TL 6.774,27 | USD 3.546,74 | |
| ***EXPLANATIONS | USD Currency: 1,91 TL | | | | | | |

Another significant data result is related to geographical position, in reference to the scope of critical success factor. According to TÜİK's general industry and workplace inventory in 2002, %49 of the firms in the field of advertising services and % 71 of employment are located in İstanbul, in Turkey. Data result shows the cluster of creative industries and reveals the most of the localization in İstanbul. In addition, it can be seen that nearly 130 advertising agencies, members of advertising organization, would prefer İstanbul in site selection.

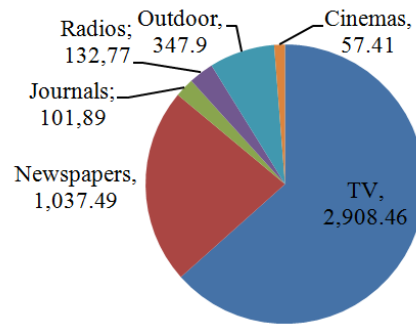


Chart 3. Comparative Advertising Investments, 2013 (Media Investments in Turkey
(http://rd.org.tr/doc/RD_TABLO_2014_NISAN.pdf)

RESULTS

Nowadays, communication is much more important. Organizations are constantly exposed to feel the competitive environment and the effects of competition. Communicating with consumers in order to be successful in these conditions came from a need and has become a necessity. This topic is descended into detail, because it requires in-depth expertise, many organizations prefer to work with advertising agencies.

Advertising is a process that needs to be considered in making the selection process be done in a systematic way of advertising agency will contribute to the effective processing. As a result of the literature studies and observations, some of the critical success factors have been identified relating to the advertising agency. These factors can be activated at different stages. Where the creativity is at the forefront of the industry, playing a major role for labor creative advertising agencies, technical workforce, past experience, marketing ability, opinions from the environment agency references, expertise, work ethic, and so factors are located. For example, in the value chain of creativity it can play an important role at every stage of the production; agency reference image, the geographical position (according to the data to be based in Istanbul) past experience of agencies, references plays an active role in the selection of the agency by the advertiser. As a result of these factors, in terms of advertising agencies and organizations, it is of great importance in terms of advertising will emerge. The choice of which we examine and agencies with which we have identified critical success factors, both agencies will contribute in making both these agencies, advertisers who prefer the company successful. On the other hand, the industry, as seen in the advertising industry value chain analysis is very comprehensive, directly and indirectly give life to many sectors and thus offers a major contribution to the cultural economy.

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