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ABSTRACT

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Abstract

The recent digitization, fragmentation of the media landscape and consumers' changing media behavior are all changes that have had drastic effects on creating marketing communications. In order to create effective marketing communications large advertisers are now co-operating with a variety of marketing communications companies. The purpose of the study is to understand how advertisers perceive these different companies and more importantly how do advertisers expect their roles to change in the future as the media landscape continues to evolve. Especially the changing roles of advertising agencies and media agencies are examined as they are at the moment the most relevant partners of the advertisers. However, the research is conducted from a network perspective rather than focusing on single actors of the marketing communications industry network.

The research was conducted using a qualitative theme interview method. The empirical data was gathered by interviewing representatives from nine of the 50 largest Finnish advertisers measured by media spending. Thus, the research was conducted solely from large B2C advertisers' perspective while the views of their other relevant actors of the network were left unexplored. The interviewees were chosen with a focus on variety of points of view. The analytical framework that was used to analyze the gathered data was built the IMP group's industrial network model that consists of actors, their resources and activities.

As technology driven media landscape fragmentation and consumers' changing media behavior continue to increase the complexity of creating marketing communications, advertisers are going to need to rely on a growing number of partnerships as they see that the current actors of the network will not be able to widen their expertise to answer to these new needs. The advertisers expect to form new partnerships with actors that are more specialized and able to react and produce activities more quickly than at the moment. Thus, new smaller and more agile actors with looser structures are going to appear to fill these new needs. Therefore, the need of co-operation between the actors is going to become more important. These changes pose the biggest threat for traditional advertising agencies as they were seen as being most unable to cope with the ongoing change. Media agencies are in a more favorable position for remaining relevant for the advertisers as they will be able to justify their activities and provided value by leveraging their data handling abilities. In general the advertisers expect to be working with a limited number of close actors and in addition having a network of smaller actors, which are used on a more ad hoc basis.

Key words	Industrial network model; marketing communications industry; media planning; creative planning; media agency; advertising agency; network change; advertising
Further information	

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TIIVISTELMÄ

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Tiivistelmä

Digitalisoituminen, mediakentän pirstoutuminen ja näitä seurannut kuluttajien mediakäyttäytymisen muutos ovat kaikki voimia, jotka ovat suuresti vaikuttaneet siihen kuinka markkinointiviestintää tehdään. Nykyisin suuret mainostajat ovat joutuneet hajauttamaan markkinointiviestintäpalveluiden ostamisen useille erikoistuneille yrityksille. Tämän tutkimuksen tarkoituksena on ymmärtää miten mainostajat näkevät näiden eri yritysten roolit nyt ja erityisesti tulevaisuudessa kun mediakentän muutokset jatkuvat. Tutkimuksessa keskitytään erityisesti mainos- ja mediatoimistojen roolien tarkasteluun, sillä ne ovat tällä hetkellä mainostajien tärkeimpiä kumppaneita. Tutkimus suoritetaan kuitenkin koko markkinointiviestintäverkostoon keskittyvästä näkökulmasta eikä ainoastaan yksittäisiin toimijoihin keskittyen.

Tutkimus suoritettiin kvalitatiivisena tutkimuksena, jossa tutkimusmetodina käytettiin teemahaastatteluja. Empiirinen aineisto kerättiin haastattelemalla yhdeksää edustajaa suomen 50 suurimman mainostajan joukosta. Tutkimus keskittyi siis suurien B2C mainostajien näkökulmaan. Haastateltavat henkilöt valittiin siten, että tutkimusilmiötä pystyttiin ymmärtämään erilaisista näkökulmista. Tutkimuksessa käytetty analyyttinen viitekehys rakentui IMP koulukunnan teollisten verkostojen mallille, joka koostuu aktoreista sekä niiden käyttämistä resursseista ja suorittamista aktiviteeteista.

Tutkimustulosten mukaan teknologisen kehityksen ajama mediakentän pirstoutuminen ja kuluttajakäytöksen muutos tulevat monimutkaistamaan mainosviestinnän luomista. Mainostajat joutuvat hyödyntämään yhä laajempaa kumppaniverkostoa, sillä nykyiset kumppanit eivät pysty lisäämään osaamistaan tasolle, joka tyydyttäisi mainostajien uudet tarpeet. Mainostajat olettavat tarvitsevansa lisää kumppaneita, jotka pystyvät toimimaan nopeammin ja ovat erikoistuneempia kuin tämän hetkiset kumppanit. Tämä asettaa suurempia vaatimuksia toimijoiden yhteistyökyvyille. Nämä muutokset uhkaavat eniten perinteisten mainostoimistojen asemaa, sillä mainostajat kokevat, että mainostoimistot ovat heikompia muutoksesta selviämisessä kuin muut toimijat. Mediatoimistot ovat hyvässä asemassa tulevaisuuteen, sillä ne pystyvät perustelemaan tarjoamansa lisäarvon tukeutuen niiden ainutlaatuiseen kykyyn käsitellä ja jalostaa kuluttajatietoa. Yleisesti ottaen mainostajat olettavat muodostavansa ympärilleen kumppaniverkoston, jossa on hyvin rajallinen määrä läheisiä kumppaneita, ja näiden lisäksi laajempi verkosto kumppaneita, joiden kanssa yhteistyötä tehdään harvemmin.

Asiasanat	Teollisten verkostojen malli; markkinointiviestintäala: media suunnittelu; luova suunnittelu; mediatoimisto; mainostoimisto; verkostomuutos; mainonta; markkinointiviestintä
Muita tietoja	

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THE MARKETING COMMUNICATIONS INDUSTRY IN FLUX

Large B2C advertisers' viewpoint

Master's Thesis
in Marketing

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Kiitos
Alex Nieminen ja N2,
Markkinointiviestinnän Toimistojen Liitto MTL
&
Motivaatiovalas

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1 INTRODUCTION

The recent development of technology has made it possible for advertisers to reach consumers in a growing number of ways and arguably continues to do so in the future. The new millennium has brought with it a number of new platforms for marketing, the most prominent of which are arguably the Internet, social media and various mobile devices. This development, that mainly manifests through information technology, brings with it changes in the overall media landscape and consequently in consumers' media behavior. From the advertisers' point of view this development has brought with it added complexity to media planning but at the same time made it possible to reach more accurately targeted audiences.

Consequently this has opened up a market for a multitude of new businesses offering marketing communications services for advertisers and increased competition among these companies. At the same time the companies offering traditional marketing communications have been faced with a situation where they have to try to cope in the new circumstances. The present study will focus on how Finnish advertisers perceive these different types of marketing communications companies and how advertisers see their roles in the future based on their own developing marketing communications needs. Thus the focus is on individual actors as well as the combined structure of the Finnish marketing communications network.

1.1 Background for the study

There are two key themes that have to be discussed in order to provide sufficient background for the present study. The first is concerned with how the marketing communications industry is currently organized and the second with the development of the media landscape and the subsequent change in consumers' media behavior.

Historically media buying and media planning have been functions performed in-house in large advertising agencies. Currently, however, the functions of creative planning and media planning and buying are often separated and performed by specialized agencies. The former is performed by advertising agencies and the latter two by media agencies. This is known as *unbundling* of creative and media planning: instead of buying all marketing communications services from full-service advertising agencies it has become common for advertisers to turn to separate media agencies that commit significant resources to collecting information that links the media habits of viewers to their consumption patterns and lifestyles. (see Horsky 2006; Soberman 2005; Tungate 2007.) Media planning in this context can be understood as a series of decisions regarding the selection and use of media that allows the marketer to optimally communicate to as many of the target market as possible, at the minimum cost (Abratt & Cowan 1999, 38).

In general, advertising agencies and media agencies are the two basic parties involved in creating marketing communications alongside with the advertiser. Recently however, the need for a separate media agency has been questioned in both Finnish and international trade press as it is seen unfavorable for the advertiser since operating with two specialist agencies brings unnecessary complexity into the process of planning marketing communications. Furthermore, according to the supporters of *rebundling* media and creative planning, the circumstances that justified the separation of these two functions have drastically changed. (see for example Creamer 2006; Lillberg 2012; Sawyer 2008) The question of unbundling has also been assessed in some academic papers although from a more cost structure related point of view (see Arzaghi, Berdnt, Davis & Silk 2010; Horsky 2006).

Advertising and media agencies are not the only actors offering marketing communications services for advertisers. In addition to these an advertiser might be co-operating for example with communications agencies, PR agencies, digital agencies, interactive agencies, search engine optimization agencies or social media agencies. All these different actors offer a vast array of services, but the share the common goal of helping the advertiser in its marketing communications efforts.

Recently the distinction between what defines these different marketing communications companies has become increasingly blurred. In the past, advertisers could easily categorize these actors but this is no longer the case; in an attempt to offer advertisers broader marketing solutions marketing communications companies are increasingly venturing into territories that are new for both themselves and their clients. (Soberman 2005, 423.) Furthermore, as digital marketing and customer data have become overwhelming for big marketers, traditional marketing communications actors are facing increasing competition from large technology-consulting companies such as Deloitte and Accenture which are beginning to offer marketing communications consultation based on their vast technology-knowledge and databanks (see Halliday 2006; Patel 2012).

According to Arghazi et al. (2010, 31) the advertising industry is currently in the early stages of a major transition from its longstanding reliance on mass media to an era where new communications technologies will play an increasingly important role. Accordingly, significant media spending is now allocated to comprehensive media packages that, instead of just applying mass media, include a certain number of different ways of reaching the target audience. This of course would point to a need for more specialist suppliers that are able to fully exploit all the different channels of reaching the consumer. This leads to a situation where all the suppliers of marketing communications services are competing with each other for the advertiser’s limited marketing budget. It also brings about the question of control: which suppliers are best able to influence the process of creating marketing communications and the share-out of the marketing budget?

Much like Arghazi et al. (2010, 31) Corcoran, Frankland and Drego (2010) argue that advertisers are on the verge of an *adaptive marketing era* where they must become more adaptable as new channels and constructs for interacting with consumers emerge. These new channels and constructs require communication that must increasingly be tied to the overall brand promise. In the adaptive marketing era, mass media is no longer the foundation of marketing communication, forcing a change in the expectations of what marketing communications agencies can and should deliver. In the adaptive marketing era the advertiser should select its marketing partners based on their ability to produce ideas; handle paid, owned and earned media and successfully make use of data gathered from the fragmented marketing channels. Advertisers are facing a situation where the process of creating marketing communications as well as the selection of the right marketing communications partners is an increasingly complex task.

There are a number of convergent views on what are the driving forces that have led to the aforementioned situation. Salmenkivi and Nyman (2007, 61) for example have defined three major Internet-brought changes that have major effects on marketing: the change in consumer behavior, the emergence of digitized content and interactivity and the fragmentation of the media landscape. Sharp, Beal and Collins (2009) propose that technology, mainly information technology, is the prime driver behind the fragmentation of the media landscape. At the same time the development of information technology has led to major improvements in the quality and quantity of consumer information as well as to the growth of targeted media vehicles. This means that advertisers are better able to target desired consumer segments as well as keep track of who actually sees, and even reacts to, the messages sent out by the advertiser. (Soberman 2005.)

The major similarities that can be found in all of these views are media fragmentation, brought about by technological advances, and, a subsequent change in consumers' media behavior. These are trends, which have been ongoing since the early days of advertising, but the speed of which they have been happening lately is unprecedented (Corcoran 2010). In short, media fragmentation and increasingly diverse consumer habits have made creating marketing communications more complex (see Kliatchko 2008; Sharp et al. 2009; Soberman 2005).

The growing number of touch points through which the consumer can be reached has twofold effects for media planning: one hand the quality and quantity of consumer information and the growth of targeted media vehicles have given advertisers the means to target marketing communications to more specific consumer segments, but on the other hand, media fragmentation and consumers' increasingly diverse media habits have made it more difficult to cost-effectively reach a mass audience. (Soberman 2005.)

Tokan (2011, 3) groups the changes in consumers' media environment into four categories: *changes in general media environment, technological improvements in media industry, changes in audiences' media behavior* and *socio-cultural changes in the society.* Changes in the general media environment are best understood as an escalated number of new media options and platforms accessible to consumers. This increase can mostly be accredited to technological improvements in the media industry, such as smart phones or tablets. These changes allow consumers to adapt their preferences on media consumption leading to more audience controlled and fragmented media behavior. Finally, the socio-cultural changes can be described as media's increasingly important role in society because of its newly established interactive and co-productive nature. These are all developments that advertisers have to take into consideration when planning effective marketing communications.

Using these discussed changes as a background the researcher is interested in understanding how Finnish advertisers view these changes and how these changes have affected their needs when it comes to marketing communications partners. Who are the marketing communications partners that advertisers feel most confident in aiding them in the current situation and what type of services are required from them? Are the changing needs of advertisers going to drive a restructuring of the marketing communications industry?

1.2 Research question and objectives

Based on the preceding discussion the following research question is proposed: taking into consideration the recent media fragmentation and changes in consumer's media behavior, *how do advertisers expect the marketing communications industry to change?*

The main research question can be further broken down into the following questions:

- How do advertisers ascribe and describe the recent changes of the marketing communications industry?
- How do advertisers view the current structure of the marketing communications industry?
- How will the changes that are taking place in the marketing communications industry shape its future structure?

It is worth noting that the formulation of the main research questions aims to project a view of the future of the marketing communications industry rather than the status quo. By doing so the researcher strives for research outcomes that will carry significance for actors in the marketing communications industry and help provide some managerial implications. The study is conducted using a qualitative theme interview as a data collection method. The interviewees are representatives from nine of the 50 largest Finnish B2C advertisers. Thus, the research is conducted solely from the *advertisers' perspective* while the views of their other relevant actors are left unexplored. The interviewees will determine themselves who they consider to be in the relevant set of marketing communications actors.

The changes in the media landscape and their implications for advertisers have already received some attention in academic research. For example Åbo Akademi has set up a three-phased research project revolving around the theme. Their research aims to understand the change in consumers' media behavior, media firms' approach to find new sources of revenue and new advertising solutions combined with a personalized media experience. The research points out four key drivers of change: change in consumer media behavior, the cost of print and distribution, disruptive technology and the change in advertising. (Edge Research 2012.) The first results of their research were unfortunately not available when the present study was finalized. This thesis hopes to add to this academic discussion from its own point of view.

Clearly the last ten or so years have brought with them changes that have had profound changes in the marketing of services and products. This study starts with the assumption that the media landscape will continue to evolve and further affect the marketing function of organizations as well as what advertisers require from their marketing communications partners.

In order to understand the structure of the marketing communications industry the research question is approached using the so-called industrial network approach. Network theory is chosen because of its ability to take into consideration single actors, combined relationships between them and the network that is based on those relationships. Focusing only on the different relationship levels of the advertising industry would not sufficiently allow capturing neither the roles and positions of various actors nor the nature of the entire network. As Håkanson and Ford (2002, 134) put it*, no one interaction, whether it is a sale, purchase, advice, delivery or payment can be understood without reference to the relationship of which it is a part. Similarly, no one relationship can be understood without reference to the wider network.*

In this study the industrial network approach is mainly associated with the IMP (*international marketing and purchasing*) group's industrial network research tradition. This approach concentrates on exchange relationships between multiple organizations in a network and aims at understanding systems of relationships from a positional focal firm as well as from a holistic network perspective (Tikkanen 1996, 12). In this study the positional focal actors are the advertisers.

1.3 Structure of the study

The structure of the study is as follows: in chapter 2 the theoretical basis for this study is presented. The aim is to sufficiently explore existing theoretical knowledge to build an analytical framework for the conducting of the study. Therefore the concept and composition of networks are described in detail. After the presentation of basic network theory and the industrial network model the concept of network evolution will be examined. In this section the prominent concepts of network role and network position as well as the concept of network time are presented as they are integral parts of analyzing network change. The analytical framework will be presented at the end of this chapter after gaining sufficient understanding of network evolution.

In chapter 3 the research methodology of the study is presented in detail. After describing the methodological approach of the research the data collection methods are presented. In this section the selection of interviewees and the administration of the interviews are described in detail. Next the methods of data analysis are discussed and finally, at the end of this chapter, the reliability of the research is established.

Chapter 4 presents the empirical conduction of this study in which the analytical framework is applied. The results of this study will be discussed according to the order of the sub questions of the study. The objective is to present a well-grounded answer to the main research question based on the empirical findings. The findings and conclusions of this study as well as managerial implications and avenues for further research are then discussed in chapter 5. The summary of the research is presented in chapter 6.

2 A NETWORK VIEW TO INDUSTRY STRUCTURE

The focus of this chapter will be on defining what constitutes a network, how networks evolve in space and time and also on how this evolution of networks can be analyzed from a theoretical standpoint using a network model. The analytical framework presented at the end of this chapter will serve as the theoretical tool that will be used to help answer the research questions of this study.

The concept of networks has to be explained through the concept of business relationships. According to Easton (1992, 8) relationships are important in determining network properties and knowledge of their behavior has important implications for understanding networks; when modeling networks, relationships are one of the most basic building blocks. One way of viewing industrial networks is to see them as aggregations of relationships between companies.

The interaction relationships between companies are a rather complex phenomenon. Some may be very close and significant while others are distant and only regard a small part of a company's needs. The basic premise for a relationship between companies can be understood as one company's need to solve a problem and reciprocally another company's capabilities and resources to solve that problem. (Ford, Gadde, Håkansson, Lundgren, Snehota, Turnbull & Wilson 2003, 3.) These interaction relationships vary in nature and in combination define a network (Easton 1992).

There are various approaches to analyzing business relationships in terms of networks (see Araujo & Easton, 1996). The notion of using networks for describing the structures of relationships formed by connected and interacting actors has gained increasing popularity over the years (Anderson, Havila, Andersen & Halinen 1998, 167). Accordingly, business relationships are increasingly viewed as interconnected and interdependent systems of relationships, rather than as separate entities (Achrol 1997; Achrol & Kotler 1999).

In this study the so-called IMP Group's network approach to industrial markets is adopted as a theoretical basis (see Turnbull, Ford & Cunningham 1996). The IMP approach was developed as a counter reaction to studies that were underlining organizational buying behavior based on single industrial actors and their decision-making processes (Håkansson 1982, 1). Within this predominantly Nordic and European research tradition, industrial markets are described as networks of inter-firm relationships. Companies build exchange relationships with other companies and through these become connected to broader networks of business relationships. (Anderson et al. 1998, 167.)

The networking process is initiated by the limited knowledge and capabilities of actors, which forces them to seek for partners in order to acquire resources and carry out activities (Easton 1992, 17). According to the IMP group's view on industrial networks a single company cannot systematically build strategic networks (Tikkanen 1996, 387), which implies that industrial networks are seldom built around a focal designer (Håkansson & Ford 2002, 135). This however does not mean that networks cannot be studied and described from the point of view of a single focal actor as is the case in this study.

While the IMP group's network approach was not specifically designed for analyzing the marketing communications industry, which is in many ways a very specific and unique industry, it is still applicable because of a few key points. First of all even though the marketing communications industry does not consist of buyers and sellers in the most traditional sense of value chain thinking, the actors operating in it can be seen as such. The advertiser represents the buyer and the various marketing communications partners it interacts with are the sellers or suppliers. Secondly, as discussed an essential aspect of the IMP approach is that of focusing on holistic networks, which consist of individual relationships, which in turn consist of single actors. Similarly, creating marketing communications is a collaborative effort that requires the input of multiple specialized partners. Even in its most basic form it usually requires the input of media buying and planning and creative planning. In this sense modern marketing communications is created in a network where all the relevant actors have their own specific role. Thirdly, the IMP Group represents a dynamic approach to economic exchange; i.e. it provides a set of tools developed in order to investigate business exchange as a dynamic phenomenon. These research tools help to research and analyze the complex field of marketing communications in a controlled and consistent manner; a task that might otherwise prove to be fairly difficult. (see IMP Group.) Finally, the network approach is most fruitful for investigations of several business actors simultaneously and the dynamics of business markets more generally (Halinen, Salmi & Havila 1999, 791) and as such is applicable in this study.

The network model applied in this study is based on the following four assumptions (Håkansson & Snehota 1997, 141):

- *Business organizations often operate in a context in which their behavior is conditioned by a limited number of counterparts, each of which is unique and engaged in pursuing its own goals.*
- *In relation to these entities, an organization engages in continuous interactions that constitute a framework for exchange processes. Relationships make it possible to access and exploit the resources of other parties and to link the parties' activities together.*
- *The distinctive capabilities of an organization are developed through its interactions in the relationships that it maintains with other parties. The identity of the organization is thus created through relations with others.*

- *Since the other parties to the interaction also operate under similar conditions, an organization's performance is conditioned by the totality of the network as a context, i.e. even by interdependencies among third parties.*

As suggested by the first of the assumptions above, one structural issue in analyzing networks is that of network boundaries (Easton 1992, 18). In its broadest sense it would be possible to regard the global industrial system as one giant and extremely complex network since any two firms can be connected through a path of relationships. For obvious reasons however, this total network must be subdivided according to some criteria depending on the point of interest of the researcher. (Mattsson 1988, according to Easton 1992, 18.) However, it must be noted that this subdivision can only produce arbitrary boundaries that are not perfectly able to reflect reality (Easton 1992, 18). When researchers try to delimit a network boundary the essential questions included are such as what types of relationships to study and how many relationships to include (Chou & Zolkiewski, 2012, 247).

From the point of view of a single actor the part of the overall network, which it is not aware of, is its *environment*. The part of the network, which it is aware of, is its network *horizon*. In addition, the part of the network horizon, which the actor considers relevant, is the firm's network *context.* (Holmen & Pedersen 2003, 411.) As the purpose of this study is to examine the structure of the marketing communications network, the boundaries are not outlined by the researcher but rather by the interviewees and who they consider to be their relevant marketing communications partners i.e. their network context.

In the next section the industrial network model of Håkansson and Johansson (1992), that serves as the basis for understanding networks, is discussed in more detail. This industrial network model is also one of the most predominant views of the IMP approach (see IMP Group) and it serves as the basis of understanding the analysis of networks and network evolution.

2.1 Industrial network model

According to Håkansson and Johansson (1992) and Håkansson and Snehota (1995) business networks can be seen as structures formed by three basic elements and connections between them: business *actors*, *activities* and *resources.* This model of industrial networks is known as the ARA-Model and it is widely referred to in studies regarding industrial networks (see for example Abrahamsen 2012; Gadde, Huemer & Håkansson 2003; Halinen et al. 1999; Anderson et al. 1998).

The model has two main aims. The first is *to make possible an integrated analysis of stability and development in industry*. The second is *to provide a basis for studies of roles of actors and sets of actors in industrial development processes*. (Håkansson & Johansson 28, 1992.) While the presented model would offer the tools to analyze both the stability and development of the marketing communications industry as well as the changes in the roles and sets of actors of the marketing communications industry, only the latter will be focused upon in order to keep the research question and process concise and manageable. The basic structure of the model is presented below in figure 1.

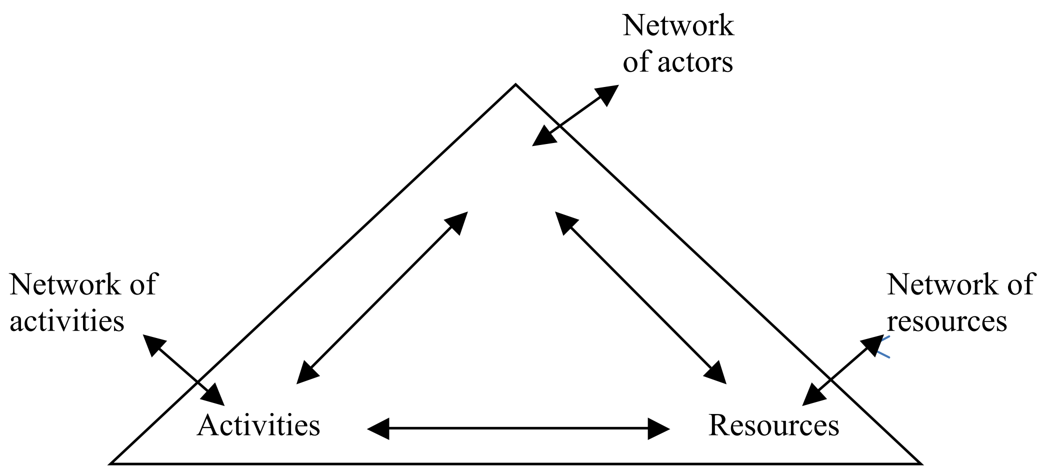

Figure 1 Industrial network model (Håkansson & Johansson 1992, 29)

As mentioned, the model's basic classes of variables are actors, resources and activities (thus producing the acronym ARA). In the model actors are defined as those who perform activities and/or control resources. Through performing activities actors use certain resources to change other resources in various ways. Resources are needed in order to carry out activities. (Håkansson & Johansson 1992, 28.)

These three variables are related to each other in the overall structure of networks and through these variables a network of actors, a network of activities and a network of resources are related to each other. (Håkansson & Johansson 1992, 28.) The bundles of activities, resources and actors that connect the various parties of the network to each other are called activity links, resource ties and actor bonds. In sum, a relationship between two companies has a profile in terms of activity links, resources ties and actor bonds. (Håkansson & Johansson 1995, 26.)

The activity links, resource ties and actor bonds, that form between actors as a result of positive outcomes of interaction, develop over time into a cohesive force tying the actors together. The links, ties and bonds are not separate but rather closely intertwined and interlinked with each other. Together they function as the determinants of the value and ultimately the outcome of the relationship. The more of these exist between actors the closer the relationship is. (Håkansson & Snehota 1995, 25–27.)

The three networks of activities, resources and actors are bound together by four forces, in terms of which the total network can be analyzed. These four forces are (Håkansson & Johansson 1992, 33–34):

- Functional interdependence: activities, resources and actors together form a system where heterogeneous needs are met by heterogeneous resources.
- Power structure: the control of resources and activities form power relations between actors.
- Knowledge structure: the design of the activities as well as the use of resources that the actors control is bound together by knowledge and experience of present and earlier actors.
- Intertemporal dependence: the network is a product of history. Changes in the network must be accepted by at least large parts of the network. This is why networks rarely experience enormous changes and the change processes occur relatively slowly.

Before addressing the way in which networks change and evolve (chapter 2.2) it is important to understand the interplay between actors and actor bonds, resources and resource ties and activities and activity links. As Håkansson and Snehota (1995, 276) put it, *the most important dimension of change in business networks concerns the development of activity links, resource ties and actor bonds in relationships. These are not just recording the effects of change, they are also one of its main sources – As links, ties and bonds are developed within one relationship, they are also combined and connected to each other. The development of relationships brings them together in different and sometimes contradictory ways. We thus believe that three dimensions of change in business networks can be identified with the interplay of links, ties and bonds as a starting point.* In this research however, there is a stronger focus on the different components of the ARA-model (actors, resources, activities) rather than the relationships between them.

Abrahamsen, Henneberg and Naude (2012, 260) refer to these three variables of a business network as the locus of the *space dimension* of network change. The space dimension of network change is understood in terms of the network position a company holds in relation to its business partners and in terms of the network role it enacts. Abrahamsen et al. (2012) also suggest that in order to fully understand network change also a time dimension needs to be considered. The way time is conceptualized has an effect on the understanding of business processes (Halinen, Medlin & Törnroos 2012). The space and time dimensions will be explored in more detail in chapters 2.2.1 and 2.2.2 respectively.

2.1.1 Actors and actor bonds

Actors can refer to individuals in a company, parts of a company, the company as a whole or groups of companies. Thus, in an industrial network, there are actors at multiple organizational levels. Actors on lower levels can be a part of actors in higher levels. (Håkansson & Johansson 1992, 28.) In this study the term actor will be mainly used to refer to companies.

Regardless of the organizational level all actors have five common characteristics (Håkansson & Johansson 1992, 28–30):

- They perform and control activities.
- They develop relationships with each other through exchange processes and are thus embedded in a network.
- They base their activities either on direct or indirect control over resources.
- They are goal orientated. Regardless of the goals of specific actors the general goal of all actors is to increase their control over the network.
- They have differential knowledge about activities, resources and other actors in the network.

Actors determine which activities they perform, how they are performed and what are the resources utilized when performing the activities. The fact that actors exist on several levels means that it is usually unclear which actors control the resources. The actors can also jointly own resources. Network control is reached through control over resources and/or relationships and the more other actors of the network are dependent on the specific resource, the stronger the control over the network. (Håkansson & Johansson 1992, 28–30.) However, no single actor is likely to have complete control over the network, although some actors act as if they were in control. Actors try to control the network and to manage their relationships in order to achieve their own aims. This ambition is one of the key forces in developing networks, but the paradox is that the more an actor achieves control, the less effective and innovative the network will likely become. (Håkansson & Ford 2002, 135; 137.)

Network control is not evenly distributed among the actors and it is not static. One actor's effort to increase control is likely to lead to loss of control by other actors. Thus in a network there are a number of conflicting as well as common interests. The actors have different knowledge about the other actors, resources and activities in the network and thus they might have different views on the level of control that other actors have. (Håkansson & Johansson 1992, 29–30.)

Actor bonds become established in interaction between actors and they reflect the interaction process. They connect actors and influence how the actors perceive each other. On both personal and organizational levels actor bonds and their development are closely related to the construction of identity and the formation of trust and commitment as the relationships develop. (Håkansson & Snehota 1995, 26–27, 197.) In addition to trust and commitment Halinen (1997, 270) also lists attraction as one of the attributes describing the development of actor bonds.

A *network of actor bonds* is formed of the bonds between two actors and the bonds that they have to third parties (Håkansson & Snehota 1995, 199). This network of actor bonds is under constant change since actors are forced to adapt their bonds to the changing resources and activities (Ford et al. 2003, 11).

2.1.2 Activities and activity links

An activity occurs when one or multiple actors combine, develop, exchange or create resources by utilizing other resources (Håkansson & Johansson 1992, 30). Activities can be defined broadly as a sequence of acts directed towards a certain purpose. Various activities are carried out in a company simultaneously, but not in isolation. The activities carried out are always in relation to each other and are dependent on the activities of the other actors in the network. (Håkansson & Snehota 1995, 50–52.)

Single activities are linked to each other in a number of ways. However, the outlining of what constitutes as a single activity is impossible since an activity can always be decomposed into minor activities or integrated into larger activities (Håkansson & Snehota 1995, 62). Performed together activities form activity cycles where a number of interdependent activities are repeated. A single actor never controls a complete activity cycle. (Håkansson & Johansson 1992, 30.)

Activities can be divided into internal and external activities. Internal activities are the ones that do not directly involve other actors outside the company whereas external activities do. Internal activities are such as production, research and administration. Examples of external activities include purchasing, financing or sales. (Håkansson & Snehota 1995, 52.)

Activity links regard technical, administrative, commercial and other activities of an actor that can be connected in different ways to those of another actor as a relationship develops (Håkansson & Snehota 1995, 26). *Activity link networks* consist of activity links of several actors of the network. Like actor bond networks, activity link networks are under constant change since new activities, changes in old activities or rearrangement of activities can make the activity network more efficient. From the perspective of the network single activities by a single actor are rarely indispensable. (Håkansson & Johansson 1992, 31.)

2.1.3 Resources and resource ties

Actors need resources in order to perform activities. They control the resources either alone or together with other actors. The more difficult a resource is to obtain the more important the control of it is to the actor. Resources are heterogenic by nature and they can be combined in a number of ways thus creating new resources. New insights into the handling of resources can break existing activity cycles and as a consequence it can eventually break whole industrial networks. (Håkansson & Johansson 1992, 32–33.) Examples of resources that an actor might control, either directly or indirectly, are manpower, equipment, plants, knowledge, image and financial means (Håkansson & Snehota 1995, 30). An example from the advertising industry that demonstrates a new insight in handling resources is combining the previously separated art director and the copywriter to form a creative team. The idea was thought of in the 1950s and has since become the industry norm (see Tungate 2007, 51).

According to Håkansson and Johansson (1992, 33) there are three ways to characterize resources:

- Control: resources can be controlled either by one actor or jointly by several actors. Resources can also be controlled indirectly through relationships with the actor directly controlling the resource.
- Utilization: a second characteristic is the utilization of the resources in activities, i.e. how many dimensions of the resource are used and how standardized is the utilization of the resource. In this context standardization and uniqueness refer to how the resource is used by one actor as compared to the use of the resource by other actors.
- Versatility: the versatility of resources refers to what extent and at what cost the resource can be used in other activity cycles.

Resource ties connect various resource elements of two actors. They result from how the relationship has developed and represent in itself a resource for the companies. Combined the resource ties form a *network of resource ties*. The resource ties of one actor can be affected indirectly by resource ties from other relationships and thus a change in a resource tie can have wide spreading effects in the wider network. (Håkansson & Snehota 1995, 26, 138.) As resource ties develop between two actors, they become mutually and increasingly interdependent. As a consequence the borderline between internal and external resources becomes blurred (Håkansson & Snehota 1995, 136).

2.2 Network change

Change is a central feature of much that is written about industrial networks. As discussed earlier, networks are built on relationships and these cannot be conceived in anything but dynamic terms. Networks do not have lifecycles but they do transform over time. In other words, networks are stable but never static. (Easton 1992, 21–24.) They are always alive and adaptable (Axelsson 1995, 117).

While the total pattern of business relationships appears relatively stable, new relationships develop and old decay over time and the existing relationships between companies change in content and strength. The connections that make up relationships, and ultimately networks, actor bonds, resource ties and activity links change more or less frequently. (Håkansson & Snehota 1995, 269.) Thus, stability and change, which are contradicting terms by default, co-exist in industrial business networks (Håkansson & Johansson 1992, 34; Håkansson & Snehota 1995, 270). As Nohria (1992, 7) puts it, *networks are as much process as they are structure, being continually shaped and reshaped by the actions of actors who are in turn constrained by the structural positions in which they find themselves*. In fact, according to Lundgren (1992), stability acts as a prerequisite for change. Therefore the interesting question is not whether networks change over time, but rather how change comes about within them (Halinen et al. 1999, 168). However, as discussed in chapter 2.1, in the context of this study the concepts of stability and change do not play a significant role as the focal point of this study is on understanding the roles and sets of actors in the industrial network development process.

According to Corsaro and Snehota (2012, 270) a common view of network change is that it is triggered by exogenous factors, especially technology, and driven by actors reacting to the change. However, change may originate from both exogenous and endogenous factors in regards to the studied entity; it can either stem from the focal unit being researched or from the actors and the environment that are external to the studied entity (Håkansson and Henders 1995). Therefore, both strategic action of the actors and environmental forces have been named as engines for network change (Koka, Madhavan & Prescott 2006). However, according to Corsaro and Snehota (2012, 270), in the case of change in business networks, the idea of a exogenous change factors becomes empty in the sense that the network ultimately changes because of the proactively changing positions of the actors even if this movement is being influenced by external factors. In short change is brought about by the actions of individual actors, but these actors can be driven by external factors.

This view is shared by Håkansson and Snehota (1995) as well as Ford et al. (2003) who see that network changes are manifested as well as transmitted through connected business relationships with identifiable actors and unique counterparts. This approach as a conceptual grounding is particularly useful when analyzing network dynamics because it *views any company's business context in a holistic rather than fragmented way. It pays particular attention to the connectedness of business relationships and the borderless nature of the network in which each company is embedded. As different parts of a network are linked, change may emerge and shift from any one part to another.* (Halinen et al. 1999, 780.)

Thus, the changes in networks occur because actors in a network are trying to better position themselves and gain control. This is done by combining resources and activities in more productive ways. (Axelsson 1995, 117–119.) However, change is not desirable for everyone. There exist actors who are trying to resist change and seek stability since the status quo of the network is more optimal for them than change (Abrahamsen 2012, 260).

Lundgren (1992) has identified five theoretical ways in which actors can react to network change. If the actor is not willing or able to accept the change it may reject the change. The second option is adapting to the change, which refers to those changes that are managed through negotiations between the involved actors. The third option is absorbing the change, which means that the actor absorbs the change, willingly or unwillingly, so that the effects of change are minimal for other actors. The fourth option is transmitting the change, which occurs when an actor transfers the effects of the change on to other network actors in order to minimize the force of the change upon itself. The final option is to transform the change, which happens when an actor is able to transform the effects of the change into something new.

Halinen et al. (1999) define network change in terms of confined and connected change. Confined change remains within the dyad of a business relationship and thus it has no effect on the actions of other actors outside the relationship. However, due to the interdependencies of business relationships change of one relationship is usually acted upon by third parties and thus spreads throughout the network. This is defined as connected change: a change, which is influenced by or is acted upon in other relationships in the network. This type of change has been labeled with different but closely related terms in different studies: domino effect (Hertz 1992), the network function (Håkansson & Snehota 1995), network effects (Dahlin, Fors, Havila & Thilenius 2005) and network reactions (Fors 2008).

Besides confined and connected change, changes can also be divided into incremental and radical change. The effects of incremental changes are not as major as the effects of radical changes. Incremental changes have effects on the nature of relationships and networks where as radical changes terminate or establish relationships. Evolution of business networks includes both types of change. (Halinen et al. 1999.)

According to Håkansson (1992, 135) the changes of a network are random to a certain extent but there are also some clearly systematic elements. These systematic elements can be traced down to two basic network processes. The first of these two processes is concerned with the way in which actors combine and recombine activities and resources. The second process concerns the way in which actors try to control these resources and activities. In both of the processes two generally opposite tendencies of doing things can be found. In the process of combining resources and activities the two opposites are *structuring*, i.e. elaborating on existing ways of combining activities and resources, and *heterogenising*, i.e. finding new ways of combining activities and resources. In the process of gaining control the opposite tendencies are named *hierachisation*, i.e. increased control by fewer actors and *extrication* when the control of some resource or activity is diminished.

Håkansson and Snehota (1995, 25–26) have recognized two dimensions that can be used to capture the effects of relationships in business networks. These dimension are important to understand since the change in networks ultimately stems from relationships between actors. The first of the functions regards *who* is affected by the relationship and the other *what* is affected. The former is called the *function* of business relationships and the latter the *substance* of business relationships. The substance of business relationships is formed of the actors bonds, activity links and resource ties, which have already been discussed in more detail previously in this chapter. However, the function of business relationships should be discussed briefly.

A relationship between two actors has different functions because it affects and is affected by different actors and relationships of the network. There are three different types of functions. The first of the three functions is called a function for dyad. It originates from and affects the relationship formed between two actors. The second function comprises of a sole actor as a relationship also has internal effects on both of the actors. The third function is comprised of third party actors. This function is a building element in the larger network structure. These three functions are closely interwoven and all these three functions play a role when analyzing networks and factors affecting them. (Håkansson & Snehota 1995, 26–42.) In this study the focus will be on the substance of business relationships rather than functions. However, as the concepts of business relationship functions and substance are intertwined, understanding both is helpful in order to understand changes in business networks (Håkansson & Snehota 1995, 27).

These two concepts help understand the effects of relationship and thus network change as well as pinpoint change to separate network levels but they do not clearly illustrate what effects network change has on the positions that different actors of the network occupy, nor do they allow us to understand network changes as events that are affected by the past, present and future. Therefore it is important to consider the concepts of network's space and time dimensions.

2.2.1 Space dimension: network position and network role

The concepts of network position and network role are essential when exploring network change (Abrahamsen et al. 2012). The two concepts of position and role are inseparable and therefore they have to be defined in relation to each other. There are no positions without roles and no roles without positions. (Anderson et al. 1998, 171.)

In a business network, a company has a distinct *network position* that is based on its connections to other actors (Anderson et al. 1998). In this perspective, the position of a company is determined more from the outside than from the inside, and is dependent on how the company relates to the firms it interacts with (Gadde, Huemer & Håkansson 2003, 362). Turnbull et al. (1996, 12) define network position as a *description of a company's portfolio of relationships and the rights and obligations that go with it. Network position is both an outcome of past relationship strategy and a resource for future strategy.* This further implies that networks are never stable, but rather dynamic entities because *actors are constantly looking for opportunities to improve their position in relation to important counterparts and are therefore looking for opportunities to create changes in the relationships.* (Håkansson & Snehota 1995, 275.) In this study the concept of network position is understood as *how relevant the actors are* for the advertisers (see Halinen 1994, 225).

Most of the time changing the network position of an actor is a major strategic activity that can only be achieved in the long run (Håkansson & Ford 2002, 138). Changes in one actor’s network position will affect the positions of other actors because the positions of the network are interlinked (Easton 1992, 21).

An actor's effort to change its network position is subject to its network perceptions, the perceived understanding of the surrounding network and ties to other actors (Ford et al. 2003). This subjective network understanding represent the actor’s view of its *network role* i.e. how an actor decides to act based on an interpretation of its position and how this position is related to the position of other actors (Anderson et al. 1998).

Network positions are generally concerned with expected activities that come with a network position, such as keeping your existing suppliers, maintain your wholesaler functions or dominating the market. These actions are guided by actors' expectations regarding norms and therefore are named taken-on-activities. Network roles, on the contrary, are actively and subjectively formed. (Anderson et al. 1998.) Role represents the subjective and creative character of the actor; *an actor has a position but acts in a role* (Anderson et al. 1998, 172). Role is a concept for describing what the actors intend, how they construct meaning in their situation and how they want to change it. These role activities are called made-up-activities. How an actor interprets its position and decides to enact it has to be taken into consideration in order to understand network change. (Anderson et al. 1998.) In sum, in this study network role is understood as *how relevant the actors' activities are* for the advertisers (see Halinen 1994, 225).

The process of changing from one role to another is called *role transition*. Role alteration refers to a more temporary role change. There are a number of different processes of change concerning roles meaning that the process of change is always unique for each actor. (Fors & Nyström 2009.)

The fact that an actor's position in a network is determined by its connected relationships implies that there exist different interpretations of this position (Gadde et al. 2003) and therefore it also needs to be understood how role interpretations are viewed and shared by other actors in the network (Abrahamsen 2012, 232). A network looks very different from the perspective of different actors, each with their own motivations, resources and understandings (Håkansson & Ford 2002, 138). For instance, the same actor may be seen as a close or distant business partner, because resources and activities will be utilized in different ways in different relationships. Anderson, Håkansson & Johanson (1994) talk about strategic network identities where network management reflects companies' ability to be perceived as an attractive exchange partner. However, an actor has only limited control over its relationship portfolio and network position. Firms are as much the product of their relationships and network position, as these are the result of the firm's own strategic actions and intentions. (Håkansson & Ford 2002.)

Companies interact in networks based on their perceptions of their relevant network and their subjective interpretations of the network logic (Ford et al. 2003, Holmen & Pedersen 2003). The ability of company to initiate and react to network change depends mostly on how well a firm is able to read the network (Holmen & Pedersen 2003, 409). This is referred to as sensemaking where actors try to make sense of their surrounding network by constructing sensible events and structuring the unknown (Abrahamsen 2012, 260; Weick 1995). Sensemaking is retrospective in the sense that the past is reconstructed knowing the outcome of events. At the same time sensemaking is a social process where an actor's conduct is dependent on the conduct of others. (Weick 1995.)

Consequently merely understanding a company's network position is unlikely to fully explain how actors decide on their strategic behavior, as their different interpretations of their position in relation to others will determine how they choose to enact it and ultimately change it. Thus, also the enacted role in the network forms a key issue when analyzing network change (Abrahamsen et al. 2012).

From this Abrahamsen et al. (2012, 261) draw that network change can be studied *in terms of how actors perceive changes in their related network, and consequently how they act upon these.* Several authors share this view (see Achrol, Reve & Stern 1983; Anderson et al. 1998; Halinen et al. 1999; Mattsson 1984, 282). Halinen et al. (1999,

768) for instance write that *the mental process of enactment can be regarded as a key explanation for stability and change in networks.*

2.2.2 Time dimension: the past, the present and the future

When trying to understand changing networks a key issues to consider are both the past event trajectories with the present situation and the potential future concerning an actor's role and position (Anderson et al. 1998; Halinen & Törnroos 1995). Therefore, understanding interaction processes within a business relationship and network perspective requires the elaboration of time. Time is a central element in understanding how the IMP-Group deals with its own reality (Halinen et al. 2012, 215.) and because of its importance the concept of time in regards to researching industrial networks has received increasing attention (see for example Halinen et al. 2012; Halinen & Törnroos 1995; Medlin 2004), but on the other hand more understanding has been called for (see Elo, Halinen & Törnroos 2010; Ford, Gadde, Håkansson, Snehota & Waluszewski 2010; Ford & Håkansson 2006).

According to Medlin (2004) actors base their future decisions and activities on their present interpretation of their past experiences. Time thus relates to the past, present and future where events follow each other in a sequential process. Håkansson, Ford, Gadde, Snehota and Waluszewski (2009, 35) see these events as a *part of a change process that involves learning, adaptation, commitment and distance-reduction over time.* Even though these events may follow a cyclical pattern, actors' understanding of them is based on their interpretations of the past and their expectations for the future (Halinen & Törnroos 1995). Actors tend to merge the past, present and future in a continuum where the actors take into account learning from their connected relationships, and these experiences are shaped and projected to the future as *parties attempt to structure and control their own trajectories of evolution* (Araujo & Easton 1996, 77). This is the time view adopted in this research. Thus in the empirical part of this study aspects from the past, the present and the future are taken into consideration.

2.3 An analytical framework for studying network change

Based on the examined theory, it is possible to present an analytical framework that aims to explain the different reasons and effects of network change i.e. *ascriptions and descriptions of change*. The empirical part of this thesis will apply the framework to help analyze the acquired research data.

Abrahamsen et al. (2012) have conceptualized a model for comparing and contrasting different actor's perceptions of network change. The model is based on the idea that understanding how managers perceive changes in their surrounding network helps to understand their decision-making and managerial behavior (see for example Möller, 2010; Osborne, Stubbart & Ramaprasad 2001). It is of particular interest to gain insights into not only *how actors describe changes*, but also how they explain the *reasons to these changes*, because companies base their decisions on their explanations (see for example Reger & Palmer, 1996). Accordingly, their model is designed to help understand the process of change (how events and activities of actors unfold over time) as well as the outcome of change (how the network is reconfigured at a given point in time). Their model strongly focuses on the different levels of network change (change on actor, dyad, network levels) i.e. the functions of a business relationship.

The theoretical model for conceptualizing network change used in this study is based on the model of Abrahamsen et al. (2012). However, as the *substance*, rather than the function, of business relationships is a focal interest in this study (see chapter 2.2) the different levels of network change are left out of the model. In the model used in this study the parameters for recording change are designed in accordance with the substance of a business relationship i.e. the actors, resources and activities that form a relationship. The model is thus strongly attached on the industrial network model as presented at the beginning of this chapter. The model for conceptualizing network change is illustrated in figure 2.

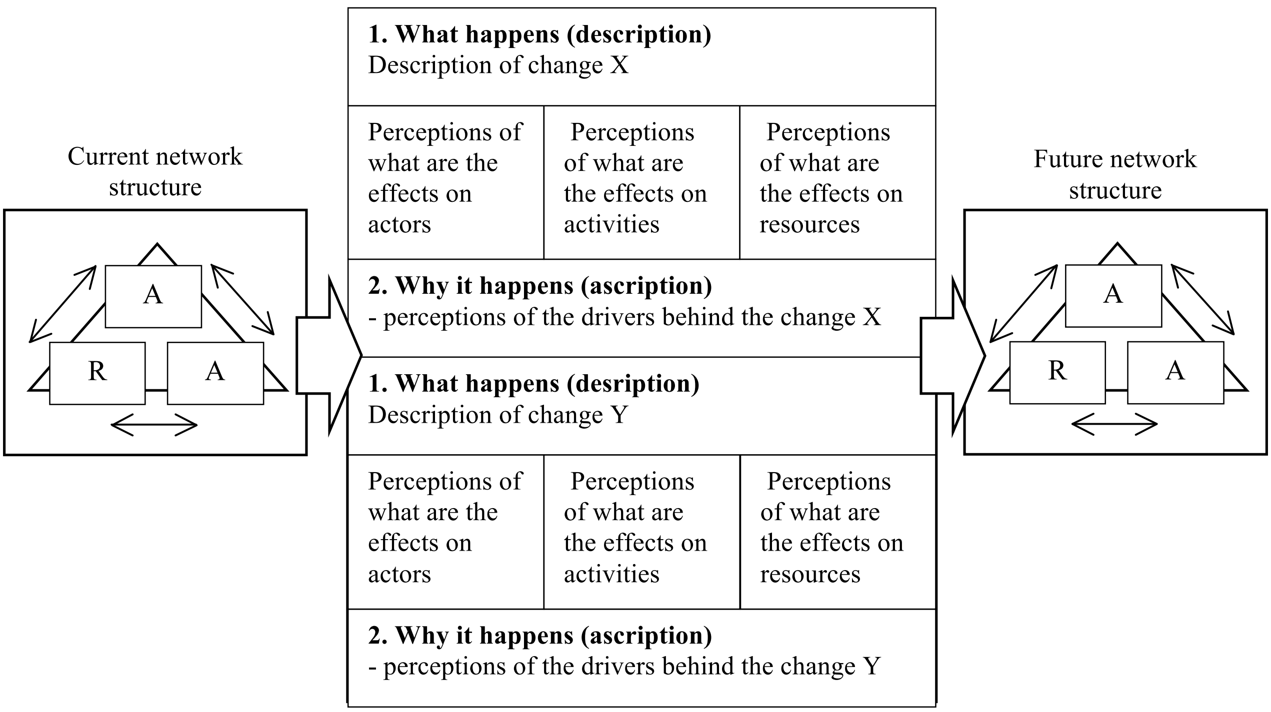

Figure 2 Analytical framework for analyzing network change (modified from Abrahamsen et al. 2012, 261)

The analytical framework functions from left to right and consist of three phases each of which help answer different sub questions of the study. The first phase on the left side of the model is a depiction of the ARA-model that represents the current network structure. The second phase provides ascriptions and descriptions of changes affecting the components of the ARA-model. The third and final phase of the framework on the right represents the future structure of the network as seen through the previous two parts. The first sub question of the study is answered by applying the second phase of the model. The answer for the second sub question is provided in the first phase and the third sub question is answered in the third phase.

In the second phase there is a distinction between *descriptions of network changes* (i.e. box 1: description of what happens), and *ascriptions of network changes* (i.e. box 2: perceptions of drivers behind the change). Both description and ascription of changes may be referred to as sensemaking, as actors seek to make sense of what is happening and why it is happening. (Abrahamsen 2012.) It should be noted that multiple changes can occur in a network simultaneously.

Both the ascriptions and descriptions relate to the time dimension of network change as interviewees base their future activities on their present interpretation of their past experiences. Both of the questions also relate to the space dimension of network change, as network changes are manifested trough changes in the space dimension. Descriptions of change in networks may be classified as to on what effects the changes have on actors (A), resources (R) and activities (A). As Håkansson and Snehota (1995, 276) point out, they can be used to record the effects of change.

It should be noted that the network roles and positions of actors are not separate components of the analytical framework. However, as the nature of network roles and positions is overlapping with the different components of the ARA-model the roles and positions can be seen as being inherently built-in the analytical framework. Thus in the analytical network, the effects of change on roles and positions will be analyzed alongside the changes on actors and their activities.

The presented model is used to help analyze the data provided by the interviewees of this research, i.e. major Finnish advertisers. It is sensible to apply the model to the combined data of all the interviews. Thus ultimately the ascriptions and descriptions of all the interviewees are combined in a single framework. A more detailed description of the data collection and analysis is provided next.

3 RESEARCH DESIGN

In this chapter the research methodology for conducting the empirical part of the study is described and justified. In the case of a quantitative study quality could be evaluated with different statistical tests. Seeing how this is a qualitative research conducted through interviews and thus the collected data was not in numeric form, other kinds of criteria have to be used to evaluate the quality of this study.

According to Eskola and Suoranta (2008, 210) the quality of a qualitative research can be analyzed by evaluating the entire research process: research design and approach, interviewee selection, data collection, and data analysis. In this chapter all of these themes are discussed separately. First, the chosen research approach is discussed. Then a detailed description of how the data collection was executed and how data was analyzed is provided. The chapter ends with a discussion of the reliability of the research.

3.1 Research approach

When conducting a scientific research there are two major methods of research that can be applied. These two methods are quantitative and qualitative research methods. As a general rule, these two methods are concerned with different types of material and their relationships to theory is different. Qualitative methods are more suitable for developing theories, whereas quantitative theories are better suitable for testing theories. Traditionally it is seen that qualitative research precedes quantitative research, but this is not necessarily always the case. Typical research materials for quantitative methods make use of surveys and interviews, experimental studies and statistics whereas qualitative methods typically include field observation, open interviews and different types of documents that cannot be numerically coded. (see Hirsjärvi, Remes & Sajavaara 2007, 131–133; Uusitalo 1991, 79–82.)

This research was conducted using a qualitative research method. The justification for the choice of research approaches and methods is in their relevancy and fit to the research questions, to the purpose of the study and to the nature of the phenomenon that is in the focus of the research. (see Eskola & Suoranta 2008, 14; Hirsjärvi et al. 2007, 121–122; Saunders, Lewis & Thornhill 1997, 90–91). This research aimed to understand *how do advertisers expect the marketing communications industry to change* and thus it is concerned with themes relating to the structure of the marketing communications industry and its future changes. As network changes are ultimately manifested trough the actors of the network and their connected relationships (Håkansson & Snehota 1995: Ford et al. 2003), the most logical approach to understanding how the marketing communications industry might change in the future is to interview the actors of the network. This helps to understand how they perceive their relevant network and its future based on their own views and intentions. As Halinen et al. (1999, 768) write *the mental process of enactment can be regarded as a key explanation for stability and change in networks.*

A focal element in qualitative research is the understanding of various phenomena. The purpose of qualitative research is to gain in-depth understanding of the subject of the research. (Eskola & Suoranta 2008) This offers a justification for the application of a qualitative research method as it could be argued that this study is concerned with a complex phenomenon that has been under relatively little research and thus was lacking in-depth understanding. Furthermore, the qualitative method was chosen partly based on convenience; gathering enough relevant data for conducting a qualitative study proved to be difficult very early on during the design of the research as the Finnish federation of advertisers does not give out the index of Finnish advertisers for academic use.

Generally there are two ways of reasoning when conducting a research: *deductive* and *inductive.* Inductive research approach is often defined as opposed to deductive research approach in which a theory or a hypothesis is developed and then a research design is built around testing those theories and hypotheses. Due to the nature of the research phenomenon and the research questions this study is conducted using an inductive research approach in which the purpose is to construct or evaluate general propositions that are derived from more specific examples. (see Saunders et al. 1997, 85–89.) In the context of this study this meant conducting a limited number of in-depth interviews with representatives of the marketing communications industry and drawing general conclusions from the data provided by the interviewees.

Qualitative and quantitative methods are research methodology based classifications, but studies can also be classified according to their research objective. Gray (2009, 35) classifies *exploratory*, *explanatory*, *descriptive* and *interpretative* studies as different types of objective based research approaches. Based on its research objective this study can be seen both as *exploratory* and *descriptive* by nature. Exploratory studies refer to studies aiming to find out what is happening and why and seeking new insights. The exploratory nature of this study is seen in its objective to understand the effects and origins of network change. Exploratory studies are useful especially when not enough is known about the phenomenon. Descriptive studies refer to documenting the phenomenon of interest as it naturally occurs. This means for example describing the structures, processes, people, events and situations of a phenomenon, which in the context of this study consist mostly of the different components of the analytical framework.

3.2 Data collection

Qualitative research focuses on a holistic view of information, and bases itself on favoring people over measurements when gathering information. The methodology is chosen to reflect the view of the research target and thus for example theme interviews, observing and different kinds of group interviews are used. The participants of the study in qualitative methods are chosen purposefully, not randomly as in quantitative approach (Hirsjärvi et al. 2007, 160).

The data collection methods of qualitative research can be applied singly or by combining different methods. The method chosen for data collection is dependent on the research question. Generally when researching a phenomenon is not well known and that is going to produce varying answers the best method is often asking questions in form of interviews (Hirsjärvi et al. 2007, 200–201). In this study the data was collected by interviewing representatives of major Finnish B2C advertisers.

The advantage of interviewing as a research method is that the choice of interviewees can be directed towards experts, who have a deep knowledge of the research topic. Interviews also offer flexibility, as they make it possible to ask the interviewees to elaborate their answers if needed. (Hirsjärvi et al. 2007, 201.) Interviews are similar to discussions in the sense that both consist of verbal and non-verbal communication that delivers ideas, attitudes and opinions, and the nature of the interaction is reciprocal. The significant difference between an interview and a discussion is that interviews seek to collect information and are thus predefined action. The interviewer controls the themes of discussion preventing the discussion from spurring into undesired subtopics. (Hirsjärvi & Hurme 1995, 25.)

Interviews are roughly divided into three main categories based on their prescriptive nature. Structured or survey interviews are interviews where each respondent is presented with same questions in the same order and often with alternative answers. Open interview is an in-depth form of interview where only the topic for discussion is structured in beforehand and thus the role of the interviewer is minimized. Between these types of interviews is the semi-structured interview that is applied in this study. In the semi-structured interview, also known as a theme interview, the researcher guides the conversation according to predetermined themes. Semi-structured interview is by far the most popular method for interviewing in business studies. (Eskola & Suoranta 2008, 86–87; Koskinen et al. 2005, 105.)

For this study the semi-structured interview method was chosen because it best supports the objectives of this research as it allows the researcher to adapt the questions during the interviews where needed and it allows the interviewee to speak freely about the subject of the research. As the marketing communications industry is a highly complex and specific industry, it would not be sensible to require the interviewees to adhere to a very tight interview structure that would potentially reduce the richness of the acquired research data. Using a structured interview method would have not allowed the researcher to fully understand the diversity of the marketing communications industry. In general it could be said the semi-structured interview offers the necessary flexibility as well as predetermined structure needed to conduct this study; it gives the interviewer the control over the topic, yet does not limit the interviewee. (Koskinen et al. 2005, 104.)

3.2.1 Selection of interviewees

In qualitative research the amount of data is often relatively small because the purpose of the research is not to make any statistical generalizations, but rather understanding or interpreting a certain phenomenon. Therefore special care should be put on the quality rather than the quantity of data, i.e. the selection of the interviewees as opposed to the number of interviewees. The interviewees should posses a deep knowledge of the research phenomenon. The selection of interviewees cannot then be random but premeditated and appropriate to the research question. (See Eskola & Suoranta 2008, 18; Tuomi & Sarajärvi 2009, 85–86.)

For the empirical part of this study the researcher had acquired a list of the 50 biggest advertisers in Finland measured by media spending from January 2012 to June 2012. The list was received from an independent research company. It should be pointed out that according to the research company there is very little fluctuation among the companies that are frequently among the 50 biggest advertisers in Finland. The full list with the highlighted interviewed advertisers is attached as appendix 1.

The researcher used a contact person with a extensive knowledge of the marketing communications industry to help point out and connect the researcher to the desired interviewees. Focus was put on the knowledge as well as the approachability and talkativeness of the interviewee. This can be referred to as judgment sampling. It refers to the researcher actively selecting the most productive sample for the particular research in question. (Eskola & Suoranta 2008, 18.) According to Marshall (1996) this is the most common sampling technique in qualitative research.

Altogether nine interviews were conducted in order to acquire sufficient amount of data to answer the research question. The number of interviews was large enough to reach the saturation point of the research, where more research would have not brought a significant increase in the knowledge of the research phenomenon (Eskola & Suoranta 2008, 62). The full list of the interviewees including the title of the interviewee, the company, the company’s industry, time and place as well as the duration of the interview is presented in table 1 below.

Table 1 The interviewees of the research

Interviewee	*Title*	*Company*	*Industry*	*Time & Place*	*Duration*
Inka Herranen	Brand marketing manager	Audi Finland, VV-Auto	Automotive	21.9.2012, Vantaa	50 min
Jussi-Pekka Erkkola	Digital marketing manager	Valio	FMCG	21.9.2012, Helsinki	70 min
Ossi Ahto	Brand manager	Hartwall	FMCG	26.9.2012, Helsinki	90 min
Pekka Väisänen	Consumer business VP	DNA	Teleoperating	4.10.2012, Helsinki	40 min
Jukka-Pekka Vuori	Chief marketing officer	Fonecta	Directory service	5.10.2012, Helsinki	40 min
Stina Suominen	Marketing officer	OP-Pohjola	Banking	5.10.2012, Helsinki	40 min
Aki Juusola	Marketing manager	Sonera	Teleoperating	24.10.2012, Helsinki	60 min
Ari Tuuli	Marketing development manager	Veikkaus	Gaming	26.10.2012, Vantaa	60 min
Kati Sulin	Online dialogue director	Fazer	FMCG	30.10.2012, Video call	40 min

The interviewees were chosen with a focus on variety of points of view. The interviewees represent a wide variety of industries as well as a variety of different job positions in companies' marketing function. This way it was ensured that both the views of the people who work with marketing communications partners on a daily basis as well as the views of those who work on a more managerial level are taken into account. This is because generally the people who make the decisions concerning the forming of marketing communications partnerships and the people who are in daily interaction with the marketing communications partners are rarely the same.

The chosen companies are built around different kinds of brand architectures, which naturally play a part in what is the most sensible way for the advertiser to set up a marketing communications partnership network. For example Hartwall has multiple brands and sub brands without whereas Audi only has one main brand. Furthermore, digitization has had drastically varying impacts for the chosen companies and thus varying affects towards their marketing communications needs. For example banking services can be sold directly through online channels whereas FMCG brands mostly use online channels for brand building purposes. Also, two of the companies are involved with international brands, which means that a part of their marketing material is ready made and only needs to be adapted to the Finnish market. In short, the purpose of choosing these interviewees with various job titles from various industries was to ensure that the research question is examined from various points of view to build a comprehensive understanding of managers' views.

3.2.2 Interview design and administration

Interview design and administration are maybe concerned with the most mundane of aspects when it comes to research design but these are essentially important to consider, as the conducted interviews are the primary source of the empirical data that is analyzed.

The interviews were conducted during September and October 2012. They were arranged in advance and the interviewees were approached with an email concerning the subject of the study and justification of why they were chosen. Before the conduction of the interviews the researcher made sure to acquire sufficient knowledge concerning the research phenomenon by reading trade literature and scientific publications as well as partaking in workshops revolving around the subject. Apart from one, all the interviews were conducted in the offices of the interviewees and conducted in Finnish as it was in each case the native language of both the interviewer and the interviewee. One of the interviews was conducted using Skype as it was more convenient for the interviewee. The interviews lasted between 40 and 70 minutes depending on the knowledge and talkativeness of the interviewee. All the interviews were recorded using a voice recorder and transcribed after the interview. As Eriksson & Kovalainen (2008, 85) point out, transcribing the interviews is a good way of familiarizing oneself with the answers before the actual analysis. Altogether the interviews added up to roughly 8 hours and 10 minutes of recorded material.

An essential part of the theme interview was the theme structure, which provided the interview its structure as well as made sure all the intended themes were covered. Each of the themes included a set of questions that had been prepared beforehand. To enable following the natural path of the discussion as well as gathering of sufficient data further questions were asked where necessary. The theme structure can be found in appendix 2.

According to Puusa and Juuti (2011, 82) relying on an analytical framework is an accurate way of organizing the themes of an interview. However, a good interview structure should not be a list of theory-based questions. The questions should not come from the theory directly, but help in gaining answers, which then can be analyzed from the viewpoint of the theory. (Koskinen et al. 2005, 109.) . As Uusitalo (1991, 42–43) suggests, theories are at best conceptual tools supporting the study and at worst artificial categories forcing the categorizing of the research results. In this research, the themes were organized around the research questions presented in chapter 1.2, yet they did not provide direct questions nor did they dictate the order in which questions were asked in the interviews. The questions were asked in an order that supported as natural flow of discussion as possible within the constraints of the theme interview. The questions were formulated in such a way that the somewhat abstract concepts of the analytical framework were turned into observable qualities that were easier to handle for the interviewees. This can be referred to as operationalization. The term is most often used when discussing quantitative studies, but it is applicable to qualitative studies as well. It is particularly applicable when conducting a theme interview. (see Eskola & Suoranta 2008, 77–79.)

Before going into the first theme the interview was started with questions concerning the job description of the interviewee. This helped the researcher better understand the role of the interviewee within the organization, but maybe more importantly offered the interviewee an easy way to begin the interview before gradually moving onto more difficult questions. The first theme revolved around the recent changes that have had effects on planning marketing communications. This theme was used to set the frame for the second as well as the final theme. In the second theme the interviewee was asked to describe the current setting of the marketing communications partner network and in the third and final theme the interviewees were asked to predict how this set up might change within the next 3 to 5 years and what would be the driving forces behind this change. The operationalization table and the themed interview questions (in Finnish and English) are presented in appendices 2 and 3.

3.3 Data analysis

The purpose of data analysis is to bring clarity into the gathered data and thus create new knowledge of the studied entity. Through the analysis the data is compressed without losing any relevant information. (Eskola & Suoranta 2008, 137.) The purpose of qualitative data analysis is not to test a hypothesis or a theory, but rather to analyze the data in detail from various points of view (Eskola & Suoranta 2008, 19; Hirsjärvi et al. 2007, 157; 160).

There are various ways to analyze qualitative data (see for example Eskola & Suoranta 2008, 159) and because there are a variety of options but no distinct rules, analysis is one of the most difficult areas of qualitative research. It is strongly dependent on the skills and creativity of the researcher. (Hirsjärvi et al. 2007, 219.) Regardless of the chosen analysis it should always be systematic in the sense that the interpretations are not based on random samples of the data (Uusitalo 1991, 82).

The most common methods of analyzing qualitative data are *thematic analysis, typification, content analysis, discourse analysis* and *conversation analysis* (Eskola & Suoranta 2008, 160; Hirsjärvi et al. 2007, 219). In this study the data is analyzed using a thematic analysis. This means that the transcribed interviews were read through carefully and common themes were formed. The common themes followed the components of the analytical framework. These themes were *ascriptions and descriptions of recent changes in the marketing communications network*, the *actors* of the network as well as the *activities* they provided, the *resources* they controlled and their *network roles* and *positions* and possible *future changes* in all of the afore mentioned.

Using these themes the transcribed data was analyzed and all the relevant information was extracted by underlining the transcripts. The final phase of the analysis was to interpret the outcomes of the themes and form conclusions from them. The analysis of this study was started already during the empirical part of the research and thus it helped form new insights and helped define the aforementioned saturation point of the study (Eskola & Suoranta 2008, 62).

3.4 Evaluation of the reliability of the study

In all research there is an effort to minimize the amount of mistakes. Therefore every study has to assess its own reliability. As there are various views and approaches to qualitative study, there are also a number of different views on how the reliability of qualitative research should be assessed. (see Tuomi & Sarajärvi 2009, 131.) It is vital to continuously evaluate the reliability of the research rather than only at the very end of the research process (Eriksson & Kovalainen 2008, 290-291).

Usually when evaluating the quality of a research the concepts of reliability and validity are discussed. Essentially reliability describes to what extent a measure, procedure or instrument yields the same result on repeated trials. Validity indicates how well and truthfully the researcher has been able to capture the true state of the phenomenon. However, as both terms are traditionally strongly connected to quantitative research there are different views on their applicability to qualitative studies. (see Eskola & Suoranta 2008, 211; Koskinen et al. 2005, 258; Tuomi & Sarajärvi 2009, 136–137.)

Many scholars have suggested that the notions of validity and reliability should be replaced by more fitting terms and approaches. According to Hirsjärvi et al. (2007, 227) the reliability of a qualitative research is justified through detailed descriptions of the carrying out of the research. For example, in the case of an interview study such as the present study the interview situations, the interviewees and the time used are essential elements that need to be described. In this study the descriptions of the gathering as well as the analyzing of the data were provided in the previous sections.

To strengthen to reliability of the study, as well as to follow good research ethics, the interviewees were given an opportunity to review their opinions at the end of the study to ensure equivalence. The risk of low credibility was further lessened by discussing the research question, the research process and the research results with people who were better acquainted with the Finnish marketing communications industry than the researcher. The reliability of the research is also improved by providing examples of the research data i.e. quotations from the interview transcripts that support the research results that are presented the next chapter. (see Eskola & Suoranta 1998, 211–212; Hirsjärvi et al. 2007, 227–228.) It should be noted that the quotations are translated from Finnish to English and thus their authenticity is not as good as the originals. However, the translations are true to the interviews as they convey the same relevant information as the original quotations. The translations were done by the researcher and they aim to follow the idiomatic character of the English language.

The objectivity of the research also has to be assessed. Objectivity in this context refers to whether the researcher is able to understand the data provided by the interviewees as such or whether the researcher assesses it through some subjective view. (Tuomi & Sarajärvi 2009, 134–136.) According to Puusa and Juuti (2011, 80) the most profound challenges in an interview as a research method are typically involved with how the questions and answers are interpreted by the interviewer and the interviewee. In this research objectivity was reached through interpreting the data provided by the interviewees as objectively and truthfully as possible applying the analytical framework. However, it should be noted that the analytical framework, the research design and the interpretation of the data provided were done by the researcher, which means that subjectivity to some extent cannot be excluded. However, as Eskola and Suoranta (2008, 210) put it, the researcher is always a focal research instrument in qualitative studies and the starting point for any qualitative study is to acknowledge the subjective role of the researcher.

When assessing the reliability of a research done using theme interviews as a research method the focus has to be on the research process as a whole with its various phases. By choosing a theme interview, which can be seen as a soft research method, the researcher is aiming to capture the multifaceted nature of the research phenomenon. Because of the nature of a theme interview and the methods applied the mechanical definition of reliability should not be emphasized too strongly. The correspondence of the conclusions of the research and the researcher's view of reality works a trustworthy indicator of reliability. (Hirsjärvi & Hurma 2010, 128.) In general it can be argued that the reliability of this study is on a good level considering its preconditions.

4 THE STRUCTURAL CHANGE OF THE FINNISH MARKETING COMMUNICATIONS INDUSTRY

In this chapter the research results of the empirical part of this study are presented. The results will be presented according to the sub questions of the research. First the recent change forces and the effects that they have had on creating marketing communications are discussed. Next the current structure of the marketing communications industry is explored. The final theme is on trying to understand, using the previous two chapters as a background, how the structure of the Finnish marketing communications network will continue to develop. At the end of this chapter all the different themes are summarized in a single analytical framework. The objective is to present a well-grounded answer based on the empirical findings to the main research question.

4.1 Recent changes in creating marketing communications

The first discussion point with the interviewees was the recent changes in the creation of effective marketing communications. The interviewed advertisers had mostly congruent views of what the relevant changes and the change forces behind them were. The themes of digitization and the consequent proliferation of media channels as well as the change in consumers' media behavior, which were also discussed in the introduction, were in some way apparent in all of the discussions.

The interviewees brought up various aspects of what has changed, but all of these views can be ultimately ascribed to the *digitization* that is mainly brought about by advances in information technology. As noted, a *change in consumers' media behavior* was seen as a major effect of digitization:

> *I don't know if there have been any other clear trends that would have had an effect comparable to digitization. It has had an effect on the rise of the web, how people use the web and their media time or how they spend their time in general. – These are big trends that are strongly connected to digitization.*

> *The role of digitization comes to top-of-mind. – Another thing is the change in the behavior of people, which means that it is increasingly hard to reach people using traditional ways and that is partly related to digitization.*

Along with the change in consumers' media behavior the *fragmentation of the media landscape* was seen as a major change resulting from digitization. These two trends are closely related as the change in consumers' media behavior is mostly made possible by the *proliferation of media channels*. These changes were seen as a factor bringing a *new complexity* into designing marketing communications. However, this complexity was not only faced with concern as it has two sided effects for advertisers: on the one hand reaching large consumer masses has become more difficult and expensive, but on the other hand messages can be targeted towards more accurate target groups.

> *Well, marketing used to be a lot simpler because there weren't as many marketing communications mediums. Back then you had TV and print and then maybe outdoor and some point-of-sale advertising and things like that. – And that's why you couldn't really target your advertising. Instead you had to shout out to whole Finland. – Now we're able to segment target groups more efficiently and find segment specific mediums, which allow us to reach our consumer groups a lot better. – So, it's a challenge and an opportunity. You can target your message, but if you want to reach the whole of Finland it's more difficult or at least more expensive.*

> *If your job is to reach huge masses then it's more difficult. Of course there still exists mass mediums that make it possible, but their efficiency and attractiveness has diminished. – But on the other hand, if you have specific target groups it is easier to reach them.*

Generally, when creating marketing communications the advertiser now has more aspects to take into consideration than before. This has brought with it a *need for more specialist marketing communications companies* than before and at the same time *widened the relevant marketing communications network of the advertiser*. The previously somewhat straightforward process of planning marketing communications has developed into a process that requires input from various actors of the marketing communications network as well as new skill sets from the advertiser:

> *This used to be easy. You got what you wanted. – That's one of the changes. Now you have to think across a variety of channels how to connect your messages. It's not enough to only use a single channel.*

> *Earlier you had enough work in thinking about offline advertising and now on top of that these same people need to think about how to do the*

> *same thing online. Do the production and all that. That has brought a lot of challenges because earlier you could just walk into an advertising agency and hand in a brief and just have a media agency on the side. Now you have to think about the coherent whole and integrated marketing communications. So there is no one agency X where you could go to.*
>
> *In that sense it has become harder that if we talk about the roles of different agencies they have to provide the advertiser more support than before and help in figuring out what are the places where you have to be seen and in what way.*
>
> *For the advertiser it is more difficult to manage all the things, but I'm not saying it's impossible. It just requires a totally new competence set than what we have had before. – The standards of doing have gone up!*

A further change that was apparent in the interviews was the appearance of the division between *owned*, *earned* and *paid* media. These are now frequently used marketing terms that have gained prominence with the arrival of digitization and social media. However, the terms can be used both in online and offline context. Owned media refers to the media surfaces that are owned by the company and are under its control. Examples of owned media are a company's website, its social media websites or the packages of its products. Earned media refers to brand visibility that is received from outside the company and it is thus not controllable unlike owned and paid media. Examples of earned media are for example news articles, blog posts and discussions in social media. Finally paid media refers to bought media space e.g. advertisements in mediums subject to charge (see for example Corcoran 2009). None of these media types are new, but what is new is the increasing prominence given to owned and earned media while paid media has always dominated in the past:

> *One of the changes is that if this business used to be about bought media then these days you have to think about how to take advantage of your own media – and also how you can earn attention in different mediums.*

One of the aspects that has developed drastically is the *amount of consumer data* that advertisers are able to exploit. While generally it is a good thing to have access to this type of information, it can also be seen as a factor adding to complexity to marketing communications. On the other hand advertisers are now much better able to understand the efficiency of their marketing communications inputs and also react more quickly and accordingly, but on the other hand the amount of data is simply so vast that it is difficult to handle and comprehend on a holistic level. There seems to be no clear consensus on how this measurability should be approached from a strategic point of view that would tie it to the overall aims of marketing communications. This measurability has also given marketers the tools as well as the *responsibility to internally justify* the marketing actions of a company.

> *Maybe our marketing has become more real-time. We react to changes more quickly. If something is not working we take it out. On the Internet we can measure more accurately. If something isn't seen or clicked or it doesn't turn into leads then you just take it out. So measurability has emerged.*

> *Now you have continuous trend data showing how people are using your products. That's one aspect: how can we apply that to making our marketing communications more effective? – It brings an interaction that you didn't have before. And it also brings complexity. How can traditional actors, both agencies and clients, make use of the nature of the web, digital advertising and digital marketing?*

> *One change is definitely a certain result orientation. Marketing has to be increasingly justified. It can even be seen on a short term. The role of marketing has become more important in some firms but only when it has been numerically justified.*

There were also aspects that did not occur in all of the discussions, but were nevertheless interesting descriptions on the effects of change. For example the *possibility for brands to interact with consumers* through social media was seen as a major development, which has to some extent lessened the critical views that consumers have towards marketing communications. On the other hand at the same time the critical stance towards more traditional methods of advertising has experienced an opposite change with the rise of consumers' media literacy:

> *The effectiveness of traditional advertising has gone down in the sense that the message doesn't necessarily penetrate as well. But then on the other hand a lot of young people aren't as critical as before. – If you think about where Facebook is taking this: the brands are there just like your friends. In that sense marketing has changed.*

> *Also I think that media literacy has increased so that if you really want to influence audiences the communication has to be different. A straightforward approach doesn't work like it did before.*

Of course the changes of digitization do not only limit to marketing communications. It has a significantly wider effect for the whole business logic of companies. Digitization has had varying implications for the advertisers interviewed in this study. For some of the interviewed advertisers, for example in banking and directory service business, it has opened up a completely new way of doing business. However, in this study the focus is outlined to the effects marketing communications.

Whether or not the discussed trends were going to continue into the future or not was met with varying opinions. It would seem that the digitization driven trends of media channel fragmentation and consumers' media behavior are going to continue evolving, but the *aggressiveness of this evolvement* was seen as hard to predict. However, it was mostly agreed upon that especially the prominence of mobile media marketing communications solutions was seen as a big trend. In fact, according to studies world wide mobile Internet usage will grow to be more significant than desktop Internet usage within the next two years (see Minato 2012).

> *I think that mobile media is going to increase. I believe that what's going to increase is the use of Internet through smart phones. It's going to surpass the use of laptops. – Everything mobile is going to increase.*

> *I think the same trends will continue as before. There's going to be new ones, but they are somehow going to sprout from the existing ones. I think that the development of technology is going to mean that moving picture is going to be produced more as well as content meant for mobile devices. – Use of social media is going to increase. I don't think it's going anywhere. What might change is how it manifests itself, but the trend's not going anywhere. Fragmentation is going to continue. It's not like we're going to take a step back and be able to reach more people through fewer channels.*

One further change that is surely going to have an effect on media planning is the growing relevance of consumers' use of multiple screens at the same time. This so called cross-platform consumer behavior means that consumers use multiple devices simultaneously, which means that their attention is split between different media surfaces. (see Google 2012).

In sum it seems that the driving force behind all the discussed changes is digitization. From digitization begins a causal chain including such elements as media fragmentation and changing consumer media behavior. Further elements are for example the ability to more accurately target marketing communications as well as the possibility of more accurate and real-time performance measurement. At the same time media fragmentation has led to a situation where mass communications is not necessarily as effective as before. The increased measurability of marketing communications has also made it more important for marketers to justify the various marketing communications actions they take. This applies even more so for companies that are being affected by the effects of the ongoing slow economic situation.

The causality of these aspects is difficult to distinguish but at the same time it is not very essential to establish. It is more important to understand that these changes are all somehow interconnected and are a part of the same phenomenon and that they all add complexity to the process of designing marketing communications. It is worth noting that the views presented by the interviewees here align with the views of technology driven fragmentation of media landscape and changing consumers' media behavior discussed in the introduction (see Salmenkivi & Nyman 2007; Sharp et al. 2009; Sobermann 2005).

According to the interviewees the change trends presented here have not yet reached their apex, but it is hard to predict how aggressively they will continue to transform marketing communications in the future. This makes it more difficult to accurately predict what the future structure of the marketing communications industry might be like.

The views on changes that the interviewed advertisers presented were very similar with a recent study concerning the future changes of marketing and marketers' ability to adapt to these changes, in which more than 1700 CMOs (chief marketing officer) from 64 countries we're interviewed. In the study market and technology were seen as to two most powerful external forces that are affecting organizations. These two forces were expected to drive increasing levels of complexity in the marketing of products and services. Explosion of the amount of *available data, social media, the proliferation of channels and devices* and *shifting consumer demographics* were seen as the four biggest challenges that a marketer faces today. (IBM 2011.) These are aspects that also came up in the interviews conducted in this study.

According to the same study, many Nordic CMOs lack the ability, and admit feeling less prepared than their Global peers, in leveraging new digital tools to manage the impact of increasing volume of data and social media (IBM 2011b). This despite the fact that in general Nordic countries are recognized as being forerunners and early adopters of technology, helping them to become some of the most connected countries in the world (Digital economy rankings 2010). In fact, the vast majority of CMOs feel underprepared to manage the impact of key changes in the marketing arena and even more so in the Nordics (IBM 2011b).

In the next two chapters it will be established how these changes have formulated the current structure of the marketing communications network as well as how the structure will continue to evolve based on these changes. Some of the discussed changes can be seen as incremental whereas others are more radical (see Halinen et al. 1999). However, it is difficult to accurately categorize what changes can be credited as incremental and what as radical as they have had varying effects on different actors depending of the nature of the specific actors marketing communications needs. As will be shown in the following sections, for some actors these changes have made it necessary to form new relationships with completely new actors and terminate relationships with old ones whereas for some actors it has only meant a change in the nature of these relationships.

4.2 Current network structure of the marketing communications industry

In this chapter the focus is on understanding what the current structure of the marketing communications network in Finland is like from the point of view of the interviewed advertisers. It is necessary to establish the status quo of the industry network structure in order to be better able to predict how this setting might change in the future. The relevant actors, their activities and resources are all discussed separately. Also, the network roles and positions of these different actors are under examination. It should be pointed out that because of the theoretical nature of the network model there is bound to be some overlapping between these different aspects. For example the network positions of actors are largely dependent on the activities they provide. Similarly, employees of a company can be considered to be both resources and actors in a network. These overlaps only further demonstrate the intertwined and complex nature of the research phenomenon. As Håkansson and Johansson (1992, 33–34) write, the actors, activities and resources of a network *combined* from a system where heterogeneous needs are met by heterogeneous resources.

As all of the interviewed advertisers were high volume Finnish B2C advertisers with fairly large target groups, mass media was an important part of their marketing mix as, despite the issues discussed in the previous section, mass media still allows advertisers to reach large audiences. Thus television and other traditional mass media options, such outdoor advertising and print advertising, were significant media channels for all of the advertisers. As Chiagouris and Lala (2009, 328) argue, although marketing managers are aware of the potential for waste in the use of traditional media, such vehicles still continue to dominate media budgets. However, the general trend of increasing use of digital media and at the same time reclining use of print media and some other forms of traditional media was apparent in nearly all of the discussions. According to a survey concerning Finnish advertiser's advertising budgets this seems to be an ongoing general trend with all advertisers in Finland (Mainosbarometri 2012). The declining use of print media by advertisers reflects the declining circulation of newspapers (see Levikkitarkastus 2012), which in turn is one aspect reflecting the change in consumers' media behavior.

4.2.1 Actors

Actors can refer to individuals in a company, parts of a company, the company as a whole or groups of companies. In this study the term actor will be used to refer to companies. Actors determine which activities they perform, how they are performed and what are the resources utilized when performing the activities. The companies control of resources and activities form power relations between actors. (Håkansson & Johansson 1992, 28–29; 33–34.)

As discussed in the previous chapter, with the proliferation of media channels also the number of different marketing communications actors that the advertisers co-operate with has increased. Most of the interviewed advertisers had at least three partners that they were simultaneously working with on a semi regular basis. Advertising agencies or so called creative agencies and media agencies were seen as relevant marketing communications partners in all of the interviews. In addition to these also different digital agencies, pr agencies, communications agencies, search engine optimization agencies, service design agencies and production agencies were used. The relevancy of different types of actors for the advertisers will be addressed more thoroughly in chapter 4.2.4.

In this chapter the focus is on which actors the advertisers consider to be in their relevant marketing communications network. This set of actors is known as the advertisers *network context* (Holmen & Pedersen 2003, 411). All of the interviewees brought up some similar aspects when defining the relevant set of actors. However, there were also significant differences in the relevant set of actors as well as the advertisers' *buying strategy* from these actors. Buying strategy (sometimes referred to as governance structure) in this context refers to how the advertisers organizes the partnerships around itself in the network; who are the closest actors that are interacted with most often and do they have their own subcontractors or do the advertisers buy from all the suppliers directly (see for example Sharma 1998). Some of the advertisers preferred to only interact with a few actors who were expected to deliver turn key marketing communications solutions and act as intermediaries between the advertiser and the rest of the network where as other advertisers preferred to buy everything directly from all the suppliers. The simplified main models of buying strategy are illustrated in figure 3 below.

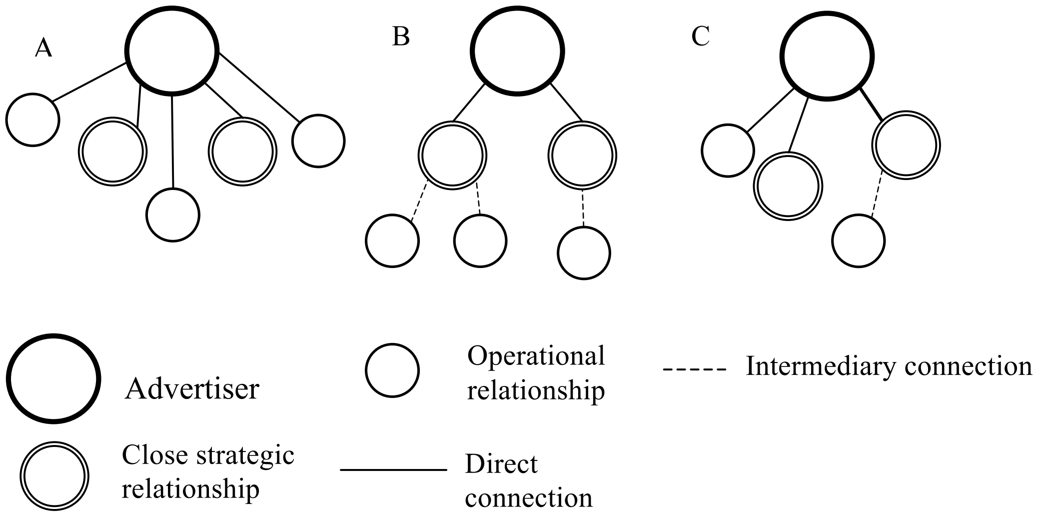

Figure 3 Basic buying strategy models

In the figure the first model (A) illustrates a situation where the advertiser has a close relationship to two actors (usually a media agency and an advertising agency) and the other actors are not so close to the advertiser and co-operation with them is less frequent. The amount of the closest actors is not necessarily limited to two but generally this was the most common solution. In the second model (B) the closest actors function as intermediaries between the advertisers and the less relevant actors. The third model (C) is an elaboration of the first model where one of the closest actors is perceived as being more strategic and relevant than the others. The actors naturally do not work in isolation as they have to be able to co-operate with at least some of the other actors but for the sake of simplicity the co-operative connections are not illustrated above.

The above illustrations are simplifications and there is no one-way of implementing a buying strategy from multiple partners. The variations on the buying strategy and partner network of the advertisers is strongly dependent on the fact that all the interviewed advertisers naturally have different needs when it comes to marketing communications. The brand architecture of the advertisers as well as the nature of the products or services and target groups play a significant role in defining these needs. The combined needs determine who are the actors that the advertisers choose to partner with. There are various ways to set up the actor network and it cannot be argued that one way would be better than another since it is always strongly dependent on the context. Thus, as can be seen in the following quotations, there is *no one-way to operate* with the actors of the marketing communications network:

> *The basic set-up is that we have a digital agency, two advertising agencies and then a media agency. Of course we have smaller actors on the side that are used more like boutiques and smaller digital agencies that produce content. – We have a certain network of partnerships and then some on the side.*

> *We have one media agency – When it comes to marketing communications we have a variety of partnerships. We have one brand level partner and then a partner that handles daily business and that delivers cost efficient activities. And then we have two or three partnerships handling the digital side of things. It used to be that we had one partner who did it all. – You can't get that anymore.*

> *We have strategic partners, production agencies, purely UX [user experience] or concept partners, content producing partners and then SEO [search engine optimization] specialized partners. These are our five categories of partnerships.*

These quotations are representative of all the conducted interviews in the sense that advertising agencies and media agencies were the only agencies that were used without exception by all of the advertisers. All of the advertisers operated with a single media agency whereas some advertisers were operating with multiple advertising agencies with slightly different roles or ownership of the brands of the advertiser. According to Horsky (2006, 368) the consolidation of media assignments to a single media agency while having multiple advertising agencies is a general trend among large advertisers.

The advertisers were also co-operating with several smaller companies that did not have as integral part in the planning of marketing communications but were nevertheless seen as relevant partners. These *smaller agencies* were often seen as more agile, flexible and able in their own niche field:

> *You can especially see the fragmentation in how there are small agencies that are really good in digital marketing and they are a lot more flexible than some big agencies. In that way the world has changed and become more complex, which in turn requires complex competencies from us.*

Furthermore, the quotations also reveal a general trend of working with a variety of different companies in a setting where there is an emphasis on the most significant actors who the advertisers interact with on an ongoing basis. However, having multiple marketing communications partners was seen more as a *necessity rather than a desirable situation*; the advertisers seem strive for simplicity to the extent where they feel that it is possible:

> *We would like to have maybe two partners at the max. Or maybe even one. – Then we might have something set up with some smaller agency because producing a single layout might be cheaper there than in our main agency.*

> *We used to have many partners before. During my career I've just recognized that it's smarter to centralize your partnerships. We have one strategic advertising agency, one strategic media agency and one strategic communications agency. And these three should form a triangle around us. – These are the three every-day partners and then we do separate contracts with for example a event management agency.*

> *We have one media agency that is the global media agency of one of our brands. That is probably the most strategic partner as it does all of our brands. – We have three main advertising agencies that split our brands so that one agency has the same type of brands. We used to have more agencies but we purposefully narrowed it down.*

> *Sure, if we would go to smaller and more specialized agencies they might be more competent, but in a company that the size of ours we haven't seen that having different partners for different functions would bring any added value.*

The researcher was also interested in knowing how difficult it is for the advertisers to classify the different actors from each other into their own specific roles. According to Soberman (2005, 423) the distinction between what defines these different actors offering marketing communications services has recently become *increasingly blurred.* According to some interviewees the actors have a tendency to promise capabilities they are unable to offer, which further dissolves the lines between agencies. Accordingly, it was seen that finding the best partnerships is often a process trial and error. In the past, advertisers could easily categorize these actors but this is no longer the case; marketing communications companies are increasingly venturing into territories that are new for both themselves and their clients. The interviewees had varying views on the subject. Some thought that categorizing and recognizing based on what they are able to offer was fairly easy where as others saw it as a very difficult task that the advertisers were not be able to handle by themselves:

> *The lines and roles between agencies are blurring. The agencies are not on their traditional position. So a media agency does a lot more than just buys media like it used to.*

> *There are no one-stop-shops. You need to have agencies that are under the same holding company, which really doesn't exist in Finland, or then you need to form a network of actors yourself, where there are clear roles and strategies for co-operation. But that doesn't work either because there are so many overlapping competencies: if you think about traditional advertising agencies, what do they emphasize? Digitization. And digital agencies? Let's say customer understanding and data refining. Media agencies? Optimizing digital performance, which is traditionally done by digital agencies. Then you add a communications agency that does social media stuff and blogger relations and content and such. And then you add the boutique agencies so it's really a mess.*

Much in the same way there were varying opinions between the advertisers on whether it is difficult to *recognize the actors with the most talent* and more importantly the right talent for a specific advertiser. Some saw it as extremely difficult where as some saw that differentiating between the talent levels of different agencies is fairly easy:

> *This is such a specific industry that you really need to be in it to be sure that the agency has enough of the right skills. That's why when we make decisions on partnerships we use a outside consultant. We have had good experiences with that because our own skills aren't really good enough.*

> *It's really difficult to recognize the right partners because how do you measure what you're looking for? Following competitions? Talking to colleagues? Looking at turnovers to see who's going up and who's going down? You need to have really good networks to know who's a guru or then you just need to learn it the hard way. Try one to find out that it didn't work. Next!*

> *The buyer needs to have a lot of expertise because when you're interviewing potential partners you need to be able to ask the right*

> *questions that really reveal if they're competent. – And it's difficult, or easy if you know how, but difficult if you're a general buyer. So your organization needs to not only to have skill in buying services but also knowledge of the overall design process.*

In sum, the advertisers have many different needs when it comes to creating marketing communications and these needs cannot fully be met by any single actor of the marketing communications network. There exist a variety of actors offering a variety of services and recognizing the right ones for any one advertiser requires special knowledge both in services buying and also on the design process of marketing communications as well as a good knowledge of the industry. Some advertisers perceive the network as being clearer and easier to navigate than others. Out of these different actors advertisers form a partnership network where different actors fill different needs. Some partnerships regard a large part of the marketing communications processes and are used continuously where as others are used less frequently on a more ad hoc basis (cf. Easton 1992; Ford 2003, 3). Some of the advertisers preferred to buy all the different services from various actors directly where as other were using their closest partnerships as intermediaries between the smaller agencies. This goes to show that there is no one way for the advertisers to organize the actors around them. It is strongly related to the context of the advertiser.

It could be said that in general for the advertisers interviewed advertising agencies and media agencies were the most important actors of the marketing communications network as they were used without exception by everyone. However, also the smaller actors had a role to play and it was seen that these smaller actors specifically had an advantage to traditional advertising and media agencies when it comes to flexibility and ability to react quickly and think differently. Nevertheless, as media agencies and advertising agencies were seen as the most central partners in most of the interviews they also have a more prominent role in this study than other actors.

Digital agencies also had a prominent role in most of the discussion. However, the perception and usage of digital agencies varied from discussion to discussion. While some advertisers had partnerships with multiple digital agencies, others were buying most of services that a digital agency would provide from or through their advertising or media agency or even producing the bulk of it in-house. The importance of digital marketing communications was also perceived variably. Some of the advertisers had a specified team in charge of digital operations, including digital marketing communications, whereas in others it was something that was partially at the responsibility of marketing managers.

4.2.2 Activities

An activity occurs when one or multiple actors combine, develop, exchange or create resources by utilizing other resources (Håkansson & Johansson 1992, 30). Activities can be defined broadly as a sequence of acts directed towards a certain purpose (Håkansson & Snehota 1995, 50). In the context of this study activities are best understood as services that the actors are able to deliver.

The activities that are bought from different actors do not vary very much among the interviewed advertisers. However, for one advertiser a single actor can produce activities that for another advertiser are produced by multiple different and more specialized actors. Also depending on the type of buying strategy that the advertiser applies the activities can be bought from an actor who is producing them through subcontracting to smaller and more specialized agencies.

As mentioned before, advertising agencies and media agencies were relevant partnerships for all interviewed advertisers. In its most general level the activities that are expected from a media agency are the *buying of media space* and, correspondingly, *knowledge of different media options* and their nature. Media agencies are also expected to *measure the performance* of bought media. Media agencies should have knowledge of the overall media trends and different consumer segments. However, it seems that media agencies are stepping out of their traditional roles of just being media handling agencies and are striving to be important strategic partners. For some advertisers the media agencies produced activities that were very strongly comparable to those of a digital agency.

> *What we buy from our media agency is traditional and diverse media buying but also in addition to that they do a lot of co-operation with our customer service unit. They go through our customer processes and help us with segmentation and how to approach those segments. It's getting close to sort of data mining. So there's really no traditional media agency role.*
>
> *On the media agency's side there is an emphasis on digital competencies. They know to tell us that these mediums allow us to do things in a new way.*

The expected activities of advertising agencies did not vary very much among the interviewed advertisers. In general advertising agencies were responsible for generating the *creative ideas* that are at the center of the marketing communications campaigns. Advertising agencies were also expected to create or help with *brand strategies*. They were seen as being responsible for generating integrated marketing communications ideas that can be applied in different media channels. Some advertisers also used their advertising agency as a consultant when buying other marketing communications services. In general it was seen that advertising agencies need to have a more thorough understanding of the advertisers business where as media agencies are able to more generically apply their expertise across various clients.

> *The advertising agency does everything starting from campaign design, TV, print, anything. They're also helping us if we do events or something like that. – And if we're launching new products then they might have ideas on what are all the different things we can do. So we need them for the overall idea and the producing marketing materials.*

The advertisers that used digital agencies had varying views of the activities that they are able to provide. In some discussions digital agencies were seen as operational partners who implement digital marketing communications solutions without providing strategic activities to support the more *operational activities*. Thus it was seen that digital agencies were mostly operational partners producing *digital products and ways to approach the consumer*. Digital agencies were expected to have a general knowledge of all digital medias and developing digital services and products. Depending on the advertisers also measurement of digital activities was expected from digital agencies.

> *Digital agencies are turned to for a holistic view on everything digital, increasingly developing web services and other web activities. So a lot of what they do is producing, mobile, and web service design.*

> *We really would have liked to have digital agencies that would be able to help us strategically on digital things. Not just producing things. – Often the added value that they are able to produce is based on some technological cool thing that might have short-term value but it's really not going to carry you that far.*

According to the interviewed advertisers there are *significant differences in the digital skill level* of different agencies and thus significant differences in what kind of activities they are able to produce. This makes it harder for the advertiser to define what to expect and to demand from its partners. Therefore it is also difficult to categorize what are the capabilities of different types of agencies.

> *There are huge differences in digital competencies. Both on client's side who are buying the services – as well as on the agencies side where the competencies are very fragmented. In some agencies it's really well integrated and high class but then some don't have it at all. We're in a polarized world both on the buyers and the seller's side.*

> *What is wanted from an advertising agency is traditional increasingly integrated advertising. So that it has some communicational bait, creative idea and something that tries to fulfill a business goal. But they aren't necessarily able to do it so well. But that's really what these traditional advertising agencies are striving for. So what you want from there is the offline vision or direction. But can they do the same thing online? It really depends a lot on who's working there. Can they do things that a digital agency just has to produce? – And then what you want from a media agency is that they can buy media holistically. But can they buy digital? It really depends on who's working there.*

The researcher was also interested in knowing if the advertisers feel that there is a gap between what type of activities the advertisers would require and what activities they are able to get from their marketing communications network. In general there is no one thing that would systematically be under delivered but there were some aspects that caused dissatisfaction that were mentioned in more than one interview. One of these aspects was *the lack of in-depth and holistic digital understanding* throughout all of the actors including the advertisers themselves:

> *One thing that we're missing is the holistic approach to the whole digital field. That's hard to come by. It seems to be a tough one for everyone. Media agencies are able to answer it from their part, but because their whole business logic is based on paid media they really have no incentive to strive to that direction because that's then out of their business. You would think that digital agencies would be able to help you but they're just so damn execution centric. Just doing sites or apps. That's really irrelevant if there's no deeper perception behind their meaning. They're lacking that business understanding. And advertising agencies don't have that holistic digital view either. They might have some really good ideas but that's it. So that holistic digital view is something that no one has been able to offer for us.*

What we have really struggled with for the last five years is how can we incorporate digital solutions to traditional solutions so that it would really make sense. I mean that you have a good digital solution that is integrated with the traditional solutions that are done and it wouldn't be ridiculously expensive. – It easily gets out of hand and then it's just like "Well, let's do TV first and then see about all the other stuff."

No one is able to give you that holistic view. It's always from their own view.

Similarly some of the advertisers felt that the role of digital marketing communications was still somewhat unclear their organizations. The advertisers did not necessarily understand how to make use of its full potential or how it should be used in accordance with other marketing communications channels.

Another thing that was mentioned in some of the discussions, along with the lacking understanding of holistic and integrated digital media solutions, was not getting enough help with *strategic marketing*.

What I've been worried about for years is strategic marketing. We can't seem to find a sparring partner when it comes to that. There are a couple of people in this country who are good at it, but we can't be switching agencies following them. That's a gap for us: strategic marketing and brand competencies.

Some of the advertisers felt that in general the changes that digitization has brought with it has had a bigger effect on what is expected from advertising agencies in comparison to media agencies. Accordingly, it was seen that perhaps media agencies were little better in responding to the developing requirements of the advertisers.

We have to challenge our media agency's competencies and advertising agencies teams every year. In a single year there is such a shift towards digital that you need to have the right team. And sometimes it feels that these agencies aren't able to keep up with the change. Our media agency is a little better in keeping up with the change, but our advertising agency is a bit stiffer.

If you think about fragmentation then our media agency should really have the best insight into how to act in this new situation. I feel that advertising agencies really hope that that they could do things the way

> *they used to. That they could do what they're used to and sell things the way that their traditional set up allows. Of course, not all advertising agencies, but many of the biggest and most traditional.*

The above statements should not be given a too strong emphasis as in general most of the interviewed advertisers were relatively satisfied with their marketing communications partners. Naturally, the critical stance towards the marketing communications partners varied among the interviewees. To at least some extent the advertisers feel that there is a lack of understanding when it comes to holistically integrating digital marketing communications and digital channels with traditional ones. Some advertisers even felt that some of their past or current partners were partially reluctant to approach the new digital mediums as readily as necessary. This lack of understanding and reluctance to change the way of operating had lead some advertisers to change the actors that they were partnering with. In this sense some of the changes of marketing communications can be seen as *radical changes* that terminate old and form new relationships (see Halinen 1999).

All of the actors had specific activities that they were expected to produce, but at the same time there was a lot of variation in the actor's ability to produce those activities. At the same time the activities that the different types of actors produce are starting to overlap with each other. This variation made it more difficult for the advertiser to find the optimal marketing communications partnerships and in some cases it was seen that finding functional partnerships was ultimately a question of trial and error.

From the advertisers point of view it is integral that the different actors are able to adapt and implement their activities with the activities of other actors. According to the advertisers the co-operation between the different actors is key in creating successful marketing communications. As Grönroos (2004) has argued, collaboration across and through organizational boundaries is essential to client satisfaction and the success of service-orientated firms. The importance of successful co-operation is discussed more thoroughly in chapter 4.2.4.

From some of the quotations of this section it can be seen that the actors' ability to produce activities is very strongly dependent on their employees. This is an aspect further discussed under the next section concerning the resources of the actors. After that the actors' network roles and positions that are based on their ability to produce various activities using their resources are discussed.

4.2.3 Resources

According to Håkansson and Snehota (1995, 30) manpower, equipment, plants, knowledge, image and financial means are examples of resources that an actor can control. Resources are needed in order to carry out activities. (Håkansson & Johansson 1992, 28.) In the context of marketing communications the most important resource to control are the people a company employs. The somewhat theoretical nature of the ARA-model can be seen in the fact that the employees of a company can ultimately be viewed both as actors and resources. However, in this study there is a distinction made between the two so that actors refer to companies and resources refer to the people working in the companies i.e. actors control the resources. Thus in this study employees are considered as resources that the company has to put in use and combine in a way that produces the most added value for the advertisers.

According to the interviewees the people working in marketing communications companies are the only significant resource that can produce value for the advertiser. In fact, the people who are working for a marketing communications company are actually more meaningful from the point of view of the advertiser than the marketing communications company itself. As one of the interviewees put it:

> *You need to keep in mind that this is a business built on specialists and that the agencies per se are irrelevant. The things that matter are the people and their creativity. I don't care if it says "Plumber" above the door as long as the right people are working there.*

As discussed, the control of resources gives an actor certain control over the network and forms power structures between actors (Håkansson & Johansson 1992, 28–30, 33–34). In the marketing communications industry's context this means that whoever is able to employ the most talented people is able to create competitive advantage in comparison to its competitors. This ambition is one of the key forces in developing networks, but the paradox is that the more an actor achieves control, the less effective and innovative the combined network is likely to become. (Håkansson & Ford 2002, 135; 137.) However, when the key resource is people the control over resources is difficult to obtain as individual people can switch companies if they so please. The lack of control is especially an issue in the marketing communications industry where the mobility of people is quicker than in most industries:

> *Those people working in advertising agencies change jobs almost like the rest of us change socks!*

Much in the same way when key people change companies advertisers are quick to notice and might even consider changing agencies because of it. This goes to show that the key people are the ones that the advertiser is really prepared to pay for even though companies cannot function with only a few key people.

> *And it's really about the people. If the art director and copywriter working on your brand change agencies then it's almost like we are changing to a new agency because the new AD and copy might be totally different. – We have in fact changed agencies after our old team left.*

However, on the other hand it was also seen that whereas previously agencies were better able to lure in advertisers through a few well know employees, nowadays employees with such unique skill sets do not exist. In this sense the control over the network is more evenly distributed among the actors and the threat of losing it is not in the same way dependent on only a few key employees:

> *The challenge is that what you're really paying for are the people. But that's maybe changing because before there were people who you could ask a lot of money for if you employed them. These gurus don't exist anymore. Or maybe they haven't been able to adjust to this new situation where they can't just do what they did before. And this goes out especially to those old traditional advertisers that have based their business on having the people who do prize winning advertising year after year. Now there are a lot more actors and young people who haven't had long careers but are really good in what they do.*

From all this it can be concluded that the management of an agency has a key role in defining what the combined skill set of the agency is. Through hiring and committing people the management needs to bring together employees with various skills and thus define what are the activities that the agency is able to perform. Through these activities the agency is able to distinguish itself from the other actors. The identity of an organization is always created in relation to others (Håkansson & Snehota 1997, 141) Håkansson & Johanson (1994) refer to this *strategic network identity,* which defines the company's ability to be perceived as an attractive exchange partner:

> *Agencies consist of people and it's really up to the management and the skills what the agency is going to be like – what we're looking for is solutions and processes where the price is right. And it's the employees who enable that.*

Creating marketing communications is a very thought intensive process where the created value is based on the ideas that people are able to produce and the skills that they have. The management of an agency has a key role in making sure that they employ the right people. As the mobility of employees in the marketing communications industry is relatively high, the question of control is an especially relevant one. However, at least according to some advertisers there is now a better balance of resources among the actors in the network than previously.

For companies that are mainly involved with the operative production of the actual marketing communications material, e.g. layouts, banners or film, some technical production tools might be important, but they cannot be seen as important as the people who actually produce the material. Furthermore, these production tools are easy to acquire which means that they cannot provide the companies with any long-term strategic advantage.

4.2.4 Roles and Positions

The purpose of this section is to try to understand which actors the advertisers consider to be their most important partners in the marketing communications network. In general it can be said that out of their relevant marketing communications network all the advertisers have from one to three strategic partners who generally are closer to them than the other actors. All of the interviewed advertisers considered either their advertising agency, media agency or both as strategic partners. In addition in some discussions communications agencies or digital agencies were considered to be strategic partners as well. The remaining actors of the marketing communications network were seen as being responsible for providing services that are mostly operative and thus do not necessarily provide the advertiser with a clear strategic benefit. To some extent this implies that these actors are not as relevant for the advertiser as the strategic ones.

In its most basic form the term network role refers to what activities the actor provides in the network and the term network position refers to how strategically important the actor is in the network (see Halinen et al., 1999). Roles and positions are not set attributes as they are strongly dependent on the point of view of the other actors of the network (Anderson et al. 1998; Gadde et al. 2003). This means that for certain advertisers certain actors are more strategic and provide different activities than for others. As Håkansson and Ford (2002, 138) put it, a network looks very different from the perspective of different actors, each with their own motivations, resources and understandings.

There are different approaches to the process of creating marketing communications. Some advertisers felt that the process of designing marketing communications should begin with a creative idea that is then supported by selecting the appropriate media mix where as others felt that the first step is to decide what is the best media mix to approach the target group and then based on this media mix the advertising agency has to come up with creative ideas that fit the desired media channels. This means that the starting point of designing marketing communications is usually either an advertising agency or media agency. However, there is great emphasis on *co-operation* between the two regardless of the way of approaching the process. Both of the approaches can be equally justified and both are strongly contextual. It should be noted that either way does not necessarily mean that one of the agencies would be a so called *lead agency* but it does give a certain strategic advantage in comparison to the other actors in the advertisers marketing communication network.

In this context a lead agency refers to a situation where one of the advertisers marketing communications partners leads or manages the process of creating marketing communications together with the advertiser. Thus the lead agency would be in a favorable position in comparison to the other partners as it serves as the starting point of the process. Most often the lead agency is either the advertising agency or the media agency but it also depends on the context. Most of the interviewed advertisers did not have a clear lead agency as they emphasized the importance of the actors working together in an equal setting. However, it was seen that perhaps using a lead agency would help the advertiser with resourcing as there is no need to co-ordinate such a large number of partners as the coordination is mostly left to the lead agency. Also using a lead agency would bring clarity in to the process of creating marketing communications as it would help define specific roles for each of the actors instead of every actor striving to implement their own view. There was a lot of variation in the usage of lead agencies; some advertisers used their advertising agency as a lead agency, some their media agency and some proffered not to have clearly define a lead agency role. Even though some advertiser did not have a lead agency they did use one of their agencies as a consultant in deciding what other agencies to operate with. Regardless of if a clearly defined lead agency was used there was still a preference in how marketing communications should be done and which actor should then have a more central role. In general it could be said that the use of lead agencies was met with a variety of opinions.

> *We don’t have a lead agency but that’s something that I’ve been contemplating. Having a lead agency model that would help our internal resourcing. – You’d have a clear lead and then a media agency and a digital agency and maybe a communications agency supporting*

campaigns. Everyone has a role, but the whole process is led from the lead agency.

Many of the interviewed advertisers felt that effective marketing communications is first and foremost always based on a good creative idea. Naturally the creative idea has to be developed with certain restrictions in mind. First of all, it has to be based on the business objectives of the advertiser. Secondly, it needs to be applicable in the desired channels but the *media mix should be built to serve the creative idea*, not the other way around. However, even if the creative idea was seen as the starting point of marketing communications, it was not a given that the idea would always come from the advertising agency. In some cases the creative idea had been developed in the media agency or some other actor.

The creative idea is the starting point – you build that idea on the consumer insight that you need to define. That brings you the best share of attention – So, the starting point is the idea and the media mix is secondary. It's really rare that you go "We want to do a TV add." You start with the message and then you see where it fits.

You always need to start from your business objective and through that you need to start with the brief. So in that sense you start with the concept and planning of the content. You can't beat a good idea. Media has to adjust. That's the way.

On the other hand some advertisers equally felt that the process of designing marketing communications is primarily concerned with the target group profiles and their media behavior and consequently the appropriate media mix. The key in effective marketing communications is then to know who are the target audiences and what are their media profiles like. Then it can be decided what are the relevant media touch points for those specific consumers. When the touch points are know the task of the advertising agency is to come up with creative ideas that work in those touch points and speak to the targeted consumers. Thus the starting point for the design of marketing communications is the *identification of relevant target groups and touch points* and this is usually the expertise of the media agency.

We do it so that first we figure out what media allows you to reach our target group. – The media agency should be able to give you that and then the advertiser should step in and figure out what is the angle to apply. If the whole starting set up is a mess then a good idea is not going *to save it. Of course the creative idea of the advertising agency matters but if the set up is a mess to start with then…*

Media agency should be the primary partner and as a more strategic partner be able to bring the most into the table. On the other hand the advertising agency is pretty much the only one that can challenge that. They are able to take ownership of the brands communications. In some brands that's just more important than the media.

It should not however be generalized that the starting point for designing marketing communications should be the advertising agency or the media agency and subsequently the lead agency should be selected between the two. It was also seen that each marketing campaign should be approached individually and the nature of the campaign and the target group then dictates which actors are involved in the process of designing the marketing campaign. Furthermore, some advertisers prefer to have a lead agency where as others feel that the agencies should be organized in a way where there is no clear lead agency and thus the advertiser is at the center of the leading the process.

For us the advertising agency would be the choice to be the lead agency because we advertise a lot on TV, but I don't see a problem with it being a digital agency if the main target group or the touch point is the web.

We strive to lead the process ourselves and we have tried various ways of briefing and operating. We don't have a standard way of going about it. We are constantly practicing and searching to find out how you get the best result. We try various models. – And what model we pick is dependent on who we are trying to talk to. When we know our consumer group then we know what's the touch point and what's the message that we want to apply. And that tells us which agency should lead the process.

As mentioned previously, digital agencies were generally seen as being more operative than the strategic partners that usually consisted of advertising and media agencies. However, as the prominence of digital marketing channels increases there is an increasing need for strategic partners who could offer the advertiser *strategic digital marketing solutions*. Nevertheless, some of the advertisers felt that digital agencies did not have the competencies to fill this role. As one interviewee put it digital agencies are in a tough situation between advertising and media agencies.

Digital agencies could be our strategic partners if they had good strategic competencies but so far they haven't been able to provide us with any. But, yeah sure, they are in a tight spot because in a way the advertising agency owns the brand and the media agency owns the dialogue that is going on between the consumers, so really the digital agency is forced to be in an operational position.

The operational role of digital agencies is also partly due to the fact that for us digital channels are purely brand building channels. We can't sell anything or do any business through them.

One aspect that was apparent in some of the discussions was that it seems that there is some overlapping in the activities that the actors aim to provide for the advertiser. This overlapping is, in fact, at least partially actively produced because the different actors feel that they have the capabilities to at least some extent perform the activities of the other actors of the network and thus increase their share of the advertiser's marketing communications budget. Through offering a variety of services that have traditionally been outside of their core business they are able to increase their business as well as try to appear more strategically relevant for the advertiser. The situation was particularly relevant concerning the relationship between advertising and media agencies. Grant, McLeod and Shaw (2012) have described the situation quite aptly in their paper concerning the conflicting interests of actors involved in the process of advertising planning:

The advertising business is increasingly competitive with struggles for control of strategy, planning and the position of lead strategic agency. This has intensified as media agencies expand research capabilities beyond their traditional remit into advertising planning and use their data expertise to advise creative teams on how to develop messages that fit into the communications structure they are building. Within the context of advertising planning, the dynamics between media and advertising agencies suggest that both are trying to use what specialized information and knowledge they possess as they jockey for a position of greater power, control or indispensability within this planning process.

Many of the interviewed advertisers felt that this can form to be a problem if it leads to a situation where the different actors offering marketing communication services are more interested in trying to make the design process more favorable for them rather than co-operating with the other actors working towards the best interest of advertiser. Even some of the advertisers who did not consider this to be a relevant problem in their particular situation acknowledged this as being a somewhat common problem within the industry. The tensions and roots for conflict within relationships of actors involved in the process of advertising planning have also been under academic research (see Grant, McLeod & Shaw 2012). However, it should be mentioned that not all of the advertisers felt that this was a particularly relevant problem.

> *I have to say that the media agency is trying to take the role of the advertising agency. They are really trying to get a bigger piece of the advertising agency's business but so far the success has been quite bad. As long as the creative people are from the media agency the level of ideas is not the same as in advertising agencies. But like I said: it's all about the people and why couldn't the same creative people work for the media agency.*

> *And it's a tricky situation because when the ideas are increasingly coming from the media agency there's really a danger that there's going to be some jealousy among the agencies. We've been in a situation where we have had to start the process of planning all over again because the agencies are just battling it out with their ideas. They're not really bringing in anything new. They're just bringing in their own. They can't build on each other's ideas.*

> *Lately we've been getting creative ideas from our media agency as well. And why couldn't the starting point be from the media perspective and bring a totally new point of view that way. – It's been very interesting and encourageable – as long as the co-operation doesn't suffer.*

In their research concerning conflicts Grant et al. (2012) concluded that clients responsible for managing service-orientated industries, such as the advertising industry, should acknowledge that inherent structures and in-built relationships of agency networks will naturally foster tension and conflict. By encouraging a sense of "healthy competition" with transparency of agenda and improved network communication, creativity can flourish for the benefit of all.

Some of the advertisers felt that at least to some extent it is the role of the advertiser to make sure that a situation of conflicting interests like the one described in the previous quotations does not develop. Possible ways to prevent this are to partner with agencies that work well together and actively defining specific roles and activities for the partners. Also, structuring the partnership network trough using a lead agency, which along with the advertiser is clearly in charge of the design process, was seen as at least as a partial solution helping to solve the problem. Other solutions that were seen as helpful were using fixed fees or partnering with agencies that are all part of the same holding company. In general managing partnerships is an essential skill for the advertisers.

> *What I try to do with all the agencies is that I try to narrow down their area of expertise and the outline their role accordingly. So with our new media agency I told them what their role is and what is expected from them and that it is not to try to take business away from the advertising agency. The ideas come from the advertising agency. The same way the digital agency should not try to take away business from the advertising agency but they should concentrate on doing what they do. When you make that clear then maybe it's not such a challenge. But if you don't take care of that then you might have a hard time telling who's doing what.*
>
> *The good thing about having separate roles is that the operations remain translucent and everyone knows their place. And it's the role of the client to see that it happens. The easier it is to define the better. So you don't have to spend time arguing who's doing what. But the problem is that it's not that easy. You can't just say, "you do this and you do this," because there are different strengths. So someone might be left without a role. – If you work with agencies that are all part of the same network there shouldn't be a problem, but the problem is that the best media agency, the best advertising agency and the best digital agency are rarely a part of the same network. So yeah, it's difficult to manage agencies.*

In sum, advertising agencies and media agencies are the most strategic partners and the core function of planning marketing communications is delivered through their co-operation. The rest of the actors in the network are generally in a more operative position. There is a growing need for strategic partnerships that would be able to help with a strategic approach to digital marketing. However, the digital agencies that would have a favorable situation to fill this gap are often considered as being more operative than strategic partners. The roles and the positions of the different actors are not fixed and thus there is constant effort from actors to change their positions to gain a more favorable situation but as Håkansson and Ford (2002, 138) write changing the network position of an actor is a major strategic activity that can usually only be achieved in the long run. However, this effort to gain more control may not be optimal for the advertiser as this striving towards change manifests as actors who are competing with each other rather than co-operating together. As a solution to this the advertisers saw that they have to clearly define the roles and the positions of all their partnerships. Using a lead agency to be in charge of the process of creating marketing communications was seen as one possible solution for the problem. However, as mentioned previously there is no one-way of doing things and no one way of organizing partnerships. This is why these views should be seen as generalizations that apply to most of the cases in the context of the research i.e. large Finnish B2C advertisers.

4.3 Future network structure of the marketing communications industry

In this chapter the final sub question of the study is answered. The aim is to understand how will the changes that are taking place in the marketing communications industry shape its future structure. This chapter is strongly based on the previous two sections where the change forces as well as the current structure of the marketing communications industry were discussed. At the end of this chapter the analytical framework for studying network change is applied to combine the results of all three sections 4.1, 4.2 and 4.3.

The future structure that is presented here is based on the different point of views that came up in the empirical part of the study. The interviewees did not have identical views of the future structure but there were some common aspects and ideas that are going to be discussed in this chapter. The starting point for understanding the changes that might occur in the structure of the marketing communications network was to understand how the advertisers perceive the future and base their own actions on their predictions. The interviewees were also asked to assess the situation more generally from the marketing communication industry's point of view. This is referred to as sensemaking where actors try to make sense of their surrounding network by constructing sensible events and structuring the unknown (Abrahamsen 2012, 260; Weick 1995).

In order to understand the changes that might occur in the future structure of the marketing communications industry it is important to understand how the marketing investments of the advertisers are going to change in the future since they reflect their expectations of the future with regards both to the development of the economy but more importantly with regards to the changing media landscape and the changing consumer media behavior. These changes in marketing budgets naturally have effects on the advertisers' marketing communications partnerships.

The general trend among the discussions was an increase in *investments in digital media* as advertisers expected the digital media spending of consumers to grow. At the same time the advertisers expected the importance of mass media to lessen as mass media channels are going experience even further fragmentation. However, as mentioned in chapter 4.1, while the advertisers are in agreement of the general trends, there exist largely divergent views on the aggressiveness of these developments; the interviewed advertisers expected their marketing communications investments to change in size and allocation, but the aggressiveness of these changes was met with varying opinions.

> *Well, digital is still going up. But I don't believe that print is going to disappear. – If it's now 50/50 [traditional/digital] then digital might be 65 and then we'd see how we further split that.*

> *Our marketing budget is not going down. But there are going to be changes in allocation. The direction that we have had is going to continue. But it's not a revolution, rather an evolution. There's not going to be any dramatic changes.*

> *Traditional is going to drop for sure. – It could be that in five years we won't spend a single Euro on print. It wouldn't be the biggest miracle of the world. And its role is already quite small.*

> *Our operative marketing budget is 65–70 percent – In a year it's going to be half. We are going to take advantage of everything else: our own channels, real-time Internet advertising and targeted marketing. We'll see what works and if it doesn't we'll take it out. Mobile is going to grow and so on. – but of course the wide audience reaching mass marketing is not going to disappear. It's just going to diversify.*

These sort of changes can already be seen in a shorter term as advertisers in general expect to increase their purchases from digital agencies, whereas purchases from advertising agencies were going to decline and purchases from media agencies were going to experience a slight growth. (Mainosbarometri 2012.)

Especially the investments in *mobile media solutions* were going to experience strong growth according some of the advertisers. This is logical taking into consideration that almost half of the Finnish population now owns a smart phone and the number is steadily increasing (TNS Gallup 2012). However, the same advertisers feel that creating relevant marketing communications using mobile media solutions is generally hard because the size of the screens is relatively small.

> *Technology is going to push us into a direction where we do more moving picture and mobile solutions and content. If someone comes up with how to do good mobile solutions then that is going to be good because that's the direction we're headed to. But at the moment there's not a whole lot you can do.*

> *Our investments in mobile media are going to grow significantly. The mobile revolution is coming and we're going to invest in it a lot more than before. I just asked our media agency how much would it cost to book all mobile advertising in Finland for a week and it wasn't that expensive.*

In some discussions it was brought up that one change that is going to take place is the *blurring of lines between traditional and digital media* solutions. For example as more outdoor advertising is going to be viewed from digital displays the advertising solutions that can be applied in them will begin to resemble more digital media solutions rather than print media solutions.

> *In our business outdoor is traditionally quite big because it's a cost effective way to reach masses. And it's going to have a role in the future but its going to be more digital. The role stays but the media changes.*

There is a similar change that is going to take place in television. It is likely that television will be watched more on demand as on demand Internet based television service providers such as HBO Nordic, Netflix or Yle Areena will become more common and increase in popularity (see Nurmio 2012; Viestintävirasto 2011). This further *dissolves the line between television advertising and digital advertising*. This made some advertiser to predict that the *role of moving picture* as a marketing communications solution will increase as it can be applied in both formats.

> *In the future the difference between TV and digital can be quite insignificant so that you wouldn't even make a division between them like now. You just do moving picture regardless of the channel.*

This brings with it the question of *budgeting*. Until now many advertisers have split their advertising budgets between digital and traditional medias and further between production and media, but as the lines between the medias dissolve there might be a need to rethink budget allocations.

> *Our media pie is going to change. It's going to be split into more pieces. Not just production and media.*
>
> *The challenge is that television advertising is fragmenting so reaching people is more difficult. HBO and Netflix and such are coming. The use of television will change. Live TV will stay but everything else will move. – So we'll probably be able to target communications more accurately but it's going to be more expensive. But is it TV advertising or digital advertising? – What's the budget where it comes from? Moving picture budget? TV Budget? – The role of moving picture if going to change because traditional TV watching is going to decline. – Print medias are going to decline and for example outdoor displays are going to take their role – But is that then digital or out-of-home advertising?*

Presumably all of the different aspects discussed up until this point are going to have effects on the various actors of the marketing communications network as well as their activities, resources and network roles and positions. These effects are going to be discussed respectively next and at the end of this chapter the overall future structure of the marketing communications network will be laid out.

4.3.1 Actors

The purpose of this section is to understand what are going to be the changes in the relevant set actors of the marketing communications network. These changes include such aspects as the appearance of totally new actors with new activities and resources, the disappearance of old actors as well as merging existing actors.

One of the views that was largely agreed upon was that most likely there is going to be a demand for *smaller marketing communications partners* that will be more *reactive, flexible and specialized* in a niche than the advertisers' current partnerships. This demand is primarily driven by the increasing complexity and accelerating cycle of designing marketing communications. It was seen that future marketing communications has to be created with a quicker cycle and the advertisers must be able to react more quickly to changing circumstances. As advertising activities can be measured more accurately and quickly also the reaction to the received information must be swift. The activities that these new actors should be able to deliver will be discussed in more detail in chapter 4.3.2.

These smaller actors do not only refer to new agencies as they could also consist of a combined network of freelancers. The freelancers could be organized under a single organization where there is a minimal amount of fixed employees doing organizational work. One such agency was already founded in Finland in November 2012 (see Hakola 2012) and similarly global agencies are setting up interorganisational global flexible team structures in an effort to break down organizational silos (see Haynes & Surridge 2012). This would mean that the advertiser could assemble a team of experts with a flexible structure that adapts to the advertisers needs. If advertisers decide start taking more activities supporting marketing communications in-house this further helps them to work with different smaller actors as the advertisers themselves can be more integral and participative in the process. The smaller actors pose a threat especially to advertising agencies as the core of their business is mostly concerned with generating creative ideas, which in its essence does not require a large organization.

> *There are going to be new actors and therefore the setup is going to change. – It can be seen that with some brands companies are doing things in a whole new way and that they're not using a big advertising agencies but instead they take someone smaller and more creative.*

> *If we think about the Finnish market then new agencies are going to be born and agencies are going to die. The use of more boutique-type agencies and also the use of freelancers is going to grow. It depends on the firm whether they do things in-house, hire people to do continuous content development. This is one trend. Firms that don't buy everything but instead take in this agency way of thinking. Different firms operate in different ways.*

> *Advertisers will always need ideas and if that's the agency's core business then what's the business model behind that. Do you really need 150 people? Maybe you could come up with something that cuts down costs and is a bit more agile. There aren't enough big accounts for all of the big agencies. I think that our future model is that we'll have smaller agencies that have the ability be more agile because we've almost tried all of the big ones.*

> *Ideas are always produced by people and it doesn't really matter in what agency, if in any, they're sitting in.*

At the same time a reverse trend can also be seen evolving. It was seen that more agencies might *form into a network of agencies under a holding company* so that for the advertisers it would be more convenient to operate with the agencies within that network. In this sense it is a step closer to a situation where the advertiser does not need to organize a large group of actors. Supposedly this would also lessen the conflicting interest between the different actors. Operating with network agencies is a strategic solution that is mostly suitable for large advertisers. This is a trend that can already be seen as more agencies are grouped under holding companies or being merged in Finland and internationally (see for example Juvonen 2012; Kervinen 2012; Sweney 2012). Working with agencies that are all a part of the same holding company would bring synergy benefits for both the customer and the agencies involved. However, as one interviewee put it the problem with a network of agencies is that the best agencies are rarely a part of the same network.

> *If you look at what's going on in the world you see the forming of network agencies where agencies are taken in and reshaped so that they can offer full-service. I think that's what we might be headed to. But is there going to be media agencies, advertising agencies and digital agencies per se in five years remains to be seen. But for sure not like what we have now.*

> *Globally there are agencies that are so well integrated that they are able to offer you everything because they have these subsidiaries. But in Finland we're not quite there yet.*

The emergence of competent one-stop-shops where advertisers could buy everything from the same actor using a turnkey principle was not seen as a credible option. Modern marketing communications is so complex that it was not seen that one actor could be competent in all the relevant areas of creating marketing communications.

> *I don't think a one-stop-shop is credible. How could anyone build up such expertise to cost-effectively serve multiple clients?*

> *Now you need to have specialty in a variety of things, which means that if you want to work with the best, it's going to fragment and be a bit more complicated. Which means that advertisers need wider competencies but the challenges are more interesting.*

> *As media fragments our partnerships are going to fragment with them.*

As discussed in chapter 4.2.1, from the point of view of the advertisers having a large number of marketing communications partners is rather a necessity than a preference. In this sense the emergence of more actors and partnerships is not what is in the best interest of the advertiser but on the other hand it is not seen as plausible that the current actors would be able to increase their specialty in new areas at least to a sufficient level from the advertisers point of view.

Partly relating to the number of necessary partnerships the researcher wanted to know how the advertisers feel about the separate roles of media buying and creative planning i.e. if they feel that the current structure where advertising agencies and media agencies have clearly defined separate roles is optimal for them or if they would rather buy both services from the same actor. This is an issue that has recently been brought up in Finnish and international trade press (see for example Lillberg 2012; Sawyer 2008; Creamer 2006).

While it would seem that combining creative planning with media planning would bring advantages for the advertisers the interviewees were somewhat skeptical towards the idea. In general it seems that none of the advertisers feel that there are problems that would be so significant that the current way of operating with two separate actors would not work. The idea of buying media and creative services from the same actor was met with suspicion as the advertisers felt that it is not likely that the past model would be returned to. It was not seen as a bad idea but the advertisers felt that it is more realistic that there is going to be even more fragmentation in the amount of actors rather than the other way around. Many felt that the current model already functions so well that there is no real need for combining these two activities. By buying these services from two separate actors the advertisers saw that the process was more transparent and that the actors made each other strive for a better result by sparring each other's ideas. Additionally it was seen that the actors who create marketing communications should not be the same who measure its performance.

> *One-stop-shop works if the seller understands and knows how to deliver both media and creative. In other words when this revolution has gone far enough. That's when we can return to buying media and creative from the same actor but until then I'm going to be keep buying them separately for quality's sake.*

> *I have no objections to buying them from the same agency if I can see that I'm not paying for anything extra. I need to see that transparency. How many hours of media planning and creative planning I'm paying*

> *for. If I can see that then what do I care? – Of course when you have two separate firms there are challenges but if the co-operation works then it's no problem. The price and the execution are what count.*
>
> *The good thing is the tri-party co-operation [between the client, media agency and advertising agency] because they can question each other and make sure that we don't take the easy route.*
>
> *I could buy them from the same actor. There are pros and cons. But I don't think we're going back to that. – If I think about these Finnish media agencies, they are part of networks that are owned by global players with huge volumes and economies of scale, so I don't think there's enough space in the market. And the advertising agencies are getting bigger as well. Maybe if the consolidations would be done globally then maybe…*
>
> *I don't see a difference whether its two agencies or not. You need the same amount of experts. It doesn't matter if its two agencies or two departments.*

It seems that it is not a question of high importance for the advertisers whether media planning and creative planning are bought from the same actor or two different ones. What is extremely important is that the *two functions work well together*. The creative input combined with the right media selection are both key in effective marketing communications. So regardless of whether marketing communications planning should begin with the selection of the proper media mix or the generation of creative ideas all the advertisers felt that it is extremely important that their advertising and media agencies are able to work together without problems.

> *Co-operation is required. For example when the project manager changed in our media agency I really had to push them to co-operate with the advertising agency. I don't want to see two separate plans. I want to see one that's done in co-operation. When people change that's when you see that it's not perfectly integrated.*
>
> *I don't see that it's a problem having them separately. As long as they are working together with each other and with us. – If they were the same company then maybe it would work better but I'm not depending on it.*

> *The agencies need to talk with each other. The creative solutions have to take into consideration the channel they're applied in. That has an increased meaning nowadays.*

In sum it seems that at the same time there are two reverse trends happening: there is a growing market for more niche and adaptive agencies, especially compared to advertising agencies, but at the same time holding companies that are striving to provide everything an advertiser needs are going to become more common. It is not seen as likely that the advertisers would return to buying everything from the same actor nor is it seen as likely nor necessary that creative design and media design would be bought from the same actor. In general it can be said that it seems that there are going to be some changes concerning the relevant actors of the network but it is difficult to predict what exactly these changes are going to be. All of the interviewees agreed that predicting the future changes is a difficult task, but on the other hand most of the interviewees had mostly congruent views about the future of the marketing communications network. The following quotation sums up the views that came up in different discussions quite aptly:

> *The only thing that's easy to predict is that there are going to be new type of actors but what kind, that's the hard part. If I could as an advertiser put it into words, an actor like that would probably already exist. But it's not easy.*

4.3.2 Activities

In order to stay relevant the actors of the marketing communications network need to be able to perform an increasing amount of more specific activities. The ongoing proliferation and development of media channels and changing consumers' media behavior is the most important factor in defining what these activities are going to be. The actors are not only going to have be able to perform new activities but also to perform their current activities better.

It was seen that the overall field of marketing communications is going to grow more complex than what it is currently. The ongoing fragmentation in media channels and audiences is going to create a demand for actors who are able to create efficient marketing communications that is going to be integrated in all channels using specific abilities and deep expertise. The common view was that this demand for specific talent is rather going to be filled by completely new niche actors than the existing actors who would need to diversify their capabilities. This means that the necessary activities in the process of creating marketing communications are going to be spread among more actors than at the moment. In general the view was that the actors need to be specialists with a deep knowledge and skill set in the area of marketing communications that they are specialized in. At the same time they need to have a good understanding of the overall field of marketing communications. These actors could perhaps be best described as actors with T-model organization profile (figure 4).

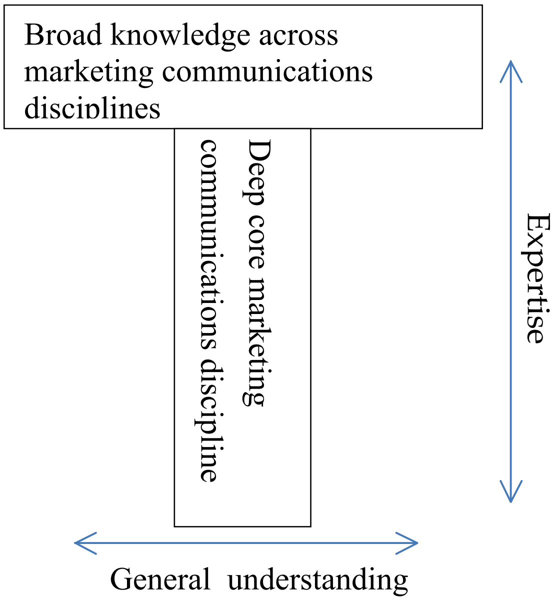

Figure 4 A T-model organization

As can be seen from the figure above, a T-model organization is an organization with *deep expertise of a specific discipline* but at the same time *a broad knowledge across relevant disciplines*. In other words, a T-model organization is one that is specialized in one discipline or channel, but has a good understanding of how to integrate its expertise with the other partnerships of the advertiser. In this way the actors can work together in creating marketing communications that is well integrated in all channels. The growing number of niche actors also means that the *need to be able to work together* with other actors becomes more significant. There is a need to view marketing communications from a holistic and channel free point of view, not through a dichotomy of digital and traditional marketing communications.

> *I think we're going to see more specialized actors: mobile, CRM [customer relationship management]… I don't know. Something like that because advertisers are buying quite specially. "I need this so I'm buying this from you."*

It’s hard to predict but the market is changing. I think that media agencies need to choose what to concentrate on. Creative agencies as well. The competition is so thought that you’d have to.

If you want to survive you can’t be selling everything. You need to be able to understand connections between things but you need to be a more specific actor yourself. If you sell everything then I don’t think you can stay interesting.

Competence is the key thing and that it’s not spread around but focused and up-to-date.

As advertisers are expecting marketing communications production to be quicker and more reactive, the actors also need to develop their activities in a way that allows them to be *quick and reactive* in performing them. Producing content must be done more quickly, continuously and cheaply. This brings out a need for actors who are not so rigid and do not have such heavy structures. This is especially relevant for the actors operating within the digital channels as it was seen that producing brand relevant content in digital channels, especially in social media, is going to become more relevant. There could for example be demand for actors who are specialized in creating content such as moving picture more reactively and quickly.

The big difference and the thing that remains unanswered is how to produce moving picture. Are you going to invest a lot of money a couple a times a year to produce a huge advertising spot. I think that in the future digital channels are such that you need to be able to constantly produce new content there more quickly and more affordably. It’s not enough to do two films a year if you want to be constantly present and have interaction. Rather cheaper, quicker and more interactive.

This is a window of opportunity for new types of actors who are able to produce content in a new way. – At the moment we don’t have actors who would have a new approach meaning that you wouldn’t act like a big production agency but that you would have a network of freelancers, which means that the only things you own ideas and connections and so your cost structure is going to be quite different.

The actors that are going to come up are surely going to be such that they can build their offering to be something else than what is available

> *now. For example in reference to all to those production things, if they would have some consumer insight and a little lighter way of producing content then they could act as content producers for our web presence. I think that specializing in new things is going to be the key.*

It was also seen that as digital media gains more prominence and the line between traditional and digital marketing communications blurs all of the actors are going to need to develop an basic *understanding of operating with digital media*. This digital understanding needs to be combined with a *strong understanding of consumer behavior* because at the end it is the driving factor behind all business. However, it cannot be said that all of the agencies should approach marketing communications from the same angle. This means that there is still going to be a need for actors who are driving their business through different emphasis points, be it digital, creative, business oriented or media channel orientated.

> *Digitization is such a strong part of modern consumer behavior that all actors are going to have to have a basic understanding of it throughout the line. No question about it. But then again digital agencies need to be able to open up their view when it comes to other touch points. For example events combined with a digital approach is a efficient combination.*

> *The change in consumer behavior is going to be the deciding factor in who we work with. – That's what drives this business. The consumer is the one buying products, using media, and being affected through touch points through different mechanisms. And if you can't grasp that then it doesn't matter if we're talking print or digital.*

> *The way I see it is that everything starts with business objectives. So we need strategic actors who are able to see the whole field. Who are able to see how to build business. – We need strategic agencies but also these creative types so that we have something to do. – Strategic view that understands the meaning of different touch points in consumer behavior in a specific target group. What are the processes that lead to a buying decision? – So far these strategic actors are more like management consulting. They're lacking marketing knowledge: what's the role of advertising in your business. Where should you put your bets.*

In regards to the last one of these quotations some global agencies have already began moving towards offering strategic services similar to management consulting (O'Leary 2012).

Many of the advertisers felt that in the future they are going to have a *stronger emphasis on their own media surfaces and earned media opportunities*. According to some of the interviewees marketing communications is going to be increasingly based on content that pulls the consumers in rather than advertising that is pushed out. However, even if this means that the overall emphasis on bought media will decline, it is still going to be the main media form in marketing communications because its efficiency and ability to drive consumer towards owned media and generate earned media. This means that advertisers expect to have partners who are more fluent in handling and understanding various media surfaces holistically and understand how to generate that into earned media opportunities. As consumers make less distinction in the media they consume, be it traditional, social or advertised, the lines between different forms of media (owned, earned, bought) blurs as content drives them all.

> *There's the path where bought media changes into earned or even owned media. So, the lines between these blur and content becomes more important than the media. It doesn't necessarily have to be paid.*

The changing circumstances do not only affect the advertisers' marketing communications partners' activities: the advertisers also need to be able to perform new activities themselves. The researcher was interested in knowing what are the activities that the advertisers need to develop in order to be able to understand and create effective marketing communications together with their marketing communications partners. There were some common aspects that the advertisers recognized. Especially a need for more *understanding towards digital marketing* was required, but not at the expense of understanding all channels holistically. Also a better *understanding towards the measurement of marketing communications performance* and the *buying of marketing communications services* was called for.

> *We need competencies for modern consumer behavior, media use. What are consumers looking for? What are the trends? We need competencies regarding digital marketing.*

> *We need more people to understand buying processes. More competencies regarding return on investment and analytics. The whole digital world behind it.*

> *We've been talking about having a separate employee just for digital. It's too much to ask the product managers to also handle that side because their job descriptions are quite wide as is. So we would need that digital guy, but of course we could have one working for one of our close partners. But in general we too need to focus on digital competencies.*

> *We need online understanding. How to reach customers online. – But we also need more than just IT-nerds. We need people with a holistic view to channels. So we need experience and vision. Experience combined with a will to learn new, creative madness as well as humbleness to learn from mistakes.*

In sum it seems that the advertisers expect to be working with actors who have a deep knowledge of their own niche and at the same time a good overall understanding of various marketing communications disciplines and consumer behavior. These actors could be described as being T-model actors. All of the actors are also going to need to have an understanding of digital media, which is something that the advertisers feel that they need to acquire themselves as well. The growing number of specialist actors puts a growing emphasis on the actors' abilities to work together and adapt their activities with the activities of other actors.

4.3.3 Resources

As mentioned, creating marketing communications is a knowledge business and that is likely not going change in the future. While the main driver behind most of the changes is the development of information technology the fact remains that the most integral component of creating marketing communications is thought intensive labor.

As mentioned in the previous section, actors are arguably going to have to develop new capacities in order to stay relevant and this is done by developing their resources i.e. hiring people with various skills as well as making sure that existing employees have up-to-date skills. The same way also the advertisers themselves are going to need to make sure that they hire people with the right talent. Nevertheless, it is not going to change that the main resource for different actors is going to be their employees regardless of the skills they possess. As the actors are increasingly required to resemble T-model organizations, also the employees need be specialists with T-model skills. The ability of employees to be specialist with a wide general knowledge reflects Håkansson's and Johansson's (1992, 33) notion of *versatility* of resources meaning that one key characteristics of any resource is how it can be applied in multiple activity cycles.

As discussed in chapter 4.2.3, it is the responsibility of the leadership to make sure that the employees, both on the advertiser's side and the partners' side, have a suitable and up-to-date skill set:

> *It's going to be a big challenge for the marketing management. Because they have to understand all the different competencies that we need and see where the competence gaps are. – The role of the marketing management is going to be underlined.*

The previously discussed aspect of using freelancers is an interesting thought from a resource based point of view. This would mean that the control over the resources would diminish to some extent as freelancers are able to move from actor to actor somewhat effortlessly. Håkansson (1992, 135) calls this process of diminished control of network's combined resources *extrication*. However, it is very unlikely that using mainly freelancers would develop to be the de facto standard of the industry and so the question of control over resources is still going to remain a relevant one in the future.

4.3.4 Roles and Positions

The purpose of this section is to understand what are going to be the changes in the network positions and roles of the relevant actors in the marketing communications network, i.e. what kind of partners are going to be the strategic partners of advertisers in the future and why. It will also be discussed which actors have to change the way they operate the most in order to stay relevant. Currently for the most part the advertisers considered media and advertising agencies to be their most relevant marketing communications partners especially when it comes to strategy. However, the changes that have been presented in the previous sections most likely have an effect on the network roles and positions of the actors, including advertising agencies and media agencies. Also the possible changes in the buying strategy of advertisers are outlined in this section. The issues discussed in previous sections will serve as a background that further helps to understand the issues discussed in this chapter.

As already briefly discussed in the previous sections, there seems to be somewhat of a consensus on that the number of specialized actors in the marketing communications industry is going to grow. The growing complexity and quickening cycle of marketing communications are going to drive the need for more specialized actors who at the same time are specialized in their own niche but have a good understanding of overall marketing communications. These actors are going to have more flexible structures and be more reactive and quick in their activities.

According to the interviewed advertisers these new actors are going to pose the biggest *challenge for traditional advertising agencies* since they can provide advertisers with newer and more interesting ways of doing marketing communications. Traditional advertising agencies refer to agencies that are specialized in designing big advertising campaigns that are mostly applied in traditional mass media solutions. These agencies have in the past been in a very dominant position in the network as their way of creating marketing communications has been the industry standard. One of the interviewed advertisers for example started a marketing campaign based on an idea that came directly from someone outside of the advertiser's marketing communications network. This advertising campaign was done completely without the help of the advertiser's advertising agency and as such directly took away business from the advertising agency. As mentioned in chapter 4.2.2, the core of advertising agencies' business is mostly concerned with generating creative ideas, which in its essence does not require a large organization.

> *Advertising agencies are facing the biggest threats because now there are the people who have done TV for the last 20 years. So what happens with the arrival of internet-TV and Spotify and all that? When it's no more the medium they're used to? That's why these smaller agencies might be able use of their agility and take control of certain things and be able the offer something new… but I really don't know. Maybe this is one way.*
>
> *The competition is coming from the tricky situation of advertising agencies. Media agencies are in a tight spot as well because when advertising Euros go down then their situation gets worse. But in general it's easier to take away the business of advertising agencies because they're already in a situation where it's hard for them to operate with their business model. There's a constant flow of new smaller actors who have a lot more specific approach to this new situation but they're not doing so well at the moment because they haven't got the reputation or references and whatnot. But the traditional advertising agencies that used to control this industry are now in the most unfavorable position.*
>
> *These new and more unorthodox actors are going to increase and offer different and interesting marketing communications solutions. That's*

> *going to challenge traditional advertising agencies. – You always need the idea sure, but it's irrelevant who produces it.*
>
> *New ways of operating are required. They could be for example creative agencies that are just specified in creating ideas regardless of the channel. For example one of our creative agencies is purely asked to create ideas. But even they are starting to get quite big and so I think that there are going to be smaller and more agile actors with new ways of operating.*

One of the interviewees offered an example of thinking about the situation of traditional advertising agencies through assessing bought, earned and traditional media which cover all the relevant touch points that the advertiser has to reach the consumer.

> *If we think about earned media, basically it's nothing more than basic PR, business relations done online. That's something a communications agency is quite decent at. And of course there are specified boutique agencies for that. Then, if we think about owned online media and mobile services then digital agencies are quite good at that. They might lack the holistic marketing point of view altogether though. As for paid media, media agencies are able to handle that. They have a challenge of competing with more dedicated and online specific agencies though, but how important these agencies are going to be as online media spending rises remains to be seen. But all in all, the big traditional advertising agencies are facing the biggest crises.*

This raises the question of what should advertising agencies do in order to continue to stay relevant for the advertiser? There is no clear answer to this question. It is clear that advertising agencies are not going to disappear completely as there is still going to exist a demand for the services they offer but perhaps the large and traditional advertising agencies will not have as relevant position in the marketing communications network as they do now. As one interviewee put it, advertising agencies will probably stay relevant at least on a brand strategy level but their current business model of generating creative ideas will face increasing competition from new actors.

Similar results were achieved in a recent study concerning the question of how creative agencies have to change in order to adapt the future. According to the study, in the future agencies must especially strive to be flexible, innovative and networked. They need assure flexible ways of working, networked organizational structures and innovative business models. (Jelden 2012.)

As can be seen in the quotation above, the smaller and more specialized agencies that were mentioned earlier do not only pose a threat to advertising agencies. In the same way these agencies can threat the business of large media agencies. Nevertheless, it was seen that media agencies are in the strongest position to stay relevant in the future because of the nature of their business. This is partly because understanding consumer behavior is going to stay as the basis for creating marketing communication and media agencies in general have the best understanding of that and relevant consumer touch points. Also even if the meaning of bought media would lessen its meaning will not diminish completely. The proliferation of media channels is going to make the business of media agencies more complex but it is not going to have as through effect on the basic functions of media agencies as the functions of advertising agencies. However, as the focus will move more from bought media to owned and earned *media agencies are going to have to adjust* in order to stay relevant.

> *Media agencies have a better shot at the future because essentially what their business is about is that we give them a wheelbarrow full of money and they just pour it to different crates. That's really essentially what their business is. And the fragmentation of media is going to mean that they are just going to have to pour that money into more crates and measure the outcome. So, in a way that's not going to change.*

> *If we talk about touch point strategy then media agencies are going to strongly strengthen their profile, presupposing they have the right competencies. – So if I would have to pick one agency that is in a better position than others it's the media agency.*

> *The role of media agencies is the hardest to replace in general. They are going to keep their relevant role. Because they are such huge actors they can't just be moved to the side. But they really need to have a view on operating in this new situation without it just being empty words.*

> *The role of media agencies is going to stay but the bigger the role of earned media the bigger the pressure for them to adapt their earnings logic accordingly. So that it's not just based on bought advertising.*

> *The message for media agencies is clear: if we at the moment have actors who are able to have a model that is in connection with the improvement of the clients business then that's the way of the future. It strikes me as odd that we just keep pouring money and see what comes out. You can*

> *maybe justify it by saying that it's quite difficult to measure the results of 1,5 million brand-advertising campaigns. But they need to change because their way of operating is going to be questioned.*

It seems that media agencies are in a more favorable situation than advertising agencies as the core of their business is not going to be affected as much as the core of advertising agencies business. The increasing complexity requires more adaptation from advertising agencies.

As for digital agencies there seems to be a situation where they are either going to have to *strive to acquire more marketing understanding* in order to gain a strategic position or *accept being in a operational role*. As understanding of digital media solutions becomes more widely spread through out the actors of the network, it will become harder for digital agencies to justify their value proposition based solely operative digital expertise.

However, it was seen as more likely that media agencies will rather increase their understanding in digital media than that digital agencies would acquire a expertise understanding of creating marketing communications. This means that digital agencies are going to be in an operational position unless they are able to provide a strategic advantage.

> *Digital agencies need to be able to step out of their technology-heavy approach of "Hey, we got this flash thing and look at this site." It doesn't matter. Who goes to sites of fmcg-brands? They need to step away from that approach and acquire more general knowledge. Or then as a digital agency you accept your role of being a subsidiary production agency. That's quite all right but then you need to stick to that role. I don't see it as likely that digital agencies are able the move into that strategic position. More likely media agencies are going to acquire digital competencies.*

However, all of the advertisers did not share the view that there is going to be a major restructuring in the industry. Even the advertisers that did agree on the general direction of change had varying opinions on the aggressiveness of the change of the network and the subsequent change of roles and positions.

Furthermore, some of the advertisers were confident that their current partners would be able to keep up with the changing circumstances. It seems that all of the actors in the marketing communications network have recognized that they need to at least some extent develop the way they operate.

If I compare the situation now with the situation few years back then I have to say that these new generation concept planners who have an understanding on online activities are pretty darn good. So I don't think that any one type of agency has a head start on the others.

I see a lot of will to change in our current partnership network and even though they might not be a hundred percent up to date with what we require, they have the will to change and that's what matters. So I really am not worried about our partnerships.

Sure, the changes might affect a single actor but I think that the structure where there are small and large agencies is not going to change and the roles are going to stay.

I think we're past discussing whether or not agencies need to change. We had a recession that made business really hard to find and that made all the agencies think about what to do so I don't think its really even a discussion point any more. The world has taught agencies that the times of change are at hand.

The final quotation is interesting from the point of view of Lundgren's (1992) five theoretical ways in which actors can react to network change. According to Lundgren, if an actor is not willing or able to accept the change it may reject the change. However, it seems that this rejection would ultimately lead to the disappearance of the actor as it will no longer be able to stay relevant for the advertisers.

What comes to advertisers buying strategy some of the advertisers expected that in the future they will not form such tight relationships with a specific group of actors. This allows them the opportunity to more freely buy services from the actors that they consider the most appropriate. Some saw that instead of working with a number of predefined actors in a stiff structure the actors would form a network around the advertiser which gives the advertiser an opportunity to shop for services more freely and at need. However, this doesn't not mean that all the actors would be of equal importance for the advertiser. Some of the actors would be worked with on a continuous basis where as others would be used when needed. It should be emphasized that not all advertisers felt the same way about forming more loose contacts. As already mentioned, buying strategy is strongly context related.

As mentioned in chapter 4.2.1, the number of partnerships is not a value in itself. In general the advertisers would like to buy more from fewer generalist actors, but it was seen as unlikely that such actors could function quickly enough and deliver good enough service throughout the line. In order to work with the best actors the advertisers are going to have to fragment their buying to multiple actors. At the same time this is going to require the advertisers to increasingly integrate the different activities of multiple actors. Some advertisers felt that the growing complexity and proliferation of necessary functions does not concern the advertisers themselves, but rather their partnerships that they expect to form further partnerships, which would allow them to operate as an intermediary between the advertiser and the more specialized actors.

> *We can't have too many partners because then it gets too complicated. We have already quite large marketing budgets considering how many people we have working in marketing. – We buy huge turnkey communications solutions and the more agencies you need to co-ordinate the more resources it requires. – So in that sense I don't think we can increase the number of our partnerships. – Our partners are going to face increasing complexity but we can just say: "We don't care. We just want to do advertising in a way that allows us to contact people, and it's your job to find the right media." So I don't think our partnerships are going to increase. Maybe our media agency's partnerships will and also our advertising agency has to keep up so that they know how to operate with different digital mediums.*

This final quotation reflects one of the five ways in which Lundgren's (1992) saw that an actor is able to react to network change. By transmitting the change the actor transfers the effects of the change on to other network actors in order to minimize the force of the change upon itself.

In sum it seems that there are going to be at least slight changes in the network roles and positions of current actors as the network structure continues to evolve in the future. However, the process of change is always unique for each actor (Fors & Nyström 2009) meaning that it's impossible to provide completely clear descriptions of these changes. Because of the interlinked nature of the network and network positions, changes in actor's network positions will most likely affect the positions of other actors (Easton 1992, 21). How much the roles and positions are going to change depends largely on how the current actors are able to change their resources and activities i.e. adapt the way they operate. The new smaller actors are going to pose a biggest threat for traditional advertising agencies, but also at the same time agencies that are dedicated to specific media, especially digital media, might pose a threat for full-service media agencies.

Some of the advertisers also expect changes in the general buying strategy of agencies. It was seen that the use of freelancers or networks built of freelancers might increase. Rather than focusing to a limited number of actors with a full-service approach the advertisers expect to increase their partnerships with more specialized actors in a loosely structured network. However, also opposite views arose as some of the advertisers expected that the network is not going to experience any major change and thus the roles and positions of actors will not be affected. Also, as coordinating a large number of partnerships is resource intensive for the advertiser it was seen that advertisers are going to keep buying from a few actors who are expected to be able to provide all the needed activities be it in-house or through subcontracting. In general the actors who are still going to be able to produce the advertiser with a strategic approach to marketing communications are going to remain the most relevant. However, in the future this strategic approach requires better understanding of various media channels both digital and traditional as well as the consumer behavior that is going to remain as the foundation for all business.

4.4 Summary of results using the analytical framework

The purpose of the framework is to combine the various aspects discussed in this chapter. The objective is to present a well-grounded answer based on the empirical findings to the main research question. Only the most significant issues have been included into the framework since it would not be sensible or necessary to try to build a framework that would be able to capture all of the discussed aspects in detail. The results for the analytical framework are illustrated in figure 5 on the next page.

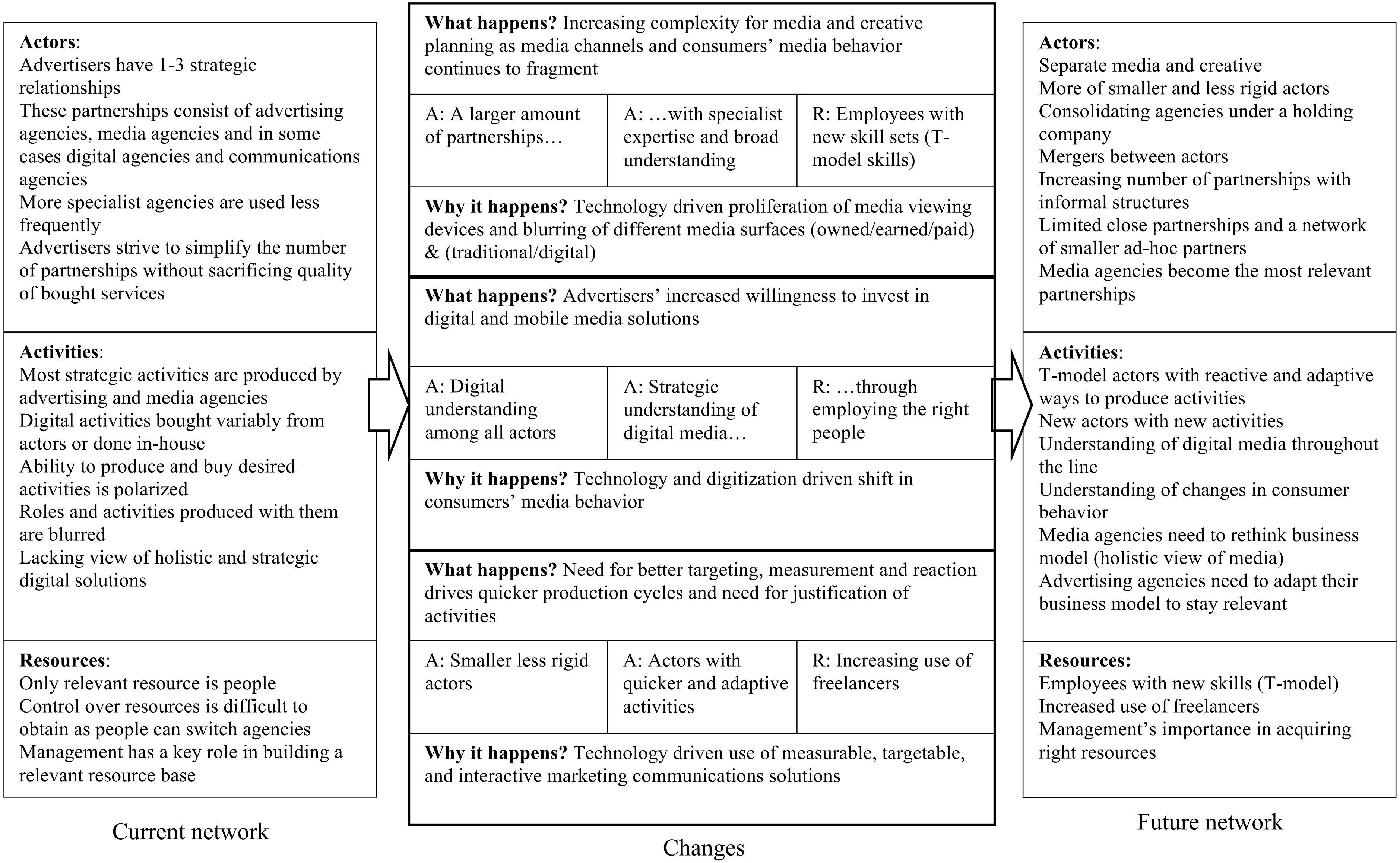

Figure 5 Summary of results using the analytical framework as a basis

The three-phased analytical framework proceeds from left to right. The first phase on the left is a depiction of the ARA-model and it represents the current network structure. In the middle phase there is a distinction between descriptions of network changes and ascriptions of network changes as well as the implications of the change for actors, resources and activities in the network. The main change driver behind all of these changes is developing technology and increasing digitization. The main changes are the increasing complexity of the marketing communications network, the prominence of digital and mobile media solutions and the increase in the measurability and analyzability of marketing communications. The final part of the framework illustrates the relevant changes in the structure of the marketing communications industry based on the previous two parts of the analytical framework. However, as Håkansson and Johansson (1992, 33–34) write the change processes of networks occur relatively slowly. Accordingly a structure like the one in the final part of the framework is going to be developed over a long period of time. The conclusions of this study that can be drawn from the analyzed data and the applied network are further discussed in the next chapter after which the whole study is summarized in chapter 6.

5 CONCLUSIONS

This chapter covers the main conclusions of the study. The conclusions are presented according to the research sub questions of this study. After discussing the main findings the theoretical contribution and managerial implications of this study are examined. At the end of this chapter the limitations of the study are addressed and suggestions for further research are discussed.

The first of the research questions was concerned with the effects and origins of the recent changes in creating marketing communications. The new millennium has brought with it significant changes for creating effective marketing communications. The most fundamental changes are driven by technological developments and digitization. Digitization has driven fragmentation in the media landscape and subsequently altered consumers' media behavior. This has given advertisers the possibility to target marketing communications to more accurate target groups. However, at the same time it is increasingly difficult and expensive to reach large audiences.

As Corcoran et al. (2010) argue, advertisers are on the verge of an adaptive marketing era where they must become more adaptable to new channels and constructs for interacting with consumers. In the adaptive marketing era, mass media is no longer the foundation of marketing communication, forcing a change in the expectations of what marketing communications agencies can and should deliver.

These changes have made designing marketing communications a complex process that requires the input of various specialized marketing communications actors. In other words the amount of relevant actors in advertisers' network context has grown (see Holmen & Pedersen 2003, 411).

Digitization has also made marketing communications more measurable and reactive, which has led to a situation where the different marketing communications actions have to be increasingly economically justified, both within the advertisers' organizations and their marketing communications partners. Digital channels, especially social media channels, have given the advertiser the possibility to engage in a two-way conversation with the consumer. This means that there is a bigger emphasis on creating marketing communication that is based on the approach of pulling in the consumer rather than pushing out a message. Accordingly, modern marketing communications increasingly consist of content and services, especially in digital channels, rather than traditional advertising.

Most likely digitization, media fragmentation and changing consumer media behavior are trends that will continue to develop further into the future and continue to increase the complexity of creating marketing communications.

This discussion leads to the second sub question concerning the current network structure of the marketing communications industry. The increased complexity has required the advertisers to fragment the buying of their marketing communications services among various specialized agencies. Typically the interviewed advertisers had from one to three strategic partners that they were in close interaction with. Without exception these partners consisted of a media agency and/or an advertising agency and in some cases a digital agency or a communications agency. The other relevant actors in the advertisers' marketing communications network were mostly seen as actors performing operative activities that did not provide the advertisers with a clear strategic advantage.

Recently the number of smaller, competent and specialized actors has increased, especially in regards to digital marketing communications. However, in general the large advertisers most often did not co-operate with these actors as they saw that due to their size it is more beneficial for them to concentrate their operations to fewer larger agencies. Co-coordinating a large number of different actors is resource intensive for the advertisers and thus there is an effort to keep the number of partnerships low without sacrificing quality. One option for the advertiser is to assign a lead agency, which helps the advertiser in co-coordinating the other actors, and together with the advertiser is in charge of the process of creating marketing communications. Often the role of the lead agency would be given to the advertising agency or the media agency as they are in general the most relevant partners for the advertiser. However, the lead agency role could also be given to other actors depending on the media channel and target group. For example a digital agency could be selected as a lead agency if the main marketing channel is digital. The use of lead agencies as well as the implementation of a buying strategy was very context related as all the advertisers have slightly different marketing communications needs.

The activities that are usually required of a media agency are media buying, measurement of media performance and general knowledge of different media channels. However, media agencies are increasingly stepping away from only being media handlers and are focusing on data handling and refining activities. They are also increasingly providing services that are usually associated with digital agencies or advertising agencies.

The main activities required from advertising agencies are creating and helping with brand strategies and delivering creative ideas that are in accordance with the brand and work across various channels. However, it was seen that advertising agencies were not fully able to fulfill the advertisers' current marketing communications needs as their business model and way of operating has not adapted seamlessly to the current situation. In short, advertising agencies have not been able to adapt to the changing circumstances of marketing communications as well as media agencies. This is partly due to the fact that media agencies business model was better suited to the current situation to start with.

Usually the starting point for creating marketing communications is the interaction between the advertiser, media agency and advertising agency regardless of whether the creative idea needs to be adapted to the media mix or vice versa. Thus, the co-operation between these two actors needs to be fluent. However, it was seen that media agencies are increasingly challenging the advertising agency's activities. This is not a problem for the advertiser if the actors challenge each other's ideas in order to produce the best result for the advertiser. However, this is not always the case. As Grant et al. (2012, 78) put it, the advertising business is increasingly competitive with struggles for control of strategy, planning and the position of lead strategic agency. This struggle intensifies as media agencies expand research capabilities beyond their traditional area of responsibility into advertising planning using their data expertise to advise creative teams on how to develop messages which fit into the communications structure they are building. This has led to a situation where the advertiser has to increasingly assign roles for different actors in order to assure fluent co-operation. Despite this the advertisers did not see it as necessary or likely that the functions of creative design and media design to be rebundled into the same agency, which would remove the conflict of interests.

The recent prominence of digital marketing communications has made understanding digital media in a holistic and strategic way increasingly important. However, advertisers feel that finding an actor that would be able to offer a strategic and holistic approach to digital media was seen as difficult. Accordingly, advertisers feel that the role of digital marketing is at the moment somewhat unclear in their organizations. Digital agencies were hoped to be able to provide assistance in understanding the role of digital media from a holistic and strategic viewpoint, but they were often seen as lacking this ability and only being able to provide operational activities.

There is some overlapping in the activities that the actors are able to provide for the advertiser, which has blurred the roles between different actors. At the same time the competence level of different actors, which is dependent mostly on the only relevant resource of the network i.e. employees, is polarized among both the buyers and suppliers of marketing communications services. Considering that according to some interviewees the actors have a tendency to overpromise on what they are capable of delivering, it is especially difficult for the advertiser to recognize the most talented actors. Accordingly, it was seen that finding the best partnerships is often a process of trial and error.

After discussing the changes of the marketing communications industry as well as its current structure, the third sub question of the study concerning the future structure of the marketing communications network can be addressed. The ongoing fragmentation of the media landscape and the change in consumers' media behavior are going to increase the complexity of marketing communications. Furthermore, technological developments and digitization are going to blur the line between digital and traditional media channels. Thus, digital marketing communications is going to increase in importance, which leads to advertisers increasing their inputs in digital and mobile media solutions. At the same time advertisers expect to increasingly shift the focus away from paid media on to their own media surfaces and earned media opportunities. This requires all actors to strive for better understanding of digital media and changing consumer behavior as well as having a holistic media approach.

As the complexity of creating marketing communication increases, there is a need for more specialized activities and competencies. Instead of advertisers' current actors being able to fulfill these needs, the advertisers expect that new smaller actors with new competencies and ways of operating will emerge. In other words, the increased complexity of creating marketing communications creates demand for actors with a more niche approach to marketing communications.

Conversely, current agencies will begin merging or are bought under holding companies in order to offer broader and better marketing communications solutions for the advertisers' changing needs. However, the buying of marketing communications will not be consolidated to one single actor even though consolidating agencies is a step towards this direction. In general the advertisers expect to be working with a limited number of close actors and in addition having a network of smaller actors which are used on a more ad hoc basis. This stresses the actors' abilities to co-operate with each other more fluently. Accordingly, the advertisers see that they need to increase their capabilities in service buying and partnership management.

According to the advertisers all the actors should strive to be more specialized and know what their core business is instead of offering a wide variety of services. These future agencies could be described as T-shaped organizations with a deep core expertise and a good understanding on marketing communications and consumer behavior across all channels. A T-model organization is one that is specialized in one discipline or channel, but has a good understanding of how to integrate its expertise with the other partnerships of the advertiser.

The increasing measurability, interactivity and targetability of marketing communications forces the actors to be able to act reactively and swiftly to the received information and changing circumstances. This forces the actors to adapt to quicker operating cycles. In digital mediums, especially in social media, brands need to be able to produce content more quickly and continuously. This means that the large actors that are built around rigid structures are going to be challenged by the aforementioned smaller and quicker actors.

As advertising agencies are not as well prepared as media agencies to cope with the change, media agencies will be able to increase their relevancy for the advertiser by relying on their ability to handle and refine data. In other words the media agencies are in a better position to justify their activities and value that they provide for the advertiser. Accordingly, advertisers will increasingly raise media agencies to a more prominent role. However, media agencies are going to have to adapt their way of operating through taking in more digital competencies and being more competent in handling different forms of media whether they are digital or traditional; owned, earned or bought. As the core business of advertising agencies does not require a large organization behind it, advertisers will increasingly begin buying creative services from smaller, more creative and agile actors.

The prominence of digital media solutions can be seen as beneficial for digital agencies as they are in a favorable position to raise their profile. However, it was not seen as likely that digital agencies would be able to acquire such strategic marketing knowledge that would make them strategic rather than operational partners. Instead it was seen as more likely that media agencies or advertising agencies would be able to increase their digital competencies. Furthermore as the understanding of digital media solutions becomes more widely spread through out the actors of the network, it will become harder for digital agencies to justify their value proposition based solely on their digital expertise.

Some of the aspects discussed here can already be seen taking place in the Finnish marketing communications sector; agencies are for example preparing for the future by increasingly merging with other agencies or by seeking to increase their media planning competencies or digital planning competencies through acquisitions (see for example Muukkonen 2012; Kervinen 2012; Salo 2012).

The focus of this research was on contributing to managerial rather than theoretical knowledge. Accordingly, the theoretical contribution of this study is mainly concerned with the application of the industrial network model in a marketing communications context. As Grant et al. (2012, 87) put it, as service-orientated industries such as advertising become ever more fragmented, the importance of applying a network perspective becomes paramount. While this application has been done before (see Halinen 1994), the marketing communications industry has since experienced significant changes and thus this study offers a new insight into the marketing communications industry from the IMP Group's approach and thus builds on existing theoretical knowledge.

Furthermore, this research indicates some issues that the management of any company in the Finnish marketing communications network should take into consideration. The research results stress the importance of making sure that all of the actors' resource base, i.e. its employees, together form a talent pool that gives the actors the capabilities to answer to the changing requirements of the marketing communications industry. Specific recommendations can be given for the management of certain types of actors.

First of all, in order to stay relevant media agencies should adapt their business model as well as competencies to better reflect the blurring of lines between owned, earned and paid media as well as traditional and digital media. Advertising agencies need to make sure that they are able to answer to the quickening cycle of creating marketing communications by being able to produce ideas that can be applied to a variety of channels regardless of if they are digital or traditional. Advertising agencies should also increasingly rely on their ability to offer strategic brand management activities. As for digital agencies, to avoid being forced into an operational position, the challenge is to acquire sufficient marketing understanding that enables them to function as strategic partners for the advertiser.

In general there is going to be demand for more organizations with T-model competencies. In order to stay relevant all of the actors should be aware of the changes that are happening in the marketing communications network and make sure that they are in a position where they area flexible enough to react to these changes.

As Corcoran et al. (2010) have noted, in the adaptive marketing era the advertiser should select its marketing partners based on their ability to produce ideas; handle paid, owned and earned media and successfully make use of data gathered from the fragmented marketing channels. These different aspects can be summarized as the ability to produce *ideas, interaction* and *information.* These views were strongly present in this study as well. By striving towards excelling at activities in any of these three areas the actors of the marketing communications network have a strong position to produce the advertiser with a strategic advantage and remain a close and relevant partner.

5.1 Limitations of the study

As all empirical studies, this study has a number of limitations that need to be assessed before providing suggestions for future research. The most prominent of these limitations are briefly discussed here. This study was conducted using qualitative theme interview as a data collection method, which brings with it the same limitations that are present in every empirical study applying this method. One of the biggest of these limitations is the open-endedness of the interview questions, which leaves a lot of room for subjective interpretation and analysis (see Tuomi & Sarajärvi 2009, 131–133).

Another limitation is the selection of interviewees. Even though the researcher used a contact person with a vast knowledge of the marketing communications industry to help point out and connect the researcher to the desired interviewees, it is possible that selecting different interviewees would have yielded different types of results. Also, the use of help from a person within the industry might have directed the selection of interviewees to a certain bias direction that the researcher was unaware of. Also, even though a saturation point was reached in the research, the number of interviewees can be seen as relatively low considering the complexity of the researched phenomenon.

The complexity of the research phenomenon set some further limitations for the study. As the marketing communications industry is a very specific industry with specific actors and specific activities, it requires good preconceived knowledge from the researcher. In this study the researcher was studying the phenomenon as an outside observer, which meant that in order to achieve a sufficient level of background information the researcher had to discuss with people that could provide the researcher with insights from the industry. In this sense the views of the mentioned people had a strong influence on the assumptions that the researcher had early on in the study.

5.2 Suggestions for further research

According to Arzaghi et al. (2010, 32) agencies service offerings and their underlying governance structures are likely to be affected by future changes of the advertising industry and thus the dynamics of the advertising industry structure promise to continue to be an interesting topic for future study. Based on the present study a number of suggestions could be given for further research. However, the predominant ones are concerned with the research method, other actors of the marketing communications network as well as advertisers of different profile.

The present study was conducted as a qualitative study applying a semi-structured interview data collection method. The results of this research could be put under critical re-evaluation by conducting a quantitative research that would show if the views presented in this study would receive further back up from the industry. Conducting the present study using a qualitative research method would also offer better generalizability of the results.

In order to keep the research focus concise and the research process manageable this research was outlined solely to the point of view of large Finnish B2C advertisers. By switching the focus of the study to the other actors of the network, for example advertising agencies or media agencies, the research phenomenon could be understood from a more holistic point of view, which would provide a better understanding of the motivations behind the actors' movements in the network. As Håkansson and Ford (2002, 138) point out, networks look very different from the perspective of different actors, each with their own motivations, resources and understandings. Thus, the views of the large B2C advertisers should not be generalized too strongly to other contexts.

Finally, the research focus could be shifted away from large high volume advertisers. For example, the views of medium size advertisers, which are significantly larger in amount and do not necessarily share the needs of large advertisers, could be compared with the views of the large advertisers presented in this study.

6 SUMMARY

The purpose of this master's thesis was to answer the research question of *how do advertisers expect the marketing communications industry to change?* In this study the context was outlined to large Finnish B2C advertisers. In order to come to the results the following research sub questions were answered:

- How do advertisers ascribe and describe the recent changes of the marketing communications industry?
- How do advertisers view the current structure of the marketing communications industry?
- How will the changes that are taking place in the marketing communications industry shape its future structure?

In order to come to conclusions, the study discussed network theory focusing on the IMP group's view on industrial networks, the industrial network model (also known as the ARA-model) and network change. After this an analytical framework was established and an empirical study conducted which provided the research data needed to answer the research questions.

The industrial network model that served as the basis of the present study was defined as consisting of actors, their resources and the activities that they are able to provide using those resources. These three different theoretical aspects are closely intertwined and overlapping. These three aspects can also be used to record the changes occurring in a network. Additionally, it was established that in order to understand network change also the time dimension and space dimension of network change need to be taken into consideration.

In the analytical framework of the study the researcher aimed to explain the network change through a three-step model, which consisted of the current ARA-model of the industry, the change forces altering it and the future ARA-model of the industry. The parts of this model individually answered the three research sub questions and combined provided the answer to the mains research question.

The empirical part of this study consisted of semi-structured interviews, also known as theme interviews. The empirical data was gathered by interviewing representatives from nine of the 50 largest Finnish advertisers measured by media spending. The data acquired from the interviews was analyzed using a thematic analysis. The reliability of the empirical part of the study was established as being on a good level.

The findings from the empirical study revealed that the biggest change force that has affected the creation of marketing communications and reshaped the marketing communications network is digitization that is brought about by advances in information technology. Digitization has fragmented the media landscape, changed consumers' media behavior and consequently complicated the process of creating effective marketing communications. These trends are going to continue into the future and create increasing complexity in the marketing communications network and subsequently alter the advertisers' marketing communications needs and partnerships.

The current marketing communications network was defined as one where there are numerous actors providing services for the advertisers. The most significant of these actors from the advertisers' point of view were usually advertising agencies and media agencies. The advertising agencies and media agencies are the two key actors when creating marketing communications and co-operation between them is paramount. However, media agencies are expanding their research capabilities beyond their traditional area of responsibility into advertising planning using their data expertise to advise creative teams on how to develop messages which fit into the communications structure they are building. The other actors of the network were used variably and mostly had a more operational role. As managing large partnership networks is resource intensive for the advertiser, the advertisers' large amount of partnerships should be seen as a necessity rather than a desirable situation.

The ongoing fragmentation of the media landscape and the change in consumers' media behavior are going to continue increasing the complexity of marketing communications. Furthermore, technological developments and digitization are going to blur the line between digital and traditional media channels. Digital marketing communications is going to increase in importance, which leads to advertisers increasing their inputs in digital and mobile media solutions. At the same time advertisers expect to increasingly focus on their own media surfaces and earned media opportunities. This requires all actors to strive for better understanding of digital media, understanding of changing consumer behavior and a holistic media approach.

As the complexity of creating marketing communications increases, advertisers are going to need to rely on a growing number of partnerships as they see that the current actors of the network will not be able to widen their expertise to answer to these new needs. The advertisers expect to form new partnerships with actors that are specialized and able to react and produce activities more quickly than at the moment. Thus, new smaller and more agile actors with looser structures are going to appear to fill these new needs. Therefore, the need of co-operation between the actors is going to become more important.

These changes pose the biggest threat for traditional advertising agencies as they were seen as being somewhat unable to cope with the ongoing change. Media agencies are in a more favorable position for remaining relevant for the advertisers as they will be able to justify their activities and value by leveraging their data handling abilities. In general the advertisers expect to be working with a limited number of close actors and in addition having a network of smaller actors which are used on a more ad hoc basis.

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APPENDIX 1 LIST OF 50 BIGGEST ADVERTISERS IN FINLAND

Company	Rank
VALIO	1
UNILEVER FINLAND	2
L'OREAL FINLAND	3
VEIKKAUS	4
SONERA	5
VV-AUTO	6
PROCTER&GAMBLE	7
HARTWALL	8
TOYOTA AUTO	9
OP-POHJOLA	10
SAUNALAHTI GROUP	11
FORD	12
ARLA INGMAN	13
DNA FINLAND	14
BAYER	15
DANONE FINLAND	16
ELISA	17
SUOMEN NESTLE	18
ORION PHARMA	19
FONECTA	20
SAMSUNG ELECTRONICS	21
TALLINK SILJA	22
NISSAN NORDIC	23
MCDONALDS	24
SANOMA MAGAZINES	25
IKEA	26
RECKITT-BENCKISER	27
ATRIA	28
HELKAMA-AUTO	29
SINEBRYCHOFF	30
HK RUOKATALO	31
KESKO	32
GENERAL MOTORS FINLAND	33
FAZER LEIPOMOT	34
IF VAHINKOVAKUUTUS	35
KIA MOTORS FINLAND	36
NOVARTIS FINLAND	37
BERNER	38
NELONEN MEDIA	39
VOLVO AUTO	40
RINTA-JOUPIN AUTOLIIKE	41
BMW SUOMI	42
LEAF	43
HONDA MOTOR EUROPE	44
VAASAN&VAASAN	45
NOKIA	46
MEDA OTC	47
COCA-COLA FINLAND	48
BURGER-IN	49
AUTO-BON	50

APPENDIX 2 OPERATIONALIZATION TABLE

Sub questions of the research	*Main components of the analytical framework*	*Themes*	*Interview questions*
		Background information	Duties of the interviewee Familiarity of interacting with various marketing communications agencies
How do advertisers ascribe and describe the recent changes of the marketing communications industry?	The ascriptions and descriptions of changes in marketing communications	Effects and origins of changes	What are major recent changes of creating marketing communications What effects have the changes had on the creation of marketing communications Has the effectiveness of creating marketing communications changed /Is it easier or more difficult Will the trends continue into the future
How do advertisers view the current structure of the marketing communications industry?	The current ARA-model	Background	What are the main marketing channels of the organization The significance are bought/owned/earned media
		Actors	What kind of marketing communications agencies is the organization co-operating with Is it difficult to distinguish agencies based on what they are capable of offering
		Activities	What activities are bought from the various agencies View on having a separate agency creative planning and media planning Satisfaction with current agencies/ do the agencies (their resources and activities) correspond well to advertiser's needs
		Resources	What are the agencies' key resources
		Roles & positions	Is any of the agencies in a more crucial role How (dominant/strategic)
How will the changes that are taking place in the marketing communications industry shape its future structure?	The future ARA-model	Background	Is the size/allocation of advertiser's marketing budget going to change How will the different forms of media be affected (owned/earned/bought) What will be emphasized What sort of resources/competences does the advertiser's require in order to be able to create efficient marketing communications
		Actors	Attitude towards combining agencies Is the amount of partnerships going to change Will the ability to separate between agencies be effected
		Activities	Are there changes to the necessary activities of agencies/ What is required from the agencies in the future Future approach of agencies Digitally lead, creatively lead, media lead etc.
		Resources	Are there changes to the necessary resources of agencies
		Roles & positions	Are the reciprocal positions of agencies going to change Which agencies are best equipped to face the changes Advantages/disadvantages in the way they operate

APPENDIX 3 STRUCTURE OF INTERVIEWS

Taustoittavat kysymykset	- Lyhyesti kuvailtuna mitä kuuluu työtehtäviinne? - Kuinka paljon ja millä tavoin olette työssänne tekemisissä erilaisten markkinointiviestintätoimistojen kanssa?
Muutos trendit	- Millaisia muutoksia mainosviestinnässä ja sen luomisessa on tapahtunut viimeisen noin kymmenen vuoden aikana? - Millaista kehitys on jatkossa? o Tulevatko aiemmat muutostrendit jatkumaan? - Miten ne ovat vaikuttaneet mainosviestinnän luomiseen? o Onko luomisen tehokkuus muuttunut? /Onko työn tekeminen hankalampaa/helpompaa?
Nykyinen tilanne	- Mitkä ovat päämarkkinointikanavanne? - Minkä markkinointiviestintäyritysten kanssa teette yhteistyötä? - Minkälaisia palveluita näiltä ostetaan? - Mitkä ovat niiden avain resurssit? - Onko toimistoja hankala erottaa toisistaan sen perusteella mitä ne pystyvät tarjoamaan? - Korostuuko jonkun toimistoista asema muihin verrattuna? o Miten (dominoiva/strateginen)? Miksi? - Kuinka tyytyväisiä olette nykyisiin toimistoihinne/ vastaavatko toimistot (niiden toiminnot ja resurssit) hyvin tarpeitanne? - Mitä mieltä olette eriytyteistä mainonnan suunnittelusta ja mediamyynnistä/ suunnittelusta? - Kuinka merkittäviä teille ovat ostettu/ansaittu/oma media?
Visio tulevasta (3v./5v.)	- Tuleeko mainosbudjettinne koko/kohde muuttumaan? - Miten se tulee vaikuttamaan yhteistyökumppaneihinne? A) keskinäiseen asemaan? B) Määrään? Mitä mieltä toimistojen yhdistymisestä? C) Vaadittaviin kompetensseihin ja resursseihin? / Mitä haluatte toimistoiltanne tulevaisuudessa? - Millaista erilaisten toimistojen hahmottaminen jatkossa on? o Hankalampaa? Helpompaa? Miksi? - Miten mediamuotojen asema tulee muuttumaan? (ost./om./ans.) o Mikä korostuu, minkä vaikutus vähenee, pysyykö ennallaan. o Jos niin, kuka/millainen toimija pystyy parhaiten auttamaan korostuneen mediapinnan hallinnassa? - Miten toimistojen kompetenssit (toimintamalleista) sopivat muutokseen? o Onko erityistä hyötyä / haittaa - Millaisin termein kuvaisit tulevaisuuden toimistoa? o Digi-, luova-, liiketoiminta-, mediavetoisia tms.? - Millaisia uusia kompetensseja/ resursseja teidän on itse hankittava pystyäksenne tuottamaan tehokasta markkinointiviestintää?

Background questions	- Shortly described what are your duties? - How often and in what ways are you interacting with various marketing communications agencies?

Change trends	- What kind of major changes have occurred in creating marketing communications in the last 10 years or so?
	- What is this development going to be like in the future?
	    o Will these change trends continue?
	- What effects have they had on the creation of marketing communications?
	    o Has the effectiveness of creating marketing communications changed? /Is it easier or more difficult?

Current situation	- What are your main marketing channels? - What kind of marketing communications agencies are you co-operating with? - What sorts of activities are bought from these? - What are their key resources? - Is it difficult to distinguish agencies based on what they are capable of offering? - Is any of the agencies in a more crucial role? o How (dominant/strategic)? Why? - How pleased are you with your current agencies/ do the agencies (their resources and activities) correspond well to your needs? - What do you think about having a separate creative function and media planning? - How significant are bought/owned/earned media for you?

A vision of the future (3 to 5 y.)	- Is the size/allocation of your marketing budget going to change?
	- How will this affect your marketing communications partners?
	A) Reciprocal positions?
	B) Amount? How do you feel about combining agencies?
	C) The necessary competences and resources? / What do you require from your agencies in the future?
	- How will the separation of the agencies be effected?
	    o More complex? Easier? Why?
	- How will the different forms of media be affected? (owned/earned/bought)
	    o What will be emphasized?
	    o If so, which or what kind of an actor will be best able to help you take advantage of the emphasized media?
	- Which agencies are best equipped to face these changes?
	    o Are there any special advantages/disadvantages in how they operate?
	- How would you describe the future agencies?
	    o Digitally lead, creatively lead, media lead etc.?
	- What sort of resources/competences do you need to acquire in order to be able to create efficient marketing communications?