CHALLENGES FACING THE ADVERTISING WORLD IN THE DIGITAL ERA

A comparison between Dutch and Swedish advertising agencies

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ABSTRACT

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Research question: How are professionals in advertising agencies in Sweden and the Netherlands experiencing and addressing the challenges of the on-going Internet era?

Purpose: The purpose of this research, its primary concern, is both descriptive and predictive: to examine the challenges of the evolving digital era faced upon the advertising world, especially the advertising agencies and their professionals. It is focused on the way professionals behave and adjust to this fast changing environment. In order to shed light on this, a model provided and re-interpreted by Deuze is used as a fundament in this research.

Method: The qualitative study is based on secondary data from books and articles within the subject of advertising. Interviews, conducted in Sweden and the Netherlands, are used as a source of primary data. Throughout the research, an interpretative approach is the main methodological stance.
Acknowledgement

Tapio Heinonen

According to my Finnish nature, I will try to keep this as short and simple as possible. The adventure started in September and now many months later it is almost over. The culmination of our adventure is this research. Writing this thesis possessed some challenges but I think me and my co-author managed to do a pretty splendid job, at least in our opinion.

Furthermore, I would like to thank my thesis partner Marc. I could not have asked for a better co-author for this research. Also a thank you for everyone that helped throughout the process from interviewees to our tutor Peter Selegård is in place.

As a final concluding note: “The roots of education are bitter, but the fruit is sweet.” Aristotle

Marc Rozenveld

Ten months ago, we started this adventure with fresh energy in order to conduct this research. At the time of writing, this energy is now transformed into joy and relief and resulted in a massive document of almost 130 pages. It was in my opinion an exciting and joyful road and I hope the reader is of the same opinion. I would like to thank some people, all of which contributed to the end result.

First of all, I would like to thank all the interviewees for their contributions regarding this thesis. I am delightful that they had time for us to chat about one of my favourite subjects: advertising. Special thanks are in place for Ken Segall, former advertising guy of Steve Jobs and nowadays a renowned author and speaker. Despite his late response: acting as a “tortoise” as he self-proclaimed it, he provided this thesis with valuable insights regarding the changed advertising industry.

Secondly, my thesis partner Tapio was, and still is, a true friend. During the interviews in the Netherlands, we even spend a whole week together without troubles. Some say conducting a thesis like this often results in struggles and tattered friendships, we did not came across any of these and are still friends.

Last but not least, I would also like to thank Peter Selegård for the valuable feedback and for monitoring the process of conducting this research. I also thank Angelina Sundström for her feedback and the fact that she was our second supervisor.
It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change.

- Charles Darwin
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Glossary

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<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Media logic</td>
<td>“The particular institutionally structured features of a medium, the ensemble of technical and organizational attributes which impact on what gets represented in the medium and how it gets done (…) media logic also indicates the cultural competence and frames of perception of audiences/users, which in turn reinforces how production within the medium takes place” (Dahlgren, 1996 &amp; Deuze, 2011).</td>
</tr>
<tr>
<td>Institutions</td>
<td>“… are systems of established and embedded social rules that structure social interactions” (Hodgson, 2006).</td>
</tr>
<tr>
<td>Technology</td>
<td>“… is the skeleton around which advertising has formed, linking contemporary technological developments to transformations of advertising and marketing practices” (Rust &amp; Oliver 1994).</td>
</tr>
<tr>
<td>Organizations</td>
<td>“… are special institutions that involve (a) criteria to establish their boundaries and to distinguish their members from non-members, (b) principles of sovereignty concerning who is in charge, and (c) chains of command delineating responsibilities within the organization” (Hodgson, 2006).</td>
</tr>
<tr>
<td>Culture</td>
<td>“… is the collective programming of the mind distinguishing the members of one group or category of people from another” (Hofstede, 1980).</td>
</tr>
</tbody>
</table>
1. Introduction
This first chapter of the research is aimed at introducing the topic and to outline the background and relevance for conducting the research in the first place. It presents the problem statement and the purpose of the research, as well as the research- and sub questions.

1.1. Background
In the past, a vast amount of scientific research has been focused on traditional advertising and media, e.g. print media like magazines (Malthouse, et.al, 2007), newspapers (Dahlen & Edenius, 2007) and television (Chowdhury, et.al, 2007; Moorman, et.al, 2007; Moorman, et.al, 2005). With the emergence of the Internet, the focus in research has shifted towards issues like interactivity, with consumers regarded as active players instead of passive recipients (Adzharuddin, 2012). When focusing on the creative industry as a whole, scholarly research has been conducted for creative segment industries, e.g. game development, journalists, film and broadcasting, whereas the advertising industry (especially the advertising agencies) is still not living up its potential in academic literature and research (Deuze, 2011).

The media world of today is in the centrefold of change, due to the freeing of technological limits of print and broadcast infrastructures (Mulhern, 2009). This digitization implies a different set of practices for the playfield of meeting consumer’s wants and needs and therefore creates a pressing stimulus for change in the world of advertising and its agencies. A massive shift in the advertising industry can be stressed partly due to a shift in consumers’ consumptions (Segall, 2013, see appendix 1). The transformation from offline advertisement to online advertisement is stressed simply by the CEO of Microsoft, Steve Ballmer: “offline advertising will all be online within 10 years” (Wall Street Journal 2008, Guth, R.A., 2008). This transformation is still on-going and multiple stakeholders are involved, but this research will focus on the role of advertising agencies in particular, as little research has been conducted in this field of study.

This revolution in information technology and digital communication fits in a pattern comparable with traditional industrial revolutions, for example the one resulting in mass marketing, –production and –communications. According to Carlota Perez (2002), technological revolutions evolve through four phases; interruption, frenzy, synergy and maturity. These stages are all closely tied to the allocation of financial capital and
investments. The digital transformation is currently bustling between the post frenzy and synergy phase, whereas obtaining the maturity phase is still not realized.

In order to analyse the way advertising agencies conduct business nowadays, this thesis is built upon a re-interpreted model provided by Mark Deuze (2011). According to Deuze, four constructs (institution, technology, organization and culture) are formulated to help understand the complex world of dealing with challenges in the advertising industry. The constructs are formulated to cover the wide range of actors in the advertising industry, but this research might reveal other (and additionally important) elements to add to the existing model.

1.2. Problem statement

We, as authors of this research paper, consist of the segment of the population widely known as generation Y, born between 1978 and 1994 (Sheahan, 2005) and we grew up with the Internet. The Internet changed the world in fundamental ways (Bargh, & McKenna, 2004); it affected for example communication and shopping behaviour. Alongside these facts, the world of advertisement and promotion changed accordingly. Before the rise of the Internet, classical advertisement was deployed to attract consumers and to influence their purchase behaviour. This is still relevant for today, but marketers have to approach consumers differently. Even at the beginning of the Internet era, companies where hesitant to put ideas into a web banner. They remained sceptical and chose traditional media space over the use of Internet related channels (Sandoz, 2010).

A wide range of promotional messages, from promoting a product to the marketing of a political candidate, is displayed on a daily basis to consumers. These consumers are finding it increasingly difficult to cut through the clutter, as advertisers are seeking for new mediums and places to distribute their messages. Even supermarket eggs have been stamped with names of CBS television shows and US Airways is selling ads on motion sickness bags (Story, 2007): advertisers are trying to their hardest to promote their messages in new ways.

And the heat for adapting does not come from this single side only; consumers respond less to traditional forms of advertising, clients demand better results from their advertising expenses and lean but creative ad agencies plunder away revenue (Belch & Belch, 2003). But how do the professionals working in the industry cope with these changes? Did they adapt their organizations to better serve the needs and wants of consumers? How did and do they keep
track of rapidly growing technologies to promote their messages to a more and more Internet-based population? These questions form the basis of our intrigue in this subject and we would therefore want to know more about it in order to understand it better.

1.3. Purpose

The purpose of this research, its primary concern, is both descriptive and predictive: to research the challenges of the evolving digital era faced upon the advertising world, especially the advertising agencies and their professionals. It is focused on the way professionals behave and adjust to this fast changing environment. In order to shed light on this, a model provided and re-interpreted by Deuze is used as a fundament in this research.

The main objective of the research is to improve the current managerial and academic knowledge in this field of study, combined with an improved understanding of organizational implications (such as organisational adaptation in the company structure). The scope of the research is centred on a comparison between agencies in two countries: Sweden and the Netherlands. This comparison is included because it is often sensible to have a comparative element in the thesis; as it creates contrasts that make it easier to see things clearly (Fisher, 2007, p. 46). Another fact is the absence of a comparison between two cultures in the setting of advertising agencies in two countries: Sweden and the Netherlands. Taking the model of Deuze into account, we feel that there might be an extra element involved in exploring the issue of how agencies and their professionals cope with change: innovation.

The research has both a scientific and practical relevance. In our opinion, a gap can be found in the current scientific literature about advertisement professionals working in the “new era”. After an initial search, only one specific research (e.g. Takemura, 2012) was obtained, which issued a stronger relevance of this research. The research of Takemura provided insights in the Swedish industry, but lacked any deep insights and a comparable element, both embedded and included in this research. The practical issue can be stressed in obtaining knowledge about how companies adapted (or can adapt) to the new ways of interacting with consumers in order to keep up with the changing needs and wants. This research also provides valuable insights in the advertising industry as a whole.
1.4. Research question

In order to frame our research purpose and objective into a single sentence, the research question is formulated below:

“How are professionals in advertising agencies in Sweden and the Netherlands experiencing and addressing the challenges of the on-going Internet era?”

This research question contains the earlier mentioned comparative element (agencies in Sweden and the Netherlands) and is connected to the changing atmosphere within the advertising industry. In order to analyse the different aspects on how professionals are coping with the fast changing environment, four constructs are being used (Deuze, 2011). The four elements are; institution, technology, organization and culture.

The sub questions are formulated below and are connected with these four elements of work within the advertising world.

I. To what extent do professionals in advertising cope with the institutional factors that affect their work?

II. How do new technological elements change the interplay with consumers?

III. How do companies (re)structure themselves with these technological elements in mind?

IV. How do professionals in advertising frame and structure their plans?

V. What are the cultural features in both countries of advertising professionals that influence the final results?

As mentioned earlier, these questions are all related to the main research question and are drawn upon a model (media logic) to investigate the nature of work in the advertising industry, while the main focus lies on its professionals. Because of the complex nature of conducting research regarding work related behaviour, all questions have overlapping elements.

1.5. Target audience

The target audience of this research is broad. It is intended for advertising professionals, to gain insights in the current challenges facing the industry. Adding as well deep insights in how agencies in Sweden and the Netherlands are dealing with the on-going changes in the
industry. It is particularly relevant for business students and professors willing to deepen the academic literature in this field in the near future. This is highly recommendable, as the current academic research is still underdeveloped.

2. Theoretical framework
This theoretical framework relates to the philosophical basis on which the research is built. As “the theoretical framework has implications for every decision made in the research process” (Mertens, 2009), it is an essential part. The main parts of the academic literature being used is described and critically discussed in the next subchapters.

2.1. The change in information technology
The media has changed in a variety of ways and these can be interpreted differently. According to Mulhern (2009), two related elements can be formulated as the underlying force of change in information technology. On the first hand, the digital codifying of information can be seen as an important element. The Internet of the 1990s was the cause of the transformation from print content towards the concept of digital content. Secondly, the braided nature of this digital content, the network, was an important stimulus for the changing media landscape. Benkler (2003) coined these interwoven and reinforced elements in one single definition: the networked information economy. According to Benkler, a digital and networked media environment enables the production and distribution of information through so-called non-proprietary processes comparable with those in the arts, education and sciences. It also affects the ability to establish a blend of market and nonmarket mechanisms for making information widely available for the public and large scale, cooperative efforts that generate output for many providers.

While the transformation into a networked information economy provides significant possibilities for companies, for example superior information-processing capabilities (Achrol & Kotler, 1999), some authors claim that it might lead to a so called “information famine” in the long run (Coiera, 2000). They draw a comparison with, and variant of “Malthus´ law”, applied it on the networked information economy. This law, explained in detail in appendix 2, is about the conflicting factors of population growth and the fixed amount of agricultural land. In the 19th century, Malthus argued that a famine was the inevitable consequence of the distorted ratio between the growing population and the fixed size of agricultural land. Some argued that this law was wrong: technological developments where not taken into account.
Others disagree and stress that the law remains valid, as a time will come when the land cannot keep up with what is demanded of it (Frank, 1997).

The consequence of applying Malthus’ law on the networked information economy is that “the fraction of information that is actually consumed will, with time, approach zero”, the limiting factor is our ability to spend time consuming information: our attention is the scarce resource. Or as Herbert Simon (Speech, September 1, 1969) stresses: “What information consumes is rather obvious. It consumes the attention of its recipients. Hence, a wealth of information creates a poverty of attention”. This fact, combined with rising levels of competition in the advertising world, has made it more difficult to attract and hold consumers’ attention (Pieters, et.al, 2002).

2.2. Media logic
According to Peter Dahlgren (1996, and later re-interpreted by Mark Deuze in 2011), the fundamentals of the concept of media logic can be found in the field of sociology. One of the main writers in this field, Emile Durkheim, started formal academic sociology by developing positivism as a foundation of social research (reprint of Durkheim’s work, 1982). According to Durkheim, sociology could be interpreted as “the science of institutions, their genesis and their functioning”. In other words, sociology “enables us to understand the structure and dynamics of society, and their intricate connections to patterns of human behaviour and individual life changes” (dartmouth.edu, 2013). The model of media logic is connected and intertwined with this view, as the model tries to explain and examine the way media professionals experience (and address challenges) in their daily work.

To pinpoint the definition of media logic, Mark Deuze uses an explanation provided by Peter Dahlgren: “media logic refers to the particular institutionally structured features of a medium, the ensemble of technical and organizational attributes which impact on what gets done”. Included in and added to this definition is the cultural concept: “media logic also indicates the cultural competence and frames of perception of audiences/users, which in turn reinforces how production within the medium take’s place (Dahlgren, 1996). Deuze distilled four elements from this definition; all related to the behaviour of media professionals: institution, technology, organization and culture. These elements are explained in detail in the forthcoming paragraphs.
2.2.1. Institution

The term institution received severe academic attention in recent years, due to its’ commonly and widespread use in different disciplines such as; philosophy, sociology, politics and geography (Hodgson, 2006). Its usage has a long history, which can be traced back at least 288 years ago in the philosophical work Scienza Nuova (Vico & Fisch, 1975). Even today, there is still no consensus among the academic world about the key definition of the term institution, for example the distinction in formal or informal identity of the definition. In addition and due to the endless dispute over the definitions, different authors proposed to give up the matter of finding the right definition and focused on a more practical manner instead. On the other hand, a critical note can be stated about the absence of an applicable definition when carrying out research. Therefore, this thesis will include a brief overview of the different academic accounts of perceiving and explaining the term institution. Because doing a research includes setting boundaries and definitions, a brief account of different views on the definition institution will be given. After this summary, a proposed definition is chosen which in turn will be used throughout this thesis.

According to Knight (1992), an institution can be seen as “a set of rules that structure social interactions in particular ways”. In line with Knight, Sugden (1986), Searle (1995) and others define a convention as a particular and an instance of an institutional rule. To make it more clear: “All countries have traffic rules, but it is a matter of (arbitrary) convention, whether the rule is to drive on the left or on the right. So in regard to the (say) British institutional system of traffic rules, the specific convention is to drive on the left” (Hodgson, 2006).

Alan Wells (1970) describes institutions as follows: “Social institutions form an element in a more general concept, known as social structure.” Institutional economists like Thorstein Veblen and John R. Commons stress that; “Institutions are a special type of social structure with the potential to change agents, including changes to their purposes or preferences”. Other institutionalists, for example John Fagg Foster (1981), have defined institutions as “prescribed patterns of correlated behaviour”. According to Hodgson, this view is misleading, “as describing institutions as behaviour would mislead us into presuming that institutions no longer existed if their associated behaviours were interrupted: does the British monarchy cease to exist when the members of the royal family are all asleep and no royal ceremony is taking place? Of course not: royal prerogatives and powers remain, even when they are not enacted”.
Despite the fact of the on-going debate about the definition and as the literature in this field is extensive, only a limited number of theories are included in this thesis. Therefore, this thesis will use the following definition proposed by Geoffrey M. Hodgson (2006) throughout the research:

“Institutions are systems of established and embedded social rules that structure social interactions” (Hodgson, 2006).

This study is aimed at providing a comparison between the advertisement landscape in Sweden and the Netherlands. In the forthcoming two paragraphs, the history and the evolvement of both industries are stressed.

2.2.1.1. The Netherlands

The advertisement industry in the Netherlands matured over time. It started when the agency Wieden + Kennedy opened up an office in Amsterdam in 1992 (Röling, 2010), in order to work with one of their biggest clients: Nike. Wieden + Kennedy won several awards during this time and as a result, more international agencies opened up offices in Amsterdam. In the end, Amsterdam’s advertising industry gained an international character and few people even claimed Amsterdam to be the next hub as an international creative centre.

In academic literature, previous studies related to economic geography are mainly about established advertising hubs in cities like London and New York (Grabher, 2001 & Faulconbridge, 2007). According to an article provided by Röling, the evolvement of the advertisement industry (especially the one in Amsterdam), passed through four historical waves. In order to understand the industry in total nowadays, it is relevant to briefly include this four-wave typology. The model is based on two waves, earlier described and formulated by scholars as Lash & Urry (1994) and Leslie (1997) and updated by Röling. Because of the main focus of this research, to compare Swedish and Dutch agencies and the way they cope with challenges, the next section will briefly explain each wave. This is included to provide a deeper understanding through historic events in order to better understand the current structure of advertising in the Netherlands. The whole model can be found on the next page.
Figure 1, The four waves of international advertising from early twentieth century Western Capitalism, Source: R.W. Röling, 2010
The first wave found its offspring in America, as American advertising methods started to dominate the world’s consumer markets (Lash & Urry, 1994). Due to the labelling of products with easily recognizable names and images, modernization and professionalization of advertising messages became the norm. Following this fact, the advertisement industry started to use “scientific” approaches: the principle of repetition as a marketing tool was born. Because clients crossed the ocean, local branches of advertising agencies overseas were opened up, but the creative hub Madison Avenue in New York was still the epicentre.

The second wave emerged from non-American entrepreneurs, especially from London and Paris. The American way and approach of advertising, the so called “hard selling”, was generally received as dreary and serious, whereas the English way, containing humour and “soft-sell tactics” was more applicable at that time. Combined with the increasing importance of the role of art directors and spurred with the introduction of colour TV, the second wave shed new light on the advertising industry in general.

At the end of the 1970s, crucial developments in individualization and production flexibility ushered the third wave. It resulted in a more divergence of lifestyles, with fragmented consumer behaviour. The available range of consumer products widened, the number of brands increased and the product lifetime-cycles became shorter (Leslie, 1997). Visual identity of products and the role of marketing became an important competitive tool. Smaller and leaner agencies emerged, as they were more flexible compared with the traditional agencies founded in the first two waves. Smaller agencies incorporated different competitive assets and they shifted to flexible, independent and highly creative companies. London strengthened its position as creative hub during this third wave.

The fourth wave smoothly followed upon the third wave in terms of the fragmentation in agencies and geographic positions. Traditional agencies grew larger due to acquisitions and mergers, whereas the growth of smaller agencies also increased and emerged in different cities. The distinguishing element of the fourth wave was the introduction of the Internet as a force to empower consumers, which resulted in a more vulnerable position for agencies. In a society where consumers are more difficult to reach and convince, advertisers have a tough job. The use of traditional media decreased, as society became more digitally oriented. Again, smaller and more adaptive agencies emerged and evolved in agencies focused on using values in universal brands to bypass national borders to use in their campaigns. The typical agency in the fourth wave is small, independent, adaptable, innovative and highly creative. Additionally,
these agencies know the possibilities of information technology in order to keep in contact with their often-international web of relations and customers.

A key element of the rise of Amsterdam as a creative hub in advertisement is, according to Röling, “the increasing importance of small, flexible, independent advertising agencies as competitors to the large global network advertising agencies during the third, and particularly the fourth, wave”. He claims that the large global networks are more locally oriented, whereas the small and relatively new agencies possess a more international scope. To conclude: the industry in the Netherlands, in particular the hub in Amsterdam, is a mix of exponents from all the four waves. According to Röling, the industry can be seen as “the multiple faces of the advertising industry”.

2.2.1.2. Sweden

The evolvement of the Swedish industry is of the same trajectory as described in the four waves earlier, but a significant dissimilarity has to be stressed. According to Esbjörnsson, Swedish advertising firms are especially successful in web advertising (Esbjörnsson, 2008). In the academic field, the history and evolution of the Swedish advertising industry is still underexposed. A research was conducted recently about the evolution of the industry and this is partly included in this research. This research, named “The Swedish Digital wonder” (Broberg, et.al, 2012,), stresses the fact that Swedish agencies excel in online advertising, as confirmed with the total yearly lists of most awarded agencies in the field of digital campaigning. Sweden’s industry as a whole is among the top 25 countries that earned awards 14 years in a row. In 2010, Sweden as a country ranked second best as the most awarded country in the field of digital campaigns. Furthermore, three Swedish agencies where among the most awarded digital agencies top seven, as stressed below (GUNN report 2010).

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Points</th>
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<tbody>
<tr>
<td>DDB Stockholm (Stockholm)</td>
<td>16</td>
</tr>
<tr>
<td>Forsman &amp; Bodenfors (Gothenburg)</td>
<td>16</td>
</tr>
<tr>
<td>Crispin Porter + Bogusky (Boulder &amp; Miami)</td>
<td>15</td>
</tr>
<tr>
<td>Farfar (Stockholm)</td>
<td>14</td>
</tr>
<tr>
<td>DDB UK (London)</td>
<td>12</td>
</tr>
<tr>
<td>Goodby Silverstein &amp; Partners (San Francisco)</td>
<td>12</td>
</tr>
</tbody>
</table>
The fact that Swedish firms are highly valued in the field of digital advertising is intertwined with the rise of Internet based companies and the early adaptation of Swedes with the Internet, assisted by a government project for broadband penetration (Walker, 2009).

2.2.2. Technology

As described in subchapter 2.1, technology changed over the years. Imbedded in the context of media professionals and advertising agencies, technology plays a key factor, as “those who work in advertising, marketing, and so forth satisfy a demand by the consumer and at the same time establish that demand” (Lazaratto, 1997). Technology is of essential part in the creative process and it creates standardization of the work and convergence of platforms. Technological convergence relates to the integration and get together of audio, video, telecommunications and data into a common platform (Deuze, 2011), to create a so-called “truly universal machine”. This in turns blurs away the traditional borders between work and play and the convergence is twofold; convergence of the place (work place and home office) and convergence of technology (the earlier mentioned convergence of media). Some authors like William DiFazio and Stanley Aronowitz (1995), claim that this trend might lead to an “exploitative labour practice and a decrease in creative freedom”. On the other hand, Jeremy Rifkin (2004) stresses that it would however enhance creative freedom and improves so-called social shaping of group members in their daily work.

Both ways in the convergence of technology required a different way of working, as professionals nowadays form messages on different platforms, using different channels simultaneously. This results in another challenge, the creation of specific quality content. In a world with an abundance of consumer insights, e.g. a personal information economy (Elmer, 2004) and an increase of co-creators of content (audiences creating service- or product-related content), the mapping of wants and needs gets blurred and the importance of quality content is the key.

The role of technology is aboriginally intertwined with advertising, as stressed by Rust & Oliver in 1994:”technology is the skeleton around which advertising has formed, linking contemporary technological developments to transformations of advertising and marketing practices”. Lievrouw and Livingston add that the playfield of new media is on a deeper level: “information and communication technologies and their associated social context,
incorporating: the artefacts or devices that enable and extend our abilities to communicate; the communication activities or practices we engage in to develop and use these devices: and the social arrangement or organizations that form around the devices and practices” (Lievrouw & Livingston 2006, p. 23). It is the combination of these elements that the roles of (new) technologies change the way agencies and professionals work.

2.2.3. Organization
In this chapter we will focus on one part of the concept of media logic, the concept of (an) organization(s). To truly understand the meaning and complexity of organization(s), certain questions have to be answered. “How is it defined precisely?” “What kind of structural possibilities can be found in the literature?” And finally, “how do organizations change and what are the challenges of these changes?”

There are as many definitions of “an organization” as there are authors in the academic fields of management, decision making and organizational design. Most of these definitions are not straightforward answering the question; “what is an organization?” Although some attempts of identifying the main concept have been made, a clear definition is still not present (Senior & Fleming, 2006, p.4). We as authors try to provide an overview of the different accounts associated with the definition of organizations.

Mullins (2005, p.32) describes organizations as a formal structure were individuals and groups interact with each other. Management is the creation tool of the structure. The management establishes relationships in the organization between groups and individuals, therefore providing order and systems. It is also directing effort to perform goal seeking activities. Daft’s (2009, p.11) definition does not differ that much from Mullins view. Daft views the organization as a goal-directed social entity. The social entity is designed as an intentionally structured and coordinated activity system. It is also connected with the external environment. In Buchanan & Huczynski’s (2004, p.5) opinion: “an organization is a social arrangement for achieving controlled performance in pursuit of collective goals”. Hodgson (2006) instead divides organizations (“special institutions”) according to the level of involvement. The first criterion is to create clear boundaries and to separate members from non-members. Secondly, a policy of empowerment concerning “who is in charge” should be established. Lastly, responsibilities have to be designated by the “chain of command” in the organization. A final definition is given by Statt (1991, p.102). He portrays organizations as “a group of people brought together for the purpose of achieving certain objectives. As the
The basic unit of an organization is the role rather than the person in it, the organization is maintained in existence, sometimes over a long period of time, despite many changes of members.”

Some of these definitions are more complex than others, but all share reminiscent elements. People interacting with each other’s in some kind of supervised or systematic way to reach a certain common goal or objective. (Senior & Fleming, 2006, p.4)

When it comes to organizational structure, there is also a vast amount of literature at our disposal. Henceforth, the main and most relevant theories are addressed and explained. Mintzberg (1983) defined organizational structure as “the set of all the ways in which the work is divided into different tasks, achieving coordination”. Another definition of this term was given by Child (1972): “the formal allocation of work roles and the administrative mechanisms to control and integrate work activities including those which cross formal organizational boundaries”. Zerilli (1978) instead, portrays the structure as “a reflector for communications, systems, relationships, procedures and decision processes”. This enables the organization to improve its functions and also accomplish its objectives (Martinez-Leon & Martinez-Garcia, 2011).

The structure of the organization correlates the way in how information and knowledge is shared in the organization and if it is done in an effective way. Therefore the structure essentially affects the allocation and distribution of resources: how the communication process is handled and how the members socially interact with each other (Chen & Huang, 2007). Consequently, the composition of the structure in the organization can ease or hinder the capabilities of adaptation towards change, learning, innovation or improvement, which are tools in generating additional value to the customers (Martinez-Leon & Martinez-Garcia, 2011).

The structure of an organization can be claimed to be a dynamic element since it can be formed or changed in the course of time as a result of new conditions in- and outside the organization. It can be modified to give the members of the organization tools and knowledge, therefore helping them to overcome possible problems in their daily work (Martinez-Leon & Martinez-Garcia, 2011).

Organizations nowadays are facing high pressure to obtain a higher degree of efficiency in performance, because most of them are acting in a global market which is competitive and
acting in a fast paced environment. Old, traditional, bureaucratic and hierarchical structures of company organization have been harshly denounced. They have been criticized of being too dogmatic in supplying goods and services with high levels of swiftness and quality which is essential and “a standard” on current markets (Cartwright, 2003). Modern technology has given the tools for the easier approach to re-organize and change the current work environment. Therefore an increasing trend can be seen among organizations reforming their environments and structures (Cartwright, 2003).

This trend is also applicable when it comes to advertising agencies. In a survey conducted by consultants from Booz & Co., “Marketing Media Ecosystem 2010”; an extension of the traditional organizational structure is needed to be able to meet customers’ needs in the digital media services and to be able to provide broader marketing support. This has led to collaborations between agencies and different specialists; the result is a virtual agency which has the possibilities of providing the full service that the customer needs (smallbusiness.chron.com, 2013).

The academic literature provides a wide range of different structure possibilities. In the past century, firms have been adopting different organizational structures and principles. The range of skills and services that are offered to the clients, have consequences on the structure of the agency. Nevertheless, among academic authors the most crucial element that determines the structure of an advertising agency will be the scale of the agency (Yeshin, 2006).

Nowadays advertising, marketing and PR businesses work on a project by project basis in the organization. Deuze (2011) argues that the project based view has gained the dominant position, because it possesses “flexibility to meet constantly changing customer needs, shifts in the composition of business, markets and clients, and it provides a strategic scope with a continual rearrangement of employers and employees within the firm.” Also the manpower used in the projects is considered to be less costly, and controlling them is easier. Deuze (2011) suggests that there are two types of project organizations that are considered valid for the advertising industry. The first one consists of the employees from different departments within the company and the second is based on temporary cooperation with actors outside the company’s boundaries.
2.2.3.1. Organizational change and challenges

Different academic authors and researchers emphasize the importance of organizational change (Zimmermann, 2010, p.217). Some authors mention that it brings sustainability and that it is essential for successful businesses. Others mention that with organizational change it is possible to gain a competitive advantage, especially in the digital era with severe competition. Also some authors argue that change is needed so the companies would have the possibility to survive in this high competitive environment.

According to Boston, (2000, p.vii) “Every organization must change, not only to survive, but also to retain its relevance in a world of intense competition, constant scientific progress, and rapid communication. But in order for change to bring a benefit and advance an organization to a higher level of service and operation, that change must be driven by knowledge“.

Organizational change can be obtained in various ways. Different academic authors in the field of organizational change have different views and theories about types and how to implement this change. (Senior & Fleming, 2006, p.45) Despite these different views, the groundwork regarding organizational change is agreed upon the majority of authors. The nature of the organization and its environment has an impact on the final result. Organizations can adopt incremental changes (small changes) whereas others might head towards an organizational transformation, which is also known as corporate transformation or radical changes. In a corporate transformation, the changes are based on a broader scale that can lead, in the worst-case scenario, to difficulties that are not easy to deal with (Boston.MA, 2000, Hiatt & Creasey, 2003).

One of the most difficult and challenging jobs for a manager is the planning and managing of change (in technological and cultural aspects) (Benowitz, 2001). Examining the reasons for change and developing a plan to help the transition to the new structure, are crucial steps that a manager has to take. The most common problem that managers face upon the reorganization is the fear of it. People in the organization fear that during reorganization, their status quo and status will be affected: it will impact on the interest in the current job and change typical working patterns (the ways of doing things). Because of the reasons mentioned above the reorganization phase is typically resisted. The resistance can lead to lower effectiveness among workers inside the organization and also increase costs. (Kotter & Schlesinger, 2008)

Organizational change is multidimensional. So the change is affecting different dimensions and these dimensions often overlap each other and occur simultaneously. Examples of these
dimensions are: extent of planning, degree of learning, degree of change (incremental vs. radical), organization’s structure, and target of change (Benowitz, 2001, p.87). In the extent of planning dimension, the views among authors vary on the fact “how much change can be planned”. Therefore an important task for managers is to create an environment with the right conditions for the change to occur (Ibid).

The degree of learning relates on the activity of the members within the process of change. The members inside the organization should be actively participating in the planning and in the implementing phases throughout the change (Ibid).

The organization’s structure dimension handles bureaucratic vs. un-bureaucratic situations. If the structure is too bureaucratic, it should try to change towards a more decompressed structure. On the other hand, if the structure is too un-bureaucratic, or if there is no actual structure, a focus towards rules and policies should be established (Ibid).

In the target of change dimension, the focus is on organizational change programs. These programs vary in reverently “to the hierarchical level or functional area of which the change is targeted.” In some cases the focus of the change is on the top management, thus providing them the tools of becoming better leaders. On the other hand the focus might be in prime learning for low-level employees (Ibid).

2.2.4. Culture

The field of literature on culture is vast. Therefore different definitions of culture can be found among the literature. Culture itself contains at least three different “sub-divisions”. Culture can be considered as national terms (“collective mental programming”; according to Hofstede, 1980). It can be considered as business culture (“the way we do things around here”; according to Randlesome et al, 1990) and as the culture of an organization (Morden, 2004, p. 30). The focus in this study is on the specific culture of an organization and national culture, as those elements are the most relevant for this research.

Kroeber and Kluckhohn (1952, p. 181) have stated to study over 100 various definitions. So it is reasonable to start with their view and definition regarding culture. “Culture consist of patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiment in artefacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values.”
2.2.4.1. National culture

The most famous author in academic society of cultural theory is unquestionably Hofstede (1980). He describes culture as a “national” culture. This national culture is seen as the “collective mental programming in people’s minds”. The people belonging to any specific nation are influenced by social patterns, experiences in life and education. Hofstede also mentions that cultural conditioning is a stable element and it is opposing change (Morden, 2004, p.31). When comparing the Dutch culture with the Swedish culture, some differences can be pointed out. Swedish culture can be said to be direct and open, as Swedes tend to be to the point and literal in their communication. Direct criticism is on the other hand often translated in a more diplomatic way and not towards anyone in particular (communicaid.com, 2013).

Another aspect of the Swedish culture is the high importance of the notion of egalitarianism; consensus and compromises affects almost every aspect of the society, which in turn affects the speed of the decision making processes. Swedes are often described as shy, reserved, quiet and they often value modest and reserved behaviour which in turn results in a separation of personal- and public life (Ibid).

The Dutch society is also known as a society containing egalitarian characteristics. A minor difference can be stressed compared with Sweden: individuality is regarded as an important value, which is confirmed by the findings of Hofstede (as shown in figure 2). Because the major differences can be found in the level of the avoidance of uncertainty and the long term orientation, these variables are highlighted in this research. In the Netherlands, with an obvious higher score in the avoidance of uncertainties, this means that rigid codes of beliefs and behaviour are maintained and an emotional need for rules is present. This in turn affects the level of innovation and the element of security in individual motivation is important (geert-hofstede.com, 2013).
The Netherlands also has a higher score when it comes to the long term orientation variable, which implies that it is a short term orientation culture. This includes a small propensity to save, an impatience for achieving quick results and a great respect for traditions (geert-hostede.com, 2013).

The importance of the national culture and the culture of an agency itself is also stressed by Deuze (2011): the culture of an advertising agency influences greatly on the creative and productive atmosphere, to the stability of the company and the consistence of the social aspects.

2.2.4.2. Organizational culture

Everybody in this world is considered as a unique human being. We all have different characteristics and behavioural patterns. Different organizations can be also said to possess this kind of uniqueness but in a different context. Every organization has its own distinctive culture that affects the daily operations (Chang & Lee, 2007, p.158). This “uniqueness” is also applicable when it comes to advertising, marketing and PR; the culture of working differs from agency to agency. However, Deuze (2011) argues that there are some typical attributes regarding the cultural aspects of an organization.

Currently, organizational culture is a major part of organizational theories. It has gained more interest since the 1980’s (the “corporate-culture boom”) in the academic society and in
education. According to Alvesson (2013, p.1) the reason for this improved interest is simple: “the cultural dimension is central in all aspects of organizational life”. Many academic authors in this field have stated that organizational culture can be said to be a complex phenomenon. (Alvesson, 2013, p 15)

To realize what is going on in an organization and understand its culture, it necessitates experiences from inside the company. Through inside experience, access to rites, stories, symbols, power relationships, organizational structure and control systems, it adds up to a clear view. With the help of these behaviours or items (mentioned above), an interpretation of the culture can be made. Managers may use these as tools to modify company values and thus strengthening the culture of the organization (Daft, 2009, p.377).

Daft (2009, p.387) mentions that culture is one of the best tools on creating an organizational climate that fosters; learning, innovativeness, recognition of threats and opportunities. He also adds that: “a strong culture that encourages adaptation and change enhances organizational performance by energizing and motivating employees, unifying people around shared goals and a higher mission, and shaping and guiding behaviour so that everyone’s actions are aligned with strategic priorities”. Alvesson (2013, p.1), as well as many other authors, acknowledges the importance of organizational culture and culture management. He also states that despite the importance is known among academic society and in the business world; managers still tend to have little knowledge on how people and organizations function when it comes to culture.

2.2.5. Innovation

In academic literature, the phenomena about and around innovation are often described. Stephan Kline and Nathan Rosenberg describe innovation as “complex, uncertain, somewhat disorderly, and subject to changes of many sorts. Innovation is also difficult to measure and demands close coordination of adequate technological knowledge and excellent market judgment in order to satisfy economic, technological and other types of constraints- all simultaneously”. This process must be viewed as a series of changes in a complete system not only of hardware, but also of market environment, production facilities and knowledge, and the social context of the innovation organization (Kline & Rosenberg, 1989).

On the other hand, Peter Drucker (1998, p.4), a well-known author in this field, stresses that innovation finds its way within different and interlaced sources: so called “areas of
opportunities”. These areas are: unexpected occurrences, incongruities, process needs, industry and market changes, demographic changes, changes in perception and new knowledge. Some of these areas are directly relevant to this research and are explained in the next paragraphs. A connection to the model of Deuze is imposed, in order to re-update the model and this is included on a deeper level in the conceptual framework following this subchapter.

According to Drucker (1998, p5), the offspring of the whole media landscape can be found in two innovations developed around 1890 in response to a process need, e.g. “a process that already exist, is perfected due to a changing need”. The first was Ottmar Mergenthaler’s Linotype, which made it possible to swiftly produce newspapers in large volumes. The second innovation was of social character: modern advertising was founded by the first true newspaper publishers: Adolph Ochs of the New York Times, Joseph Pulitzer of the New York World, and William Randolph Hearst. The concept of process needs might be linked partly to the culture element in Deuze’s model, which is explained in the conceptual framework.

Industry and market changes also play a part in innovation and this can be connected to the element of institution in Deuze’s model. Changes in the industry affect innovation and vice versa. Some authors claim that a company’s level of innovation is directly intertwined with the organizational culture and climate (Pervaiiz, 1998), which stipulates the importance and overlapping elements of the phenomena related with innovation. Concluded, innovation relates to a wide set of different elements, all related, intertwined and reinforcing each other.

One purpose of this research is to update the model provided by M. Deuze in order to fill a gap and contribute to a greater extent to academic literature. In order to establish proven linkages between the model and the concept of innovation, the conceptual framework is formulated to visualize the relationships between all concepts.

2.3. **Conceptual framework**

According to Fisher, a conceptual framework is the second stage in conducting a research. The conceptual framework provides a description of the relationships between the concepts being used (Fisher, 2009). Defining the concepts and creating a conceptual framework are means to simplify the research task and to clear away issues that are not related to the topic and research question. In order to draft a conceptual framework, a so-called structured
approach is being used during the formulation of this thesis. The definitions being used are explained in the previous paragraphs and the remainder of this chapter is focused on explaining the relationships between all concepts.

Both authors used the conceptual framework in a way to possible add an extra element regarding the concept of Deuze and this research might impose an updated version of the model.
Figure 3, Conceptual model, own interpretation, 2013
According to Deuze (2011), four elements affect the way professionals and companies in media work, and how they adapt and assail challenges yielded by the digital era. In this research, the authors are trying to add another overlaying element: innovation. Based on the literature review related to innovation, we feel that this phenomenon is connected with- and affects the other four elements. Innovation may have an impact on technology, culture, institution and organisation, whereas Deuze mostly focused on the impact of innovation on technology.

From out the literature, each element of Deuze’s model is explained in depth. The reason for this is simple: to provide the reader with deep insights related to each element. The four elements in Deuze’s model are called “media logic” and the added element “innovation” is stressed in the conceptual framework with a red intermittent line, to stress the possibility of an underlying engine affecting all other elements. Based on literature, this connection might be possible to add to the model of Deuze.

The conceptual framework also contains a layer with changes and challenges, as we feel this affects the concept of media logic and in the end the way advertising agencies and professionals cope with these changes. This research will provide different challenges the industry is facing at the moment, all trickled down and based on primary- and secondary research.

The technology part is funded on a theoretical base of technological innovations and the change in information technology, starting with the advance of the Internet as the main catalyst. In Deuze’s model, technological innovations play a main role in affecting the way agencies and professionals deal with changes, as there is a direct link between technological innovations and the way how to interact with consumers. For example, the technological innovation of social media influences the way the agencies and their clients connect and interact with consumers. This in turn affects the competencies and job descriptions of professionals working in the advertising industry.

The institution part of Deuze’s model is based on a deep descriptive account on the definition of institution, which still lacks an agreed upon definition in academic literature. Because this research includes a comparison between two countries, a brief historic account of the evolution of both advertising industries has been given (paragraphs 2.2.1.1. & 2.2.1.2.). This is done to provide the reader with a so-called helicopter view; in order to understand the world of today, one must know the past.
The culture part is again based on deep and critical literature research, with renowned authors included. Because culture is more or less intangible and difficult to grasp, the theoretical fundament is extensive. Adding a special part within the concept of culture (organisational culture), helps the reader to connect it to the on-going challenges and changes in the field of advertising: as one might adapt its organisational culture according to the wants and needs of the environment.

The field of academic literature regarding the element of organisation is also extensive, as the authors stress in paragraph 2.2.3. To specify, organisational changes and challenges (paragraph 2.2.3.1.) are added to make a clear connection with the concepts of organisation and the changes and challenges facing the industry. Here again, one has to alter its organisation to the changing environment in order to survive.
3. Methodological approach

This chapter presents the selection of topic, research strategy and the collection of data. All these elements are interrelated and reflect the sequential nature of conducting a research. It is constructed to provide the reader with a deep understanding of the methodological implications and choices related to the execution of the research and its purpose. As this part of the research is outlining the process as a whole, the starting point of the chapter is about the idea: the selection of the topic. After the explanation of the idea and the selection of the topic, the search for relevant theories and literature is being discussed. Following the search of the relevant theories, the research design (the plan for how the study will be conducted) is included. The company selection logically stems from this plan and in the end the chosen empirical data collection is discussed and research considerations are stressed.

To illustrate the above mentioned sequence, the figure shown below is included to provide the reader with a visual object to improve the understanding of this complex process.

![Diagram](image)

Figure 4, stages of research (adopted and edited from Berg, L.B., & Lune, H., 2012)

3.1. Selection of topic

According to Bruce L. Berg and Howard Lune (2012) most, if not all research, starts with an idea. Adding to this fact is that most authors state that ideas and theories must come before empirical research: a so called theory-before-research method (Berg & Lune, 2012). The authors adopted this approach during the research.

Both authors of this master thesis share a mutual interest in the wide spectrum related to marketing. As the marketing world provides many different research possibilities, a topic regarding e-marketing was decided. Both authors felt this to be the most interesting and
contemporary topic among the marketing area and combined with the fact of past experiences, during both bachelor studies, it supported the choice of this topic.

Another commonly shared interest among the authors was the goal of possible working in an advertising agency in the near future. A decision was made to combine digital marketing and advertising agencies (advertising professionals) in our research. These two areas created the groundwork for the master thesis. Adding to the personal interest of both authors is the academic relevance of the research. As stressed before, little research can be found in the field of advertising agencies. Also the possibility to update the model of Deuze (with innovation as an underlying engine), was enhancing the selection of this topic. The broad field of interest was further narrowed down to formulate the main topic:

“Challenges facing the advertising world in the on-going digital era.”

The authors are two international students living in Sweden and both have contacts in their home countries, so a comparative element was added to the research. The comparative aspect would add more value to the work. According to Fisher (2007), it is sensible that the research possesses a comparative element. The comparison also creates a contrast that provides a clear view on things. The included comparison is aimed to study the possible differences between Swedish and Dutch advertising agencies:

“A comparison between Dutch and Swedish advertising agencies.”

3.2. Theory and literature review

In every master thesis or academic research, data collection is one of the mainstays of the work. A part of the data is collected throughout various sources, from academic literature and research to reputable books. With obtaining this data, the authors were able to recognize trends and starting to “craft” the conceptual framework. The theories being used in this research are based on a model re-interpreted by Deuze (2011). Alongside, a deeper account is given for all the elements (organisation, culture, technology, institution and possibly adding the element of innovation), using severable relevant authors in these different fields of studies. The reason for this is to provide the reader with a severe theoretical background in order to understand the complex nature of these phenomena. The authors themselves collected the empirical data; in this case it is collected through interviews. The reason for this is
explained in subchapter 3.5. With the data obtained from existing sources, the authors were able to set boundaries regarding the research- and sub questions. Because the research- and sub questions could not be answered with this data as a single source, the acquiring of empirical data was required. The empirical data also enabled the testing of the conceptual framework.

3.2.1. Review of Literature
Many academic authors such as Bryman & Bell (2007) and Ghauri & Grønhaug (2005) stress that collecting information/knowledge from eminent and relevant literature is a crucial part of the research. Ghauri & Grønhaug (2005, p.91) argue that secondary data is not only useful in searching information/knowledge to solve the research problem but it also helps understanding and it provides tools to explain the research problem more clearly. Of course, secondary data provides additional benefits such as saving time.

As a matter of fact Ghauri & Grønhaug (2005, p.91) stress that most academic research projects should be started with a literature review, as it can provide insights of the research area. Therefore it helps the development of the research question. The authors of this master thesis followed these guidelines. As mentioned earlier, the collection of data can be obtained through various sources. In this thesis, material collecting tools such as Emerald and other journal databases were used, all provided by the University library. Furthermore, Google scholar was used to find additional source materials. To find the vital and necessary research materials (articles, books), the following keywords were used:

Media logic, advertising industry, advertising agencies, advertising and digital marketing

In addition, the authors gathered information from books which were written by academic authors and which obtained high-quality and high relevance to the topic. Some of the books used in the writing process of this thesis, were also used in the course literature of the program (International Marketing) which both of the authors took part in. Some books were accessed through Google books; other accessory books were obtained from the University library by ordering them or through e-books.

3.3. Design
As the descriptive purpose of this research is to identify challenges facing the advertising industry as well as examining how agencies cope with these changes, a deep understanding of
the phenomena is needed. Combined with an interpretative methodological stance and taken into account of the purpose, a qualitative approach is chosen. Because this research is opted to provide a clear understanding of meanings and interpretations, a qualitative approach is applicable: as it provides a sophisticated research strategy to understand how, and why, people act in particular ways (Liampittong & Ezzy, 2005).

A method such as semi-structured interviews is used (meaning that it is neither an open free discussion nor a closed questionnaire). These semi-structured interviews were conducted through face-to-face and in-depth interviews in both Sweden and the Netherlands.

The research was conducted based on an interpretative methodological approach, which according to Seale (2004, p. 508) “refers to approaches emphasizing the meaningful nature of people's participation in social and cultural life”. She also adds that “the methods of natural science are seen as inappropriate for such an investigation”. Finally Seale (2004) states that academic researchers executing research within this field analyse the intent people confer upon their own and others' actions. Within the data collection stage, interviewees’ and the authors were interdependent and mutually interacting with each other, therefore crafting a collaborative description of perceived reality. We as researchers could hence remain open to new ideas throughout the process. This process was also developed and shaped with the help and feedback from our interviewees’. (Hudson & Ozanne, 1988, p.518)

Hunt (2003, p.199) mentions that “studies in the social sciences, marketing, management, and consumer research are increasingly using qualitative methods or “interpretivism” as alternative ways of knowing”.

In order to conduct a qualitative research interview, the understanding of interpretivism serves as an important foundation. However, there are certain limitations to this concept of interpretivism. These limitations will be stressed in subchapter 3.7.4., dealing with the limitations of this research.

3.4. Empirical data collection

If data obtained from existing sources does not provide the amount of information needed to get a clear view of the area of research or if it cannot answer the research question directly, then empirical data is needed (Ghauri & Grønhaug, 2005). With the use of empirical data, the researchers can obtain the goal of the research on a deeper level. Ghauri & Grønhaug (2005 p. 82) state that “if we want to know about people's attitudes, intentions and buying behaviour
for a particular product, only primary data can help us answer these questions.” As this research is focusing on the challenges facing the advertising industry in the digital era, this data is more applicable for a better understanding in this field of study. On the contrary, the data collected from existing sources only gives a restricted view on the research problem. Therefore interviews conducted in Sweden and in the Netherlands will be the main source of empirical data, which is explained in subchapter 3.6.

Another source which we used was obtained from an American and seasoned advertising guru, Ken Segall. Ken Segall worked with Steve Jobs (former CEO of Apple) and helped launching successful products of Apple. We acknowledge that the material obtained from Segall does not add up in our comparison between Sweden and the Netherlands, but it gives a general account on the change in the advertising industry. From our interview questions, we selected a handful of general questions, which helped shape the historical context of the changing advertising industry.

3.5. Company selection and criteria

The company selection criteria process started with brainstorming. The brainstorm process contained three different questions that had to be answered: “What kind of advertising agencies will be chosen (Full-service, only digital, mixture and etc.)?” “Should the agencies be global or local?” and “What about the size of the agency?” The brainstorming session ended with a conclusion to focus on getting both local and global companies. The focus was on companies within full service, digital or of mixture of these types. The authors decided to include at least one small, a medium sized and one large company from both countries. With these factors the comparative element will be on its’ richest. Interesting results and insights might be found between local/global or small/big and full-service/mixtures- agencies.

After the selection details of the companies, the authors made an initial search to find the relevant companies for the research. One author focused on the Swedish agencies and the other on Dutch agencies. A total of 35 agencies were chosen for an initial contact e-mail, all meeting the criteria (full-service, digital, mixture, small-, medium, large sized, etc.). 10 of those agencies were situated in Sweden and the rest in the Netherlands. The information, gathered from each company’s web pages such as names, emails and phone numbers, was put into a Zoho CRM-program. This Zoho CRM-program eased the task of sending the emails and made it possible to add information about the dates and times when the emails were sent.
All was focused on keeping track of the process of building relationships and to obtain an interview with the companies as the main goal.

The initial contact was performed through email. Research was specialized on “the best times and days to send an email” and on “how to structure an email” to optimize and to improve the response rate. According to a Pivotal Veracity study, early morning email delivery has the lowest open rates. This makes sense since the first time most people check their email is when they arrive at work, and the common habit is to delete anything unimportant in order to reduce clutter before the day starts (Gao, 2013). The best day to send an email proved to be in the mid-week. Many studies have concluded that Tuesday’s, Wednesday’s and Thursday’s are the best days to send an email. After studying these methods, a decision was made to send all the emails on Tuesdays between 1pm and 3pm.

The structure of the contact email can be said to play an important role on obtaining positive responses. Therefore time and effort was put into the forming process of the actual structure of the email. The topic of the email was intended to arouse interest for the reader, and therefore improving the chance of opening it. It had to pop-out from the rest of his or her daily emails. The body of the email itself should possess three different chapters; firstly the introduction (who are we), then the core message (interview for master thesis) and finally the conclusion (specific times and dates for an interview). This is in line with the well-known and still relevant AIDA model, which articulates Attention, Interest, Desire and Action (Strong, 1925).

After sending the initial emails, the authors waited one week to give the contacts a reasonable response time. From the 35 emails, three were direct positive responses; one from Sweden and two from the Netherlands. The same day, one week after sending the first mail, the authors sent reminder emails to the old contacts and enlarged the database of contacts with 15 new contacts; 10 from Sweden and 5 from the Netherlands. From the reminder emails and new contacts three more interviews were appointed (one in Sweden and two in the Netherlands). A total of two interviews were scheduled in Sweden and four interviews in the Netherlands. The interviews in Sweden were conducted on the 22nd and 23rd of April. In the Netherlands the interviews were conducted in the week of 26th of April until the 3rd of May.
3.6. Interviews

With the purpose of this study in mind and combined with the qualitative nature of this research, semi-structured interviews is applicable. Unquestionably, interviewing can be considered as the most common and applicable tool when collecting data in qualitative research (King & Horrocks, 2010). Adding to this fact, interviews can provide much more depths and explore more complex beliefs, knowledge or experience compared to for example a survey (Lodico, et. al., 2010), which is in line with the purpose of this research and its qualitative nature. Many options can be found in the range of different interviews; focus group-, structured-, semi-structured- and unstructured interviews. As mentioned earlier, the authors chose the semi-structured interview style. The reason for this is explained in the sub chapter 3.6.1: interview characteristics.

According to Fisher (2007), there are many important steps when designing and organizing an interview. In the next sub chapter all these steps are explained; it contains the choice of respondents, interview design and the actual interview setting.

3.6.1. Interview characteristics

After the company selection, interviewees within the company were selected according to their experience and current position. Interviewees had to be seasoned and part of the management team and this choice is coherent with the purpose of the research: to provide deep insights in the industry/company and its challenges. For example, a temporary intern is not able to give relevant and knowledgeable information in this field of study. All the interviewees were CEO’s, managing partners, founders or managers and all were seasoned in the industry.

Interviews conducted through live meetings were the empirical data source for our research. The authors of this thesis chose the semi-structured interview method to be most relevant for the research. A semi-structured interview style possesses challenges. For example the comparative element between answers given by different interviewees could not always be outlined. On the other hand this type of interview style can be fertile, because the interviewees can pass off unexpected answers and reveal new insights of the advertising industry (Fisher, 2007). Rubin & Rubin (1995, p.16) describe that in a qualitative interview every conversation is unique and the challenge of the interviewers is to match questions with the knowledge of the interviewee. They also state: “qualitative interviewing is flexible, but it is not random or happenstance. Rather it adapts as circumstances change.”
The interviews were conducted in Sweden and in the Netherlands. In Sweden the authors had meetings with three advertising professionals from two companies. They were located in Stockholm and in Västerås. In Sweden, the interviews lasted approximately between 1 hour and 1 hour 20 min. The locations of the interviews were agreed beforehand with the interviewees. The interview location varied from a lunch restaurant to the office of the company. In the Netherlands four interviews with advertising professionals were conducted. The locations for the interviews were situated in Amsterdam, Rotterdam and Nijmegen. The time frame for the interviews varied from 50 min to 1 hour 30 min. In both countries the interview language was English. Critical note to stress regarding the language; the interviews should have been executed in the mother language of the interviewees to avoid any possible language barriers or loss of information in the translation process. Nevertheless this limitation regarding the interviews, the English language did not cause any problems as the interviewees were seasoned and highly educated persons.

As the authors mentioned earlier, Fisher (2007) stresses the importance of planning and organizing interviews of any kind. The authors followed these guidelines set by Fisher. Firstly, the questions had to be formulated. These questions had to be relevant for the research and give answer(s) to the research question(s) in the end. The questions also had to match with the theory used to investigate this area of research; therefore they were relevant for the topic. To give an example: one of the four elements of Deuze is institution, the whole industry structure. To combine the fact of challenges and change in the area of the industry structure, the following question was asked in every interview: “Could you explain how the industry has changed in the past 10-years?” Another example is within the element of organisation: “Could you describe the structure of the common organisation before the digital media? How did it change and how does it look now?”

The sequence of the questions was also decided upon, to form to obtain smooth interview style. Questions were sorted and listed roughly in four categories, according to the theory of media logic provided by Mark Deuze. The media logic acted as the backbone of this research paper, consisting of four elements; institution, technology, organization and culture. Throughout these categories, questions regarding the element of innovation were included. The form of each question was thoroughly analysed. In every question, the language was checked. The language being used was simple and without any academic jargon. During the initial design phase, the authors noticed that some of the questions in the different categories
contained elements of repetition. This is normal; as all the elements contain some sort of overlapping structure.

During the interviews, the concept of media logic was explained by the researchers to the interviewees, to provide them with clear insights in the structure of the questions. Also in the introduction part of the interview, the authors asked personal questions such as: “What made you become an advertising professional?” Or: “How many years have you been in this industry?” These personal questions were meant to form a background and to act as a reference point for further questions. In the beginning of each interview an approval for quoting the participants with their real names and company names was asked. To smoothen up the transcript process, an approval for recording was included. Recording was conducted with the help of an iPad or another mobile device. Every interviewee accepted these terms and for some an agreement was made: to send the transcript for inspection before using it in the findings and analysis.

The initial questions were tested before the actual interviews, to obtain the best quality and to implement the final changes if something was not working as intended. In Sweden, during the first two interviews or on the same day through email, feedback was asked about the structure and intelligibility of the questions. The first interview participants suggested no such changes regarding the questionnaire. Nevertheless, the authors decided to modify some of the questions to fit in more clearly to the context of the research before conducting the interviews in the Netherlands. The purpose of this carefully designed process regarding the questions was to maximize the response rate and to get relevant answers that could be used in the research.
3.6.2. Operationalization of interview questions

In order to point out a clear link between the interview questions and elements, table two is formulated. The element of innovation is woven into parts of all the questions, for example question number 26: “What kind of challenges is your company facing at the moment?” This question provided insights related to the element of innovation. All the questions can be found in appendix 3.

<table>
<thead>
<tr>
<th>Elements of media logic</th>
<th>Subjects</th>
<th>Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institution</td>
<td>Industry, differences in country, new entrants, advantages of being small-large</td>
<td>1,2,3,4,5,6,7,26</td>
</tr>
<tr>
<td>Technology</td>
<td>Digital media, change in strategies, influence of the Internet, technological breakthrough</td>
<td>8,9,10,11,12,13,14,15,26</td>
</tr>
<tr>
<td>Organization</td>
<td>Changing structure, new types of careers, change</td>
<td>16,17,18,19,26</td>
</tr>
<tr>
<td>Culture</td>
<td>National culture, organisational culture, hierarchy, clients, digital culture</td>
<td>20,21,22,23,24,25,26</td>
</tr>
<tr>
<td>Innovation</td>
<td>All above</td>
<td>4,8,9,14,19,24,26</td>
</tr>
</tbody>
</table>

Table 2. Operationalization of questions

The interview began with asking personal questions, to provide reference points for the other questions and to explore the background of the interviewee. The elements of media logic and the purpose of the research were also stressed, to make it clear for the interviewee what the “red thread” throughout the interview would be. As stated from the table above, all questions have significant relevance with the elements of study and this can be seen as a positive note on the level of validity and reliability. Both authors acknowledge the overlapping characteristics of the questions, but this is logical, as all elements are intertwined and connected to each other.

3.7. Research considerations

This subchapter explains the decisions being made regarding the analysis of the data, the level of reliability, validity and limitations related to the research. Based on severe literature, there is a general agreement that all research studies must be open to critique and evaluation (Long & Johnson, 2000). To evaluate and assess the worth of a study; its soundness of the method, the accuracy of the findings and the integrity of assumptions and conclusions, this chapter explains all variables related to conduct a sound research. This research can be labelled as an inductive account within the advertising industry: to gain an understanding of the meanings of people and to gain valuable insights of the research context. The need for generalising outcomes is of less concern in this research.
3.7.1. **Analysing the Data**

As stressed before, face-to-face in-depth interviews were conducted among a small sample of advertising agencies and professionals. The interviews were all recorded according to the approval of all interviewees. Some were keen to receive a detailed transcript of the interview, which was always promised and fulfilled. When it came to writing transcripts of different accounts, a systematic approach was adapted in order to understand the different perceptions of a variety of people. Firstly, the exact interview was transformed into a digital document and these transcripts are attached in the appendix of this research. Secondly, the content of the interviews was analysed, e.g. to discover themes and subthemes. According to Bernard & Ryan (2010), analysing data involves five complex tasks; discovering themes and subthemes, describing the core and peripheral elements of themes, building hierarchies of themes or codebooks, applying themes and linking themes into the theoretical models. We as authors followed this structure, wherein the descriptions and the linkages of the themes with the theories are included in the analysis and findings.

3.7.2. **Reliability**

In the traditional understanding of the term reliability, the concept might be described as “the consistency or constancy of a measuring instrument” (LoBiondo-Wood & Haber, 1998, p. 558). Another term referring to reliability is “the degree of consistency or dependability with which an instrument measures the attribute it is designed to measure” (Polit & Hungler, 1995, p.651). Aforementioned approaches can find its offspring in different philosophical approaches, but they pinpoint a shared value: consistency. To make it clear: did we as authors measured what we were aimed at measuring? In qualitative research, reliability can more easily be incorporated due to standardization of data collection, neutralising and non-biased (Mason, 1996, p.24), whereas in qualitative research this is more difficult to grasp. According to Brink (1991, p.176), three tests can be used for identifying the level of reliability in qualitative work; stability, consistency and equivalence.

Stability is obtained when asking identical questions too an interviewee at different times, which then results in consistent answers. This is difficult to grasp when it comes to our interviews. We only interviewed a person once, and this excluded identical questions being asked at a different time: repetition of questions at a different time was not applicable in our case.
Consistency refers to the integrity of issues within a single interview, that an interviewees’ answer remains concordant. We feel that our interviews were consistent; we used the exact same questions over and over. A side note of this is that, due to the half structured interview approach, questions where sometimes not directly asked because of the natural flow of the interview.

Equivalence is about the use of alternative forms of questions, to check if the interviewees gave the same meaning. Our interview questions included some so-called check questions, for example the wrap up question at the end of the interview. Adding to this argument is the fact that at all interviews, both researcher where attendees and observers, which also contributes to the level of equivalence (Long & Johnson, 2000). Concluding, we feel that the level of equivalence is sufficient.

Because of the complex nature of establishing a sufficient level of reliability in qualitative research and combined with the fast changing environment of agencies and their professionals, we still feel the level of reliability is sufficient enough for academic purposes.

### 3.7.3. Validity

Incorporating validity standards in qualitative research is challenging, due to the necessity to include rigor and subjectivity in combination with creativity into the scientific research (Whittemore, et al., 2001). These elements are conflicting and result in a continuous critical stance for both authors in order to obtain validity. In academic literature, a wide range of authors try to pinpoint the exact element related to measure validity. According to Bryman and Bell (2007, p.42), the element of validity is one of the most important aspects of quality research. Four different types of validity are being stressed as important; measurement (construct), internal validity, external validity (population) and ecological validity. Construct validity is often used in quantitative research and is therefore disregarded in this research.

When it comes to the other three elements, the internal validity of this research is covered by minimizing systematic errors. This is obtained due to the critical stance of both authors in ensuring causal relationships between the used research variables. In other words; the researchers took care of the “flow” and “red line” during the process of the research. Another fact adding up to the level of internal validity is that transcripts were being send to the interviewees to minimize missing data or wrongly transcribed information.
The external validity, the level of generalising the findings to a larger group of people or situations, this research encountered a major limitation. Due to the small sample size (two companies from Sweden and four from the Netherlands), generalisations are difficult to make. On the other hand and acclaimed by the findings, some findings might be labelled as relevant for the industry as a whole. Due to the similarities of the findings, it might be claimed that these findings are occurring throughout the industry, which influences the external validity as a whole.

Ecological validity is relevant to qualitative research, but it might be of less importance to the overall validity of the research. Still, obtaining a high level of ecological validity positively affects the overall rate of validity of the research. When it comes to this research, the methods and setting of the study approximate the real-world situation. This is for example obtained due to the asking of specific questions which are related to real life situations.

When analysing the different perspectives of the interviewees, we came to the conclusion that most, if not all, included a so-called “sales pitch” about their companies in between the lines. This of course did not add up to the level of validity, but we as authors were aware of this fact and excluded subjective notions in our analysis.

3.7.4. Limitations
This research encountered some major limitations, which may have influenced the overall quality of the work. Firstly, this research is based on a small time span. We had to conduct the research in seven to eight weeks, in our opinion not a great amount of time to conduct a master thesis and research.

Another major limitation sprung from the methodological stance of this research: interpretivism. According to Parlett (1981, p. 220) a natural resistance of individuals and organisations can be found in conducting research on them. Some say it is politically sensitive and obtaining accurate and meaningful data is difficult with this approach in mind. During the process of conducting this research, both authors did not come across any setbacks regarding the earlier mentioned resistance. Respondents were mostly very willing to participate, as this research might deliver usable insights in the challenges facing the advertising world in both the Netherlands and Sweden.

Language is another limitation regarding this research, as English is not the mother tongue of both authors. When conducting the interviews, which most of them lasting an hour, a
limitation can be found in the lack of trust building. This might affect the answers on the questions asked. Because of the volatile nature of the contacts being interviewed and the initial email contact, a relationship could not be established, which might have affected the results. For example, we noticed that all interviewees gave a so-called “sales-pitch” about their company, stressing all the unique selling points of their services.

The model of Deuze is also about organisational culture and some of our interview questions where related to this element. We noticed that the majority of interviewees had a hard time describing their culture, which was in line with our assumption that it is hard to describe organisational culture. To describe a culture of an organisation as an outsider is difficult, but for an insider it is also difficult as supported by our empirical data.

3.7.5. Practical and ethical issues
In addition to reliability, validity and limitations, another major fact has to be taken into account when conducting a research. These are the ethical aspects of doing research (Fisher, 2007). This research was carried out in an ethical manner. Matters such as plagiarism, confidentiality, objectivity and informed consent were respected to obtain a research with proper academic values. The authors combined primary research with research done by other authors (secondary data); therefore appropriate references were to be stated according to academic standards (e.g. APA-reference style).

As primary research was carried out, we as academic authors guarantee that the primary data collected was not prejudiced and it was collected without any biased notion of what the authors thought the findings should be. Any of the primary data collected was not neglected due to the fact that it would not fit to the theories that were used. All of the collected data was treated in an equal manner even if the answers matched or mismatched with the expectations.

Foremost, when conducting the master thesis, the use of unethical methods, for example plagiarizing or fabricating neither primary nor secondary data, was not committed. The authors tried to achieve academic honesty and obeyed the rules set by Mälardalen University and within the academic society.
4. Findings
This chapter includes the findings of the research. In total, seven professionals from six different companies where interviewed: three professionals from Sweden and four professionals from the Netherlands. In order to provide a better understanding of the perceptions of the interviewees, we included a brief summary of all interviewed companies, followed by the findings of the interviews divided by each element. The findings are presented and extended with the help of quotes, directly derived from the interviews.

4.1. Company backgrounds

Stormfors, Sweden
The first company we interviewed was Stormfors, situated in Stockholm. Fredric Örup and Petter Plöjel founded the company; Fredric with a background in IT and Petter more in strategy and in the field of dealing with clients. Their main field of expertise is strategic digital communication and at the time of writing, eleven employees are working within the company. Stormfors is not considered to be a full service agency, but the focus is on digital communication, whereas they are trying to obtain the role of strategic partner, instead of a common agency.

Navii, Sweden
Navii is situated in Västerås and Daniel Nilsson is the marketing director in place. He has a background in sales and Internet marketing. Navii can be seen as providing a mixture of services, on the one hand it is still a so-called print shop, but on the other hand half of the revenues come from digital services. Fifteen to twenty employees are currently working for Navii and they have some international clients.

TakeTwo, the Netherlands
TakeTwo is situated in the city of Nijmegen. Stephan Ummelen, the current CEO, founded the company six years ago during his studies. The company offers services regarding communication, creation and web design. Their main focus is on the transformation from a common agency to a more strategic partner and ten employees are trying to obtain this position.
**TBWA/NEBOKO, the Netherlands**

Simon Neefjes is currently CEO and obtained the price for best advertising professional in 2012. His company NEBOKO was acquired by the global advertising network TBWA and they are in turn part of the worldwide group Omnicom. TBWA/NEBOKO was voted “Best Advertising Agency” in the Netherlands over the last three years. They are a full service agency with clients ranging from Heineken to Adidas and within one building, five affiliate companies are offering all services.

**105, the Netherlands**

The company 105 was founded in 2008 by two brothers, Eddy Salfischberger and Remco Salfischberger. Based in Rotterdam and both with at least ten years of experience within the industry, their company is providing a wide range of services to its clients.

**Ogilvy & Mather, the Netherlands**

David Ogilvy founded Ogilvy in 1948. At the time of writing, around 14,000 employees in 497 offices are offering services to at least 2,300 customers, all spread in 125 countries. Ogilvy is a listed company and part of the WPP-network, one of the three largest communication networks in the world. Ogilvy & Mather is the Netherlands main office.

**4.2. Institution**

**Stormfors, Sweden**

Both Örup and Plöjel describe that the industry has changed in the past ten years and that it is still changing continuously. People with different backgrounds have and are (a background in advertising is not a must anymore) creating new advertising agencies in Sweden all the time. They also mention that the agencies created are not “typical” advertising agencies. They are web focused or mixture agencies (copy-agency, analytical agencies, ad-word agencies, PR and etc.) New agencies imply tougher competition and harder times for Stormfors.

According to both managing partners, the most crucial challenge that their company faces is the resistance towards digital marketing or communication. In their words the clients are still stuck in the past and in old models. They both also stress that it will probably take even up to five years before clients start to adapt to the new media. Therefore they try to educate their clients and show them how the digital media can be a supporting element to the clients business.
Örup states that mergers and takeovers are prosaic events in the advertising industry. These acquisitions occur when larger firms want to obtain the client base or knowledge of the smaller firm. Often the result of the merger or takeover is not positive. In the worst case scenario, the culture of the small successful agency will disappear during the merger, which can lead to low effectiveness and a lower level of innovation.

According to Örup, the strategies among the agencies in the advertising industry have changed due to the digital era. The focus is now on interaction and on two-way communication. Branding also plays an important role in the marketing process:

“One way communication before and now today it is interaction with your clients not only that they ask you questions but you actually talk to them and they talk to you and they are interested on talking to you because (engaging) brands are more than just like that you can buy something from, a brand is a something that you want to be part of. But another thing is also that the competition is probably harder, everybody is fighting for the tension... today it is much more common that young people start company’s, entrepreneurship is something that is becoming really big all over the world... you have all these small companies popping up everywhere which is also competition for the already established companies, so the market is harder today.”

Navii, Sweden

The industry was affected by major change over the past ten years as described from the viewpoint of a print shop (Navii), and it is interesting to point out the return of print media:

“What we have seen as a print company, a lot of print companies have vanished, closed down. We try to be in the front and find new solutions for our customers. We also had customers who transformed from print to digital. They don’t want to print so much. But now I see a turnover again to print, because printing today is more unique”.

Nilsson stresses that one of the crucial challenges of the company today is to transform and combine multiple communication channels:

“What we have noticed, and we think is our strong point to do in the future, to use our own cross media platform, which uses different channels, to combine this together. This is the key for us for the future. When we use all these channels together, the customers get more feedback and response. We have to narrow it down, and do specific marketing instead of marketing the big crowd”.

When it comes to the possible challenge of new entries, or “break away companies”, Nilsson points out that this is in fact the case. On the other hand, the thread remains controllable, as customers often like to have one contact regarding their marketing activities. The smaller
companies might be very good, but also have troubles to survive, as they are not a full-service agency.

Some say that digital marketing and digital media is the key element in the near future. Nilsson is of the opinion that it will remain a combination of traditional- and new media:

“… it will still be a combination. Digital media is one part of the channels used. Of course it will affect the industry, but in a good way for us, because we have both sides: a unique combination. Traditional agencies using only traditional media can get it tough, but we think we are ok because we are of both worlds. Some companies understand they have to transform, but it is a big step”.

In today’s world of economic recession, marketing budgets are under pressure and clients might be more demanding. Nilsson stresses that this is in fact the case, but that Navii also teaches clients to be more demanding, measuring feedback is key in this case. Some of the clients are more in old marketing: they are not used to measure the marketing. With advertisement in newspapers and more calls or visitors to the website they get some sort of response, but they do not keep track of it. We can present tools to measure this and therefore they become more demanding.

**TakeTwo, the Netherlands**

The industry changed a lot, with the power of online media as a key element. According to Ummelen, the transformation and integration of both worlds is still on-going:

“We see two worlds colliding: traditional advertising people and online web designers/programmers, etc. Usually they existed next to each other, where the advertising agency had all the clients and connections: they were in a position to hire the online people. Now you see that these agencies know that you have to integrate it instead of outsource it, it is merging. Outsourcing is not going to work anymore, because they are advising on online media. If you look at the complete shift of media landscape from printed advertisement: I know a guy with an agency and he was dependent for 92% on print media in turnover, within 5 years this dropped to 7%. Plus, the financial crisis designated companies around Nijmegen. They were living a wealthy live with very few clients, but due to the crisis companies downsized and they lost turnover: most of them where cut in half”.

In line with this statement is that the most crucial challenge the industry is facing is still the integration. In the old days, the core of an agency was the strategy guy and the creative director. But in this current situation it might be advisable to add a technical director; to create a trinity instead of a duality. Adding the fact that in traditional agencies top management is
almost always older, this might result in a power struggle; as younger people with different mind-sets are entering the company.

Another challenge, along with every other company in this economic recession, is to stay solvable and to stay relevant:

"Another challenge is to remain solvable in a financial crisis. Budgets are cut back and the biggest challenge is an old one: how to stay relevant. Society is changing; accessibility of information leads to a power change between sender and receiver and so on. Maybe the point of an advertising agency isn't a sell-ship, but making connections\)."

A common trend in the advertising world was that larger companies and networks took over smaller companies in order to leapfrog and acquire specific, mostly digital, knowledge. What is the change of a takeover of TakeTwo?

“Well we have been there before, an older agency (with lack of knowledge online) tried to take us over, because they were trying to compensate the lack of knowledge, but we said no. If there is a larger company, with a good offer, we might sell out: if we can remain autonomous. Why not? But we are just starting in six years, there is a lot more to do than thinking about selling out”.

Another common trend in the industry is the fact that a lot of smaller and specialized companies are popping up and eating away revenue. Ummelen stresses the fact that this has always been a high thread; all it takes is two computers and some addicts. As long as you are relevant, it is possible to join and therefore the point of entry is that everyone can join.

In the near future, will digital media be the primary channel? Ummelen is of the opinion that it will be cross medial and stresses a critical note on the definition of digital media:

“I think it will always be cross medial, but I think the shift is not done yet. It is good to realise that digital media in itself doesn't exist. It only provides a direct feedback loop, so you can be more specific as a marketer and advertise cheaper. It will give marketers extra opportunities. I think the old guys always make the mistake of putting everything on digital media, but there are differences among this definition. For example, Zuckerberg (Facebook) is going to be directly competing with TV, because they have so much business intelligence from the data, we can be more relevant that it is going to be twice / three times more expensive than TV advertising. The digital shift is still happening but there will always be room for print media”.

With budgets being cut back and with a more diversified world, clients could be more demanding, which Ummelen confirmed. Ummelen also stresses the fact that the knowledge about the role of specific marketing activities of the clients is still insufficient:
“Our clients don't really know what they want. We go to the top and interview the company and see what their DNA is and from that we create everything. If they are more demanding than before: I don't know, I'm only working six years: but clients are always demanding. What we do is a tough sell, because a client is coming with certain expectancies, but what we do is say: we don't believe you. And a lot of people are not open to this message, but some are. With this approach, we have more influence and become more a strategic partner rather than an advertising agency: it creates a whole new position”.

TBWA/NEBOKO, the Netherlands

Neefjes, with 25-years of experience in the advertising, has seen many changes occurring in the industry. One of the factors that occurred and will occur along his career is that successful people in advertising have a tendency of leaving large companies and start their own.

“There is almost no possibility of having local shares [in big companies]. [Therefore] the talents, they start for themselves. So if you have a successful company, the successful people they leave and start their own companies. That is the way to get rich. People sometimes tell me that it is not the only reason but if you can do that you do it, of course it is a risk, but there is no other way of getting more money than just being in a company and work for a company... [The factor mentioned above is one of the reasons why], the agencies were destroyed. Now 20-25 years later, there are almost no big agencies anymore. A lot of fragmentation [has] happened.”

He also stresses that some of the clients have little clue what digital media is (business tool or communication asset) and how they can use it to support their business. Neefjes states “The senior management has no experiences with that part of the business or knows the difference between all those things.”

When asking about how strategies have changed from the pre-digital era to the digital era, Neefjes stresses that if you did not change your strategy, you have probably lost your share in the market. He gives an example of TBWA, how the company lost turnover in mass media by 20% but gained it back in digital. He also states that the digital era has made some of the old working procedures worthless. To stress the process in the old days, Neefjes gives an example: “I’m making the old system a little bit ridiculous, [but] just to make a clear example for you guys is that in the past you had a discussion with your client, the client gave you a brief, you gave the client a debrief with a planner and then you threw it to the creative department and they make ideas, you present it and you make it if it is approved. “ This kind of back and forth process is too slow in today’s world and it does not work in big projects. So the companies had to embrace the change and implement these changes.
In Neefjes’ opinion, the Internet and its digital media have made the traditional marketing channels different. He also predicts that the mass media is going to die slowly and that the only direction is digital. Nevertheless, clients still use mass media because it still reaches a lot of their target audiences and it is an easy way to advertise: especially if the client is doing global campaigns. Neefjes also spotted a trend that different companies are trying different methods, like viral videos. The success of viral videos is meanwhile unpredictable. The problem that might occur in the use of digital media is the unpredictability of it. Some of the channels might die as fast as they were born. He gives an example: “if people think that Facebook is not really successful, everybody is withdrawing and it goes very quick; also consumers but also advertisers, because they follow [consumers].”

In the future, according to Neefjes, qualities like design and orchestration will play an important role. These attributes will shape the advertising industry. New agencies will most probably be born or created as an effect of the change. At the moment companies have difficulties in the orchestration of all channels:

“I have noticed that design is getting more important, because everything needs design. So that is an important part of it. Everybody needs design. I think, what we have noticed is that orchestration is very important, so how do you orchestrate all your communication tools. So I don’t know what kind of agencies come out of that?” “[In] most advertising companies; the orchestration of the communications is the most difficult thing for them to do. Also that is the most asked question when I talk to CEO’s of big companies; this is the hardest part for them. Just to get it like, it feels like one company with all those different companies or agencies.”

According to Neefjes, the advertisement profession lost the glamour that you can find in the popular TV-series MadMen. In the past it possessed more of the “sexiness”. Because the industry is less sexy, it does not attract young people anymore. In the future this might create problems in the advertising industry.

“I think that it will be very hard for companies like this to compete; if you look at young talents, I, myself wouldn’t go to an advertising agency if I was young. I did it at that time, there were very good companies, big successful companies were to make a carrier but now I wouldn’t go to an advertising agency. It is not “sexy” anymore. There are other industries that are as much creative and interesting, so we have a lot of competition there. If the industry is less sexy, you are less attractive; this is going to be a problem to lure young talents in.”
Salfischberger states that there has been a lot of change in the advertising industry in the past decade.

He also describes that in the past; advertising was about pushing the message to the market and waiting for the result. Nowadays it is all about interaction and dialogue rather than sending a lot of messages. Digital advertising and new technologies faced, and still face, resistance to a certain extent, but the financial crises in 2001 & 2008 started to change these attitudes: “Everyone just had to accept that internet is just there and either you adapt it or you are out of the business”.

Salfischberger mentions that there is a high threat of entry in the industry. Partly, the reason for this can be found in the financial crises and the new possibilities within the advertising industry. He mentions that the financial crises made a lot of people unemployed and gave a push to people to start their own business and many of those had a digital focus. He also stresses the negative side of this: “in a way it is killing a bit the market because people that enter the market, they lower the price; most people think that when start over a business, you have to be cheap.”

In Salfischberger’s opinion, traditional advertising is not going to disappear. Mass media will always achieve a large base of viewers and it can be used as a supporting element in other forms of campaigning:

“...The traditional media will be always there; they still function very well to get the message across very well amongst large audiences, that really helps but that can also help to accelerate more like the digital influence so there is always a mixture but a lot of advertisers they think that if they do digital media that it is a cheap way of getting the message across but and then afterwards they say that we thought it would pick up quicker and then we said that you also need mass media to really ignite the thing and gets things in in motion.”

Salfischberger points out that the clients are more demanding in some cases. They want the same but with a smaller budget. On the other hand, some clients are still the same; they do not have particular new demands: only that they want more sales. These kinds of clients are a problem for 105. Adding is the fact that some of the clients started to hire advertising people for their own companies, so that they could do some or all of the advertising processes themselves. Salfischberger claims that this is going on because some of the advertisers have
delivered poor quality and this poor quality is now influencing the whole industry and therefore affects the overall reputation:

“I think it depends. Some clients demand more, which still surprises me, some of them; they don’t care at all. I just give the money and do it: that is it. That was years ago and that is still; the only thing is that they give you less money but still they don’t care, as long as you perform something... The clients just say that we don’t care; we just need more sales, “how much more?” we don’t know. We just want more. Then we don’t know if we are successful, that makes it us also difficult to build sustainable relationship with our clients... The other thing is that as I said, there are lower budgets, so in that respect, they still want the same but they have less: in that respect they are more demanding, than they were before.”

“The other shift is that they can do a lot of things themselves – so they have the expertise? - Well they think that they have the expertise, but that is what you see within the whole industry: that a lot of companies say that we have smart people and we have hired smart people within our company and we feel that we should do more ourselves. I think a lot of advertising agencies have delivered poor services over the years. So some clients were right in saying that they were smarter than the agencies. So we lost a little bit of our reputation and good agencies are suffering from the bad ones.”

Ogilvy & Mather, the Netherlands

In order to map the changes of the industry regarding the last 10 years, Ledder stresses three main factors that greatly influenced the industry:

“Of course we had an economic recession, which changed the industry: much pressure on price, but it is not the most important thing. The most important thing is the upcoming power of technology, especially digital and in the interactive world. It completely changed the consumer, how they select a product and the world in how we build brands and generate traffic to stores and online stores. The world totally changed. As a result, our industry diversified: instead of 10 or 20 big agencies, nowadays we have 100 or 200 small agencies, all of them specialised in some of the fields. For example search engine marketing companies: only doing search engine marketing, which is a small part of the communications field. Those are our competitors when it comes to lead generation.

Ledder stresses this diversification within the industry in the forthcoming quote and this resulted in a different approach in dealing with clients:

“Typical Dutch TV commercials are specialised companies nowadays, like Alfred, which are competing with for example TBWA. We were pitching on a big assignment for a Dutch national broadcasting company, against a small agency who only produces TV formats and their CEO is Ivo Niehe (eds.: famous Dutch TV-anchor man/presenter), and such a tiny company is competing with us. We compete against all small-specialised agencies, which is in my opinion a result
of the upcoming power of technology. Because of this economic recession, nowadays, there is a lot of pressure on price, which makes it difficult to obtain a real strong relationship with our clients. Clients sometimes go from project to project to a different agency, in the past we were pitching on relationships, nowadays more on project to projects”.

A common trend in the world of advertising agencies was that professionals break away from their network agency and start their own agency. Another observation of the industry is the rise in companies who are specialised in one single marketing communication channel. The thread of these new entrants is forthcoming according to Ledder:

“People who left agencies because they were made redundant are not our biggest competitors. But people who break away from their network agencies and start agencies of their own, those are interesting. This morning there was a shortlist of agencies of the year, and one of the three is a break away agencies of LBI (eds.: Lost Boys International), called Achtung, guys who started for their own, 6 or 10 years ago and know they are one of the most interactive agencies. The big question is: should we be afraid of these newcomers? The bigger picture is that they are newcomers because the world is more differentiated, that is the real enemy. But how do you survive on such a thread? It is the thread of the movement in the market. As a larger agency, there is only one solution, you should also specialise. So somebody should think about me when it comes to certain challenges. If there a certain challenge, they have to think that this is typically for Ogilvy”.

Ogilvy is trying to cope with this challenge, but Ledder stresses some disadvantages and difficulties. Using one brand (Ogilvy & Mather) for the whole company is influencing the reputation. According to Ledder, this fact results in difficulties when segmenting markets:

“But a disadvantage of using one name for the whole company is that it is quite difficult to specialise yourself. One of my ideas is to bring back specialised labels under the Ogilvy brand, for segmented parts of the market, and make myself one of the best in that area. For example, there is OgilvyOne, a CRM direct agency. There is Ogilvy Advertising, which is a more about general advertising. We have NIO, which is all about digital media. OgilvyHealth and OgilvyPR. Those labels will be reintroduced in the Dutch market somewhere this year. With these labels, we are competing with all those smaller players. That is my strategy to defend against this market movement”.

Dealings with clients were also subject to change:

Yes, there are more intelligent, definitely: especially due to the two crises, with the first one in the beginning of 2000. What agencies did was stop training their people; clients on the other hand trained their people more and hired the best people. At the clients’ side, there were more career opportunities. Nowadays, if you see the people at the clients’ side, they have big marketing departments and are well trained with a lot of knowledge. They are quite good at knowing what they want and where to get it. That was one of the added values of an agency. Clients come to us with small detailed questions and they want an answer from
top level and for free: they know what it costs and they can choose other agencies. They are more demanding, but is hasn’t become stressful or negative, it is still fun to work with them”.

Some say a so-called digital culture is spinning a sort of a global web, in contravention of borders. Ledder confirms this statement and stresses that it will continue to change in the future. Digital will become the basis and the rest of the channels will assist from out there. There is a discrepancy between old and young employees; the young ones are focused on receiving digital awards (Spinawards) whereas the older ones are still into traditional awards (Cannes Lions).

4.3. Technology

Stormfors, Sweden

Digital campaigning has become both easier and on the other hand more difficult. The channel options for marketing have grown significantly. Today, the marketers have more ways of communicating from Facebook to other social channels. As the digital media now offers more ways to communicate, the market is crowded with different advertisement messages. Therefore consumers’ have started to block these messages since they are stunned with them in daily life. The blocking of marketing messages has become a major issue for the advertising agencies.

Many clients of the advertising agencies have waked up too late when it comes to digital marketing and communication. Some of the clients do not have any idea on how to use digital marketing to support their businesses. In Stormfors, this fact has been noted and the company tries to educate their clients:

Plögel: “A lot of clients they just have a feeling that they are missing the train and they want to jump on every train and without asking themselves about if this is a good thing for us…”

Örup: “So a lot of companies think that just because they open a new channel then they are present there, but there is a different opening a channel and being present and a lot of companies miss that, they don’t understand that it requires maybe a fulltime person in a medium size company just to response for all the flow of the social interactions.”

Navii, Sweden

The importance of technology and changes in this area also affects the industry; Nilsson is of the opinion that the industry is different nowadays:
“Sometimes we help customers build a brand and 15-20 years ago you had to pump it out in traditional advertising, but I think today the customers are the ones who decide if the brand is good enough or not, earlier the brand could decide this, by pumping it out into the traditional media. Today, with social media and so on, the word is spread so rapidly and fast, that you have to have the brand, instead of saying that you are the brand. I think that is a big challenge for companies, because we noticed almost every week if companies have done something wrong, you have to be fast and you need to have a strategy how to answer these kinds of things”.

In line with this change, influencing the consumers is in need of a different approach. According to Nilsson, you have to make customers more involved nowadays; before it was one way marketing; now it is two-way marketing. Also more communication channels are available and a combination of these is a key element in involving customers.

**TakeTwo, the Netherlands**

Consumer participation in today’s world also changed, but how do you really let consumers participate in your campaign? According to Ummelen, relevancy and measurement is the key:

“I think it is always enticing to be able to join something in my opinion: if you identify yourself with the brand. A campaign, which enables them to join, is an interesting thing. But on the other hand I am a fan of Henry Ford, he said: “Should you let your consumers have a say in what your brand is?” I would say: to a point. Because Ford said: “If I ask people what they want to ride, people say: better horses”. So I'm critical of focus groups”.

“It starts with being relevant; the agency should fill in this gap. And with technology everything is measurable in terms or relevance and so on. The more relevant you are, the more return you get. And with technology, you can really measure everything. That is very interesting, because things that we thought over the years (being relevant, specific, the purple cow, unique), there is data now to support that theory: how to be relevant to my audience. You really have to listen what you can offer your audience”.

In the case of technological innovations in the near future, Ummelen stresses the fact that a logical next step is the transition from inside your pocket into everyday experience. In the near future, the integration of technology into our biological software is also interesting, combined with narrowcasting.

Technological innovations greatly affect the industry and Ummelen feels a need to keep track of these changes. How does TakeTwo keep track of technological innovations?

“We have a guy who is interesting in everything. He scouts the Internet all the time, and comes up with early adopter stuff. I’m more of a strategy guy, and the
technical apartment is also on top of new possibilities. Everybody in his or her own way is looking for new ways and experiments all the time. We have something to prove, we are young and the sky is the limit. It is all about getting as smart as you can get. The oldest employee is 32. For us brand identity is the future, it is where you can create the biggest value”.

**TBWA/NEBOKO, the Netherlands**

Neefjes stresses that advertising agencies have two strategies on how to handle digital media in a company. The first way is to have a separate cell and the second way is to integrate it straight into the company. TBWA/NEBOKO chose the last option, because it is important that everybody grasps the digital elements. He explained that the process took a long time because: “if you have a cell, those are more specialized people, [they are] more quickly, but it works okay [today].”

**Ogilvy & Mather, the Netherlands**

The way the Internet is influencing consumers’ behaviour also changed immensely:

“[It changed] in everything, and especially search engine marketing. If you go to the McKinsey models, how you can influence behaviour, it begins somewhere with triggers/stimuli. These can be on- or offline stimuli, but all lead to a central place: search. You start your search process on for example Google, and this search process is totally influenced by content coming from different sources. From there you go to destination place and then you buy and share the experience within the social network. So this is the new process. We still need forms of traditional advertising, but we also have to take the consumer by the hand to walk them through the new process. What kind of communications are they seeing and what is the next step toward conversion, and this is all communications. It is not only about nice TV commercials or viral videos; you also need content around search, destination places, to listen to the response on social media. It is totally different”.

When pointing out a possible complete transformation into digital media, Ledder emphasises the historical evolution of radio and TV. Some said that the TV evolution was the end of radio, but in my opinion it was something extra. The revolution of the Internet is larger than the one of the TV, but it is still regarded as an extra channel. Outdoor advertisement is still a strong tool, which reaches a big audience. Internet and TV also reach a big audience, but it is more difficult to reach them. “If I, for example, want to introduce a new soft drink, this is harder to reach through the internet than for example outdoor advertisement.”

To predict a future technological innovation greatly affecting the industry, Ledder is both humorous and serious stressing that:
“If it was so easy, I would probably stop working here and start investing in this thing. In the future, there will be a lot of data coming from myself as consumer. And I share this on a social network, if a brand can use this data and add this to existing data, than the ways of communications can be much more relevant. At the moment this is tough, because the government makes it tough for us. And this is ok, because, misuse of data is one of the big threads of consumers. But this will change in the future and that makes it totally different in the world”.

An interesting observation during the interview was that the employees where mostly young people, do older employees have any difficulties catching up with the latest technologies?

“It is much more difficult for them (eds.: older employees). It is always the question: do I educate them or fire them and hire new ones? The last option is better for the company. Not only a matter of costs, but also time. For example, making websites or flash banners, you need a lot of knowledge. Guys of 25 years of age know how they do it: they are fast and cheap. Older people are double paid and it costs them five years to come to the same speed as the young guys. In the end I think there is always place for old people, especially their knowledge can help convincing clients. It is good to have a balance between old and young, but when it comes to technology, I prefer to have young people”.

4.4. Organisation

Stormfors, Sweden

Plöjel mentions that the process of teaching and providing new insights for the clients can be difficult sometimes, because the hierarchy in large companies combined with inner politics, is an obstacle which has to be handle in a certain way.

Due to social media and digital communication tools, some organizations have set up internal rules on how to act: What is allowed and what is not? In Stormfors, according to Örup, there are no such rules. Örup also stresses that those organizational rules have to be set by example from the management. Written rules might be a barrier in the future for finding talented employees or the employees working in the company find the rules suffocating the work environment and therefore leave the company. In the future, talented people will choose a workplace based on flexibility and working conditions rather than on salary.

Navii, Sweden

Changes in the market also affect the organizational structure, as these changes occur at a fast pace. Did the structure of the industry changed due to the transformation from traditional to digital? According to Nilsson, the knowledge of the clients has increased, but they are sometimes still reluctant when it comes to the adaptation and importance of digital media:
“Well I hope they had, because you have to change the organisation due to the changes in the market. One big thing is you have to be faster, and this affects the organisation. We are pretty small, so we can communicate pretty fast and we are close to the customer, everybody has a customer relation. And I think you have to have that kind of organisation to survive. In the companies of our customers, we see new positions, focusing on digital marketing. And this is good for us, because then they understand the importance of digital marketing. Earlier they only had marketing officers or chiefs and now they have adapted. Because of the digital marketing in Sweden, only a small number of companies have adapted. A lot of companies think: “we need a Facebook page”, but they don’t know why and how and so on”.

TBWA/NEBOKO, the Netherlands

TBWA is a global network company. TBWA/NEBOKO, which is the Dutch branch, has many companies under its umbrella and they are even situated in the same building. Steering all these companies (which have multiplied because of the digital media; search engine optimization, social marketing and etc.) and orchestrating resources is the most challenging job for Neefjes.

The advertising profession can be said to be cruel sometimes. Professionals have to know what is going on in the society and have to be on the top of the latest trends. Adding to this fact is that people should possess knowledge about digital technology. Also the clients are more reluctant of seeing older people managing their campaigns (the CEO or managers are the exceptions). Therefore, a change is happening slowly among agencies. Older employees are replaced with younger, more digital oriented people.

105, the Netherlands

Salfischberger notes that the biggest challenge of 105 is linked to finding the right people. 105 have had difficulties in the past five years in finding people with the right attitude and talent. Only these kinds of people give tools for continuous growth. Therefore 105 have not been able to grow as fast as they wanted. Adding to this fact, according to Salfischberger, is that advertising agencies are still struggling to find the right business model. He mentions; “a lot of them, like I said, are struggling with the crisis, they have been doing things a lot of years the same way, right now; all of the sudden the formula is not working anymore and that’s what a lot of agencies are struggling with: “what is my formula again?”
Salfischberger mentions that in the past, the structures of advertising agencies were very hierarchical (“everyone had an assistant, assistant’s assistant”) and some of them still are. Change occurred and will always occur and this had an impact on the stiff hierarchies. One of the options to implement these changes is to lay-off people and to hire or outsource people if needed. In the end he states that of course some hierarchy is needed to run the company smoothly. In his company they have a very flat organizational hierarchy: “Me and my brother as well, we are really approachable, we don’t act like we are the boss and if I say when I say “I’m the boss”, that means someone needs to have the final word in things”

**Ogilvy & Mather, the Netherlands**

Ogilvy is a large international network and according to Ledder this results in some advantages and disadvantages. The big advantage is sharing knowledge and business. For example when it comes to sharing knowledge; “I (Rik Ledder), can go on our network and find a lot of case studies and if I call somebody at the other part of the world, they help me and I do not have to pay for the services; as we are a real network.”

Within the world of large networks, Ledder points out differences with competitors:

“… there are more networks, like TBWA or DDB, but those are stronger in the local countries. Their percentage of local business is bigger than their percentage of international business. So they are a bit more independent, more focused on their own countries, but have less help from their networks. We are really depending on our international clients. That’s also a disadvantage. Four of my biggest clients are network clients: IBM, BP, Ford and American Express, and we share them in every Ogilvy country. Because of that, the power of these global business leaders on this account is big. I can’t really change the way in which I want to work because of these clients. So for me it is more difficult than for Simon (eds.: Simon Neefjes, TBWA) to get very funny creative assignment, because the market sees us a bit as a network agency. This makes it sometimes a bit tough. But I share the knowledge and the business, a lot of my business is covered, these big clients cover the rent of my building already”.

Because Ogilvy is a network with a rich history and is around for quite some time, it might be difficult to catch up with the latest innovations and a proper position in the digital empire. Do they acquire smaller companies in order to bypass and leapfrog into the world of using digital media?

“We are always open for that, especially in the digital, data and mobile area. I’m here since half a year, so I didn’t do any acquisitions yet. But we are always thinking about it, social era, PR related to social era. I am always talking with
small agencies. It is a tough road to walk, we are part of WPP, a stock exchange rate company and it is quite difficult to buy an agency. But we are always open for it”.

One of the engines underneath the change of the advertising industry is the technical developments, how did it affect the industry precisely?

“Everything changed. For example, take the creative people. Creativity is a core competency of an agency. We have so called “suits”, account people: they produce the campaigns and talk to the clients. We have strategy people and creative people. The creative people are divided into concept teams (guys who think about the big ideas), the guys who design the ideas (some traditional in offline and some digital) and the change is especially relevant for this world. The competencies of my creative people changed, I need different people. Most of them are young, if you see an old guy; probably he is an offline guy. In about 10 years, it will probably change again. We have a transformation process and because of that the way you produce a campaign changed. Sometimes you act more like an IT-professional”.

Organisational change is often imposed by a change in the environment, as Ledder points out: “I think we are quite back to where we were. That’s fun. Normally agencies where easy: about creativity, strategy and account services plus operational things around it, basically three departments. When the digital world opened up for us, we created new departments. For example the digital departments: normal and digital creative people. We did it in every part of the organisation. For strategy, we had digital media strategists: it was quite complex. What we are doing now, everybody is doing this, we come back to see ourselves as totally integrated cross medial agencies. So our creative people nowadays are as much digital as non-digital. Of course, if you go lower into the organisation, you see more specialised people, but in the organisation structure it is still creativity and account services”.

In most large agencies, hierarchy could play a big role and might even affect the level of creativity. According to Ledder, Ogilvy is flat and with less hierarchy. Of course there are responsibilities and there is a need for approval of all campaigns, but it is still a flat organisation. Ledder even sends text messages to his young employees when it comes to their birthdays.

When it comes to the advantages and disadvantages of Ledder’s current job, he stresses the role of freedom and the abundance of financial capital: “The big advantage of my current role is the freedom. I’m sole responsible for this Dutch agency, I have to present results every month to my international management, but they are not that interested in the Netherlands, because it is so small (including Sweden). If my figures are all right, no one is having control
over me. So it gives me the freedom to act in a way that the agency is of my own. The second advantage of this is that I have the money of big American company behind me. So if I want to do an investment, acquisition, or have a good building or to hire a talent, it’s easier like this than if it was an agency of my own. I like the freedom in combination of being part of a bigger family.

A disadvantage is difficult. I am still part of a big family, so I still have to listen to my international boss, but I don’t really see this as a big disadvantage. There are no so called business politics here. We are also dependant on the international image and reputation of being part of a global network. If the image is that we are less creative, expensive and a big full service company, I can’t change that image. As a small agency of your own, you can influence this more”.

To conclude and in regards to the most crucial factors Ogilvy is facing at the moment, Ledder stresses an interesting challenge:

“The challenges we had was that we were suffering from financial problems. So we made 20 persons redundant in January: 1 out of 4. In the meantime we changed the process of the agency, from big full service to the Achtung’s of this world. Two or three months ago, we got a lot of new business, 7 or 8 pitches where won and we won more awards. So the young people who stayed became happy, first of all I could stay and now this company is full of energy again. I removed so many people, but now I got more business, so do I need more people now? But can I hire them or is it too early? If I hire to much people, I eat away my profits and after a reorganisation you need to show that you make profits. My biggest challenge is to hire new talents in the same way of achieving new business. Because you don’t really know what will happen with those new clients. This week we had more work to do, so we hired a couple of freelancers and they are more expensive. What I am going to do next week? I need new talents, especially creative people and they are expensive: but do I have enough work for them”.

4.5. Culture

Stormfors, Sweden

According to Plöjel, the success of the Swedish advertising industry in recent years is originating from the Swedish culture. He states that the culture of Sweden and the Stockholm culture nurtures innovation, design and adaptation of digital technology. Therefore, the Swedish can be considered to be pioneers in digital advertising.

Both Örup and Plöjel stress that predicting the future is hard but they both agree that in the future direct advertising will be the most common advertising method. Örup notes that this direct advertising has also a dark-side. Issues with personal integrity and privacy will be relevant:
Örup: “I believe a lot in this, what Google is already doing, like collecting a lot of information about you as a person and then directing advertising to you, that way.”

Plöjel: “The new generation is much more open to sharing how they are than the old generations that are those that don’t want to really share anything, giving out their full names or phone numbers.”

Örup: “But still at the same time I think that the security personal integrity issues is something that is quite new still, okay young people they don’t have problems with giving out their name and pictures in the internet, older people have this problem. I think that we only seen the beginning of integrity of the internet, the beginning of the consumers wanting to protect their identity, so this will become a big issue when it comes in the future…”

Navii, Sweden
According to Nilsson, the unique and strong points of Sweden in the advertising world can be found in their IT-skills and their eagerness for new things:

“... I think Sweden has been historically pretty good in IT. We are eager to find new solutions and to be at the top of the world to see new things to do”.

Navii is considered to be a small sized company and locally oriented, although they recently had some international interest from possible new clients in China. One of the main disadvantages of being a local company could, according to Nilsson, be found in the cultural aspect: communication might be an issue.

The Swedish culture is also affecting the way Navii copes with the changing environment:

“I think in our culture, at Navii, is that first of all, we are down to earth. In agencies in general, they can live in the sky and promise happiness and victory: but don’t deliver. And we always want the best for the customer. We know it is a changing world, and our customers can also change agency fast, so we have to deliver every time. This also affects our culture”.

TakeTwo, the Netherlands
According to Ummelen, the unique selling point of the Netherlands as an advertising country is that it is a sort of a test case country, due to its relatively small and compact size. The Netherlands is very internationally oriented, but still behind the US and London. But due to the size, it is relatively cheap to implement certain products or services and combined with a high-speed broadband connection, the Netherlands is online as well.
The national and organisational culture can also affect the way the agency and its professionals deal with certain challenges. Sander, Stephan’s brother passes by and stresses that:

“We are a bit conservative (not sure if it is a Dutch thing or due to the place of residence: Nijmegen). They are hesitant to take the next bridge and experiment. We were in London last week and it felt like a fresh breath for us”. Stephan: I agree with Sander, people are conservative. Compared in the states people where like: go ahead, start it! Here even my mom secretly still wants me to get a real job. It is very inside the box here”.

The culture of TakeTwo can be described as informal. Everyone with a good idea can share this and the drive is huge; as TakeTwo is a market challenger. Adding this fact is that the company is very autonomous and is evolving every day, with secondary attributes of work as more and more important factors.

**TBWA/NEBOKO, the Netherlands**

According to Neefjes, the working culture in the Netherlands is ruled by the 9 to 5 mentality. He also describes that the culture model of the Netherlands is more Anglo-Saxon; where you grow your company and then sell it off. In his opinion and due to personal experience, the opposite can be found in the Scandinavia (German-model), where entrepreneurial life style is probably more dominant and they are not willing to sell their companies. He concludes that the overall culture in the Netherlands is very pessimistic:

“Everybody is growing towards their exit. I had a discussion about exits; we have different models but I think in the Netherlands we have a model of more Anglo-Saxon like “we sell it”. We can also have like a German model, “we grow it” and “we don’t sell it”. Of course I’m one of those who sold it. So people try to make companies and sell it and then you think you are happy. Of course there are other cultures, where they are entrepreneurs longer, like I think in Scandinavia, which is a fact. I know for instance that companies like TBWA, when they want to buy a company in those countries, it is quite hard because they don’t want to sell. I think in the Netherlands it wasn’t the case. If I can get few millions, I do it. The 9 to 5 mentality is there also and 25 to 45 mentalities in terms of working, that’s the working period and after that you shouldn’t work anymore.”

**105, the Netherlands**

The company 105 faced problems regarding consumer participation in digital campaigning. Consumers are more reluctant on sharing advertisements, therefore 105 tried to find new ways of engaging consumers:
“[There is] less consumer participation and that’s actually what we saw last year, was really a dramatic drop, where people actually said that they don’t want share anything through Facebook or Twitter anymore because they; there is so much that they can share and were really picky on what or what not to share with their peers. And like I said; actually last year we saw that a lot people said that they wouldn’t be doing that anymore so right now we are looking for other ways to engage people again and make them participate in our campaigns…”

As mentioned in the previous quote by Salfischberger, the advertiser’s challenge is to create something new and surprising. With these attributes, consumers are more willing to share the advertisement:

“What is in this particular case interesting for you to share that with others?”… Appeal for something that really sticks with you and what you really want to share with others. So it is new. I think new and surprising elements those are things that you want to share. What we don’t want to do within this agency is intensifies sharing so of course that also works but the other thing is that we just said, that also happens less and less…”

The culture of the Netherlands is more focused on family- and free time values. To obtain a successful career is not the most important aspect of work for most Dutch people.

“What I found [out is], they work to make money rather than being in a career that they really like and are passionate about that is; so in the Netherlands we find things like family life etc. [important].”

Salfischberger notes that in his opinion there is a clear digital culture. This digital culture possesses values like: innovativeness, adaptability and swiftness. Some of the new agencies possess this digital culture as a norm, without knowing. The older generation instead has difficulties grasping the new technologies:

“Agencies that really grew from digital roots, there is a different culture within those agencies. I think there more like an innovative spirit; that is definitely there. I think they are more; they are more touched with reality / adaptable. They are of course used to change and they can adapt it easily, while actually they don’t even know that they are adapting because it is just a normal way of life.”

**Ogilvy & Mather, the Netherlands**

When it comes to the Netherlands and the unique character of the advertising industry, Rik Ledder is questioning the presence of any kind of unique competence of the Dutch industry:

“The question is: are we really unique? I think the Netherlands is famous on design. We are quite a good design country. Creativity in Amsterdam has a good reputation, but also London, Berlin or Hamburg, so it’s not really unique.
I'm not sure if we are really unique in our world. It’s also a matter of proximity: the distance between a client and an agency should be small. So if the HQ of a European company, like Unilever, Philips or Heineken, is situated in the Netherlands, it is logical that the ad agency is close”.

According to Ledder, the aspect of culture affecting the work style is present, but difficult to pinpoint exactly:

“I worked at DDB, and this is a more multinational company, speaking English. We talk Dutch in our agency. Achtung (eds.: A smaller agency) for example, there are a lot of Swedish people over there; they talk English the whole day. If I see work produced by international people, it is different compared to work from Dutch people. For example the real typical Dutch agency Alfred, they will never be bought by international networks, it is too different, and it won’t work. If I see campaigns produced by German sister agencies, it is already totally different from us. I would think we are quite direct and quite no nonsense, but it is difficult to say”.

4.6. Innovation

Stormfors, Sweden

When talking about future challenges, Örup notes that they have given this a lot of thoughts in the company: “How will the future be?” The main challenge that they have agreed upon in the company is concerning the pricing models. At the moment hour fees are dominating the industry. Stormfors would like to change that towards pricing based on values. Achieving this is challenging and might take years. The only way towards this is by educating clients:

“That is something for the whole agency business to think about like how do you transform hours to value and how do you measure value so I mean people go out and buy certain services, digital services from the market, they ask if we charge per hour as a first question, we charge 9,15 or they charge 1500 or they charge 600 but is that how you measure value, I mean you can’t measure hours, it depends if you put a monkey on those hours [eds. Referring to the quality of the work] but then you don’t get any value, but you get paid but you don’t get any value so I think the big challenge in the future is to measure a project not on what it costs or how many hours it takes, it is about measuring what was your goal and how close to the goal did we get in the project or did we even succeed the goal... Of course you have to measure the time it takes to somebody to do something, it is of course a part of the cost.”

“We are working quite hard now actually to try to work these things out, how the future will look like, how you valuate projects, how do you do projects, how do you valuate the result and there are models, a lot of models for it but which one should you choose and also to teach the clients because they are used to old hour model / price per hour, try to like anchor this to the clients buying process, you buy value, what is value for you, that is hard and hard questions.”
Navii, Sweden

Nilsson stresses the most crucial challenges Navii is facing at the moment, is to keep up with clients’ growth; lock them in and find new ways of coping with the wants of customers:

“We have different challenges. One of them is that we are growing pretty fast and also our customers grew really fast. So we need to keep up with this. From our perspective, we have to work even closer with our customers, because they can change agency pretty easy. So the challenge is to bond better with them and work broader with them. One thing to do this is to add new values with our customers, like the printing solution service, are a kind of lock in; adding value by connecting different marketing channels. We have to always find new products, make a package and sell them to our customers. Biggest challenge is to keep up and find new things to cope with the wants of the customers”.

TakeTwo, the Netherlands

At the end of the interview, Ummelen sheds light on the current most crucial factors:

“... The reason why we said farewell to the digital USP is that we ended up only for a medium instead of a strategy. Then you get in line with all the other companies. That’s why we changed to become more of a strategic partner. To make connections which enable us to do relevant things for relevant people to match our service to people who actually need it and to make them believe this. Now we are still limited by people who don’t dare to take the next step. This is more a geographically thing maybe, Amsterdam is more open”.
5. Analysis
This chapter includes the analysis of the findings. The analysis is done in a way that the relation with the questions, theories and conceptual frame is clear: it is divided in all the previously mentioned elements. Common themes are identified and shared challenges of the different accounts are mapped and included.

5.1. Institution
Based on the findings of this research, one of the main and agreed upon changes is related to the structure of the industry. This structure changed profoundly in the past decade and the underlying factor of this fact can be found partly due to the financial crisis. Budgets are cut back and clients’ of the advertising agencies are facing severe financial problems, which in its turn all affect the dealings of the advertising agencies. Another element that changed and affected the industry is the shift from long-term relationships to relationships based on price. As price became more and more important, clients nowadays bargain harder and the relationship is more or less shifted to a project-to-project base.

Adding to the fact that clients are more demanding due to the financial crisis is the case of knowledge present at the clients’ side. Some say this knowledge has improved by a hairbreadth, whereas others claim that the level of knowledge is still lacking and insufficient. According to our findings, clients are still lacking specific knowledge and some agencies even have to educate their clients to accommodate for a better fit in the wants and needs of their consumers. The power of consumers is also larger, which is in line with the theories of Röling (2010); due to the strong Internet empowerment (which is shown as a characteristic of consumer power in the fourth wave).

Another major change in the industry is still on going at the time of writing: the transformation from traditional advertising to digital advertising is still at hand. Funded on the findings, this transformation is slowly evolving but is curdled by a generational difference in mind set, competency and even geographical location. According to Röling (2010), Amsterdam can be seen as an advertising hub, which is confirmed by almost all findings. Also, older employees and agencies find it hard to adapt to new technologies and are facing severe competition from smaller, more adaptive and swift agencies.

This is another challenge in the industry: the offspring of new and specialized agencies. The world is, according to almost all our findings, more diversified than before: more fragmented.
Professionals break away from their network agencies to start up their own businesses and the background of these people changed: you do not need a background in advertising anymore to be successful in the industry. The level of entry faded significantly: it became easy to start for your own. This fact resulted in an abundant amount of smaller specialized agencies versus a smaller sum of big network agencies: and they are all competing on the same page. Back in the days, the industry was ruled by big network agencies competing reciprocally, whereas nowadays, the competition shifted towards competition with smaller agencies.

When it comes to larger agencies, their tasks evolved and deepened. First, one had a classic agency with the main task of buying media space in traditional advertising channels: the main important financial income at that time. With the advance of the Internet, more channels resulted in a deepened and widened array of tasks. Secondly, and due to these enhanced tasks, the orchestration and management of the tasks became more complex. Large network agencies face difficulties in providing a full service package at one time and at the same time manage sequence and coherency in all services provided for.

According to the findings, there is still a tendency of larger companies acquiring smaller ones (to gain specific digital knowhow), but this is less forthcoming than before. This is because of the cultural gap and the adding fact that some large network agencies are part of listed companies, which all makes it difficult to acquire smaller companies. Integrating a smaller company, with a different culture and mind set is always challenging and some say it is doomed from the start, no matter what synergy can be obtained on paper.

Reputation of the industry also affects the endurance and affectability of companies. The findings suggest that the industry became “less sexy” and the “sexiness” shifted from the agencies to its clients, due to better working conditions and career opportunities. This translates back to more difficulties to find and attract talents as future employees.

5.2. Technology

As stressed before, technological innovations affect the way agencies are working. One of the major implications of this change, which is still on going, is that everything is measurable. Technologies provide a framework for feedback, a so-called feedback loop, which resulted in advantages and opportunities for marketers and advertising agencies. Back in the days, marketing messages where pumped into the traditional advertising channels with little to no feedback: one-way marketing. According to the findings, technological innovations resulted in a so-called two-way marketing, wherein dialogue and interaction takes central role.
In light of these technological advances, the whole communication process is redefined, adding extra elements in the communication channels, which is also stressed by researchers like Elmer (2004) and Lievrouw & Livingston (2006).

Due to these changes, consumers are nowadays flooded with promotional messages and are thus blocking more than before. The findings suggest that despite these facts, one factor is still highly relevant in grasping the attention of today’s consumer: content. The importance of content is still present, but extra “places” of content are added, in line with the new process of communication tools. This fact is also acknowledged by Deuze (2011).

Another major fact when it comes to the element of technology is that the way of reaching the target audience shifted. In the past, companies where using mass media to reach a massive target audience: which is still partly applicable in today’s world. The findings however, suggest a shift from this mass media towards a more personally, one-to-one marketing. This tendency of course affects the way advertising agencies approach and executes campaigns and is in line with a more fragmented and diversified world.

When asked after the role of traditional advertising in today’s digital world, our interviews indicate some sort of a duality. The transformation is still on going, but in the future the digital media might not fully assimilate the traditional advertisement. Both channels of communication can live next to each other, even in the future. Some findings even indicate a return and revival of print media and outdoor advertisement. A critical note has to be stressed that it is almost impossible to predict the future, but the findings are partly based on trends currently occurring in the industry. Another important and interesting finding is a slight difference in perception of this future in regards to both countries. The findings might indicate that Swedish professionals more strongly believe in a more digital future compared with professionals in the Netherlands.

Awards are important measurement tools to indicate the rate of success of an agency. Because their services are mostly intangible and difficult to measure, awards are the suitable way of showing success. A shift can be identified from traditional awards (e.g. Cannes Lions), to awards focused on the success rate achieved within the digital playfield: SpinAwards.

5.3. Organization
Organizations and organization structures in the advertising industry have been changing in the past 20-years. Since the year 2000, the advertising industry has changed in a more rapid
pace. Reasons for this can be traced back to the financial crises in 2001 & 2008, but the main factor that took the change into a whole new level is the evolution of technology. According to academic literature (Cartwright, 2003) and to advertising professionals, new digital technologies and the new digital media have made the traditional structures inefficient as the market is not the same as 10-years ago. Therefore, the old structures are being extended or re-modelled to meet the demands of the current market; if the organizations do not change according to changes in the market, the companies will soon find themselves without clients, this is in line with Cartwright’s views (2003). This has been occurring in the industry as many organizations that were not able to adapt their organizational models are now out of business. Especially, many of the traditional advertising agencies that failed to grasp: “what is digital media?” or “how can we use it?” This was, and still is, a problem for them because the traditional agencies have been working according to the same formula for decades, but now the same formula is not working as well as before.

The old structure of advertising agencies mainly consisted of account managers, creative people and strategists. This changed due to the fact that the environment was changing towards a more digital and technology oriented society and market. This in line with Martinez-Leon & Martinez-Garcia (2011), who mention that organizations will change in the course of time as a result of new conditions in- and outside the organization. In a sense, the digital tools made the market broader and the importance of being digital was becoming clearer every day. A change had to be implemented in the companies. Therefore nowadays, the organization consists of account managers, digital & common creative people and digital & common strategist. The digital focus can be found in advertising agencies in every part of the organization. This can be verified by the study of Marketing Media Ecosystems, which received same kind of results (smallbusiness.chron.com, 2013).

The advertising agencies also focused more on encouraging their employees to diversify. In some companies creative people have been advised to be more commercial and commercials have to be more creative, etc. According to Martinez-Leon & Martinez-Garcia (2011), the diversifying process can be obtained through organizational change. Other agencies have hired people that are as digital creative as commonly creative. In the near future and based on the findings, some say that a step backwards to a more old fashioned structure, consisting of account managers, creative and strategists might be obvious. In Ogilvy for example, this was already in process.
Academic authors like Yeshin (2006) mention that the advertising agencies have a wide range of structure possibilities. According to the findings, the larger advertising agencies have two options on how to include digitally focused employees into the company. The first option is to keep it as a separate cell, whereas the second option is to integrate it into the company as a whole. The problem in regards to the first option is the people left outside the digital cell will probably feel outdated and not knowledgeable on things that are occurring. The second option on the other hand needs a lot of arranging and shuffling of time and resources and can be considered as a radical change (Boston, MA, 2000, Hiatt & Creasey, 2003). In a sense, the second option is better, because through integration the whole organization becomes digital, which will help the company to be more successful.

The financial crises and the digital era have both increased the amount of advertising agencies in the market. The industry became highly competitive. Many of these new smaller companies are orientated towards a certain communication channel: for instance search engine optimization or social media marketing (Facebook). Some of these smaller companies are very successful, as clients have noticed that these smaller agencies are fast and adaptable. The opposite can be said in the case of larger companies. The clients see these larger companies as extensive networks, which are less adaptable, flexible and more expensive.

The level of hierarchy can be said to influence and play a part regarding the responsiveness and adaptability of a company. In smaller agencies the level of hierarchy is often very low, which creates a work environment with shorter communication lines and usually the atmosphere is open. This leads and stimulates the fact that everyone can take part in projects and share ideas. Of course these kinds of activities can also be found in a larger company, but as the hierarchical level is higher, the scale everyone is participating is lower and therefore affecting the adaptation and swiftness in a negative way. According to Benowitz (2001, p. 87) if the structure is too bureaucratic, it should try to change towards a more decompressed structure.

Larger network agencies, like Ogilvy and TBWA, are trying to defend themselves against this kind of image and market movement. Both companies are trying to specialize by establishing sister companies as part of the large company, under the company brand. Each of these “sub-companies” or “sub-organizations” is focused on certain segmented market. To stress this trend, the specific cases of Ogilvy and TBWA is outlined. Ogilvy launched for example: OgilvyOne, OgilvyHealth and OgilvyPR, etc. TBWA launched NEBOKO RETAIL,
NEBOKO SMARTS and NEBOKO DOWNTOWN. Through these sub-labels they are competing with all those specialized smaller agencies and re-shaping the clients’ image of them being a large and slow network.

As mentioned by Catwright (2003) and Benowitz (2001), the modern technology has also eased the task of organizational change, but managers and CEO’s in the advertising agencies still stress the fact that it is hard to implement change. Naturally the change is easier to implement in smaller agencies as they are more agile and more adaptable and have fewer employees. Many of the advertising professional describe that in smaller agencies (especially in digital agencies) the change and innovation is occurring every day without the people even noticing, because it is a part of the daily routine. In the larger companies the change involves more employees and the organization structure might be more stiff and structured. Therefore the change might face more resistance as Hiatt & Creasey (2003) and Benowitz (2001) points out.

Usually the re-organizing can contain some kinds of lay-offs which can be considered as a radical change (Boston.MA, 2000, Hiatt & Creasey, 2003). Before choosing the radical option, managers and CEO’s in the advertising agencies have to asses a choice between educating the older generation that have decades of experience in the industry, or the hiring of younger and more digitally focused people with less experience. In most cases the older generation is replaced by younger people, because the educating process of older employees might take years and consume a lot of resources.

The unwillingness to educate employees in the advertising agencies, especially in the digital era, affected the organizations and the industry in a negative way. At the same time some of the clients understood the importance of education, and educated their employees or hired people with digital know-how. One of the reasons for this was that the clients wanted to start marketing activities by themselves. A shift in knowledge was the result, which partly made the clients more demanding in the perspective of the advertising agencies.

As the advertising industry is deeply affected by changes in the market (financial crises) and because the working concept has changed from a relationship model to a project-to-project model, it is hard for larger companies and in some extent for smaller companies to control the workload within the organization. Deuze (2011) argues that the project model gained the dominant position because it is considered flexible, less costly and controlling is easier. In some elements the authors found this to be incorrect. The example case is from Ogilvy.
Ogilvy had to lay-off employees because of the financial crises. Soon after that, they won 8 projects in a row. They could not manage the workload with the current employees and this resulted in two options: hire new people (the scars of the recent lay-off were still fresh) or hire temporary consultants (higher cost). They chose the latter. Many companies struggle with the same problem. As the industry is more and more project based (in the past the focus was on long term relationships), clients sometimes go from project to project and exchange companies more easily. They are usually looking for the cheapest price. Estimating the future workload is almost impossible to do, unless the company is willing to decline clients. In a financial crises situation that is not the option, which results in a managerial problem.

The advertising agencies are trying to find a solution for the shopping around of its clients. The smaller agencies are trying to change from a common agency towards more of a strategic partner, a strategic partnership. This strategic partnership would “lock” and “bond” the clients stronger with the agency, as strategic partners are more and more intertwined and therefore less recipient for changing agency. Some even say a strategy to become more of a strategic partner is opted to bypass the commonly known briefing and find other ways to connect with the clients.

5.4. Culture
The culture of a country contributes to the way companies and their organizations in that specific country operate. As culture is difficult to grasp and pinpoint, managers and CEO’s had in some cases difficulties describing this area. This is logical, as most academic authors stressed that organizational culture is a complex phenomenon (Alvesson, 2013, p.15).

The advertising professionals described Sweden’s national culture as open and honest. The advertisers are innovative and think outside the box. A clear link can be drawn between these findings and the theories of Hofstede (geert-hofstede.com, 2013). The level of uncertainty avoidance is lower compared with the Netherlands, which indicates that Swedes have a lower emotional need for rules, which in turn affect the level of innovation in a positive way. The findings of this research confirm that this claim might be true, but it is difficult to generalise due to the small sample size.

Sweden as country is also considered to be a forerunner in IT. The government’s actions in the 90’s could be seen as the reason why this IT knowledge is strong in Sweden (Esbjörnsson, 2008 & Walker 2009). The Swedish government funded high-speed broadband connectivity and sponsored households on buying private computers at home. In Sweden, as in many other
countries, the entrepreneurial climate increased. Younger people are more willing to start their own businesses than to work in big corporations. These kinds of stimulations are beneficial and affecting business culture and organizational culture in these young companies.

The entrepreneurial values among the Swedish population have led them to follow the so-called German model. In the German model the entrepreneurs are focusing on growth and they are less willing to sell their companies to larger networks. For example, TBWA has had difficulties acquiring smaller companies operating in the Swedish market. For larger companies this is a challenge: if they want to gain more knowledge or market share, it is difficult to obtain it especially in Sweden. In Sweden, a small tendency can be abstracted from the findings: the need to become a large company is less important compared to the Netherlands. The reason for this can be found in the fear of losing their autonomous position and therefore become less flexible. For them the process of controlling growth is a challenge.

In the Netherlands, the advertising professionals portray the national culture as pessimistic, conservative and the advertiser thinks inside the box. Also a strong 9 to 5 mentality is dominating the Dutch culture. Therefore family values and free time is more valuable. People are less focused on establishing careers in large companies. The entrepreneurial trend can also be found within the Netherlands, but Dutch entrepreneurs are more focusing on growing the company to a certain point and then selling it off. This kind of mentality is called Anglo-Saxon and the Anglo-Saxon model is present in the Netherlands as a whole.

In both countries the geographical location influences the way agencies deal with challenges. In Sweden, the capital city of Stockholm is an advertising hub. Some advertisers in Stockholm describe that “the Stockholm mentality” is different than in rest of the country. The same kind of situation can be seen in the Netherlands. Amsterdam is the advertising hub, where international agencies base their offices, because of the good location and lifestyle. The Amsterdam culture differs from the rest of the Netherlands (Röling, 2010). Differences inside the country can create difficulties for companies. Finding qualified and knowledgeable people to work with in the agencies is a difficult task and because of the geographical locations and differences in mind set within the country, companies have to also monitor if the persons mentality is fitting the organization.

There are many overall challenges that advertising agencies face in both countries. As the digital society is being overcrowded with marketing messages from every channel, as a result, the consumers have started to block these messages on a sub-conscious level. They are also
less open for sharing advertisements with each other. In addition to this problem the older population is less willing to share their personal information online. The younger generation is used to share their personal interest and preferences. According to the findings, this might change in the future. The concerns regarding the security of personal information and integrity might raise worries, because companies can nowadays already find so much information about consumers. A possibility in the near future might be a deregulation through government laws and a change in public opinion on the matter of what information the companies can use.

As our results suggest, no clear difference could be found between the countries in how employers are integrating and dealing with the challenge of digital media related to their employers. After the initial research, one company in the Netherlands created a visible (e.g. publication on their website) set of rules regarding the use of digital media by their employees. The findings suggest that companies do acknowledge the importance of sort of a policy, but most of them incorporated them in a natural way. Culture of course plays an important factor when it comes to the way employees deal with digital media at work. Adding the fact that most findings acknowledge the importance of this policy on the one hand, on the other hand it stresses the unwillingness to incorporate too much rules; as it might affect the level of creativity, innovation, productivity and work atmosphere in a negative way.

5.5. Innovation

When it comes to the added element of innovation, the findings suggest a small discrepancy in both countries. Ingrained in the culture of Swedish professionals is the fact that they are more open minded and experimental when it comes to change, compared with professionals in the Netherlands (geert-hofstede.com, 2013). Instead of the earlier mentioned 9-to-5 mentality in the Netherlands, Swedes tend to “bring their work home” and fully identify themselves with their range of work, which pays off in their level of innovativeness. These findings can be linked back to Drucker’s (1998, p5) statement of process needs as a catalyst of innovation.

Another finding suggests that smaller companies can better adopt and implement innovation. This is in line with existing research outcomes and can find its offspring in the fact that smaller companies have naturally shorter lines and the need for innovation is higher. Larger companies often choose to defend their current positions, whereas smaller companies need to
innovate in order to survive. This versatile ground for innovative ideas, found at smaller companies, is encouraged by the amount of young people involved in the company.

In larger companies, the CEO’s are mostly older employees, which might result in a difference in mind sets. This, based on findings, could result in a sort of a power struggle, as young employees are more ingrained and acquainted with digital media and innovations whereas the CEO’s are sort of stuck in the middle.

Another tendency based on the findings is what we coined the so-called “innovation of working conditions”. Salary is still an important element, but the importance of receiving a high salary is declining. Other factors, like flexibility, working at home and office environment plays important and new roles in choosing an employer. This is not only applicable in the field of advertising, but can find its way among other industries as well. Advertising agencies have to cope with these new challenges in order to attract and hire talents to ensure continuity.

Due to technological innovations, good and certainly bad news spreads faster than before. This is especially applicable when it comes to the communication tools disposable. The innovations (like Twitter) are directly affecting advertising agencies and their clients, as keeping track and quick spotting of consumer opinions regarding brands/products and services is now part of the tasks.

Another innovation, only observed in Sweden, is that the old fashioned pricing system is refurbished. Instead of charging clients per hour, a shift might be trickled towards a price system based on values. Because it is often difficult to grasp the returns on investments when it comes to marketing, despite the fact that technology makes it far easier, value pricing really goes into the roots of offering real value for the client. As this finding was only obtained from a single respondent, generalizing this fact is far from valid. But as it stresses the level of innovativeness (e.g. questioning and refurbishing a renowned pricing system), it is included in this research and it might steer a direction for future research in the academic world. According to Drucker (1998, p5), this tendency might be labelled as a response to a process need, e.g. “a process that already exist, is perfected due to a changing need”.

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6. Conclusion
This chapter contains the interpretations of the findings as well as concluding remarks related to our research and sub questions. The main goal is to give the reader a brief understanding of the processes, dynamics and conclusions related to this research. Recommendations are disregarded in this research, as it is not the main goal and every company implements changes in a different way. As stressed before, this research is conducted to provide insights in the industry as a whole and to analyse how agencies cope with challenges. As every company is different, the handling of challenges depends on the specific situation of the company; the size, range of services, financial resources, (top) management and being part of a network or acting independently.

In regards to our first sub question, to what extent do professionals in advertising cope with the institutional factors that affect their work, multiple conclusions can be drawn from the findings and analysis.

The institutional factors influencing the industry as a whole can be identified as followed. A main factor of change in the industry can be found in the financial crises of 2001 and 2008. Due to these facts, clients of the agencies became more demanding and a shift can be observed from relationships oriented projects towards a more price based situation, whereas clients bargain harder and can switch agency more easily.

Another change in the industry can be observed in the level of knowledge of agencies and their clients. Before, the advertising industry was known to possess a high level of knowledge among the employees. Based on the findings, this shifted more towards the clients; nowadays clients attracted more and more knowledgeable employees due to improved working conditions. On the other hand, some say the level of knowledge among the clients is still lacking, whereas others say it has improved by a hairbreadth. Others refer to the shift of “sexiness”, from advertising agencies to its clients. Adding to this fact is that agencies are experiencing difficulties in attracting competent employees and talents.

Another tendency observed in the industry is the on-going transition from traditional advertising towards digital advertising and the integration of both worlds. As this trend is still evolving, it is curdled by a generational difference in mind set, competencies and geographical location. All these elements influence to what extend professionals cope with challenges in their daily work.
Partly due to the financial crises, the advertising industry is more and more diversified, more fragmented. New, swift and specialised companies are popping up in all the different fields of expertise within the industry, which in turn affects the level of competition: it became harder to stay solvable. Nowadays, the amount of larger network companies decreased and smaller companies compete on the same page.

Related to these larger networks, their daily tasks deepened compared with the situation before. With the advance of the internet and more demanding clients, larger networks are coping to include new communication tools into their daily practises. This in turn affected the managerial competencies of those agencies, as it is more complex to orchestrate all activities.

An older tendency in the industry was that larger companies acquired smaller ones in order to leapfrog into the digital media world. This is still relevant, but the findings suggest that it is less obvious in today’s world: it is harder to incorporate another culture into a large network agency, with a culture of its own.

Last but not least and throughout the industry, reputation is an important element of change. Due to the offspring of multiple smaller and specialised agencies, especially larger networks are coping to deal with their reputation of being a full service and expensive agency. The abundance of smaller sized companies and sometimes with lack of quality services results in a deteriorated reputation of the industry as a whole.

To conclude, professionals have to cope with a lot of institutional factors affecting their daily work and their challenge to remain solvable and to stay stable. It depends on the agency on how they respond to these certain challenges. For example, larger companies are redefining their structure and are implementing different labels within their brand in order to compete with the smaller agencies. Smaller agencies on the other hand are trying to become more of a strategic partner, instead of a traditional advertising agency.

The second sub question is about how technological elements change the interplay with consumers. First of all, the digital revolution changed the advertising industry totally. It provided new channels and new ways to interact with consumers. It also provided tools to measure the success or failure of campaigns. This fact is an important result of a technological element which changed the interplay with consumers. Moreover, technology gave an opportunity to advertisers to learn more about target groups and their consumer behaviour.
With these technological advantages in mind, the interaction with consumers is stressed as the most beneficial factor for agencies. Before, advertising was based on a one-way marketing model, nowadays it is replaced by a two-way marketing model. Two-way marketing enables interaction and dialogue between consumers and the advertisers. This new model resulted in a refurbished communication process, where stimuli are digital and consumers need to be educated about the different steps in the new process.

Nowadays as more and more companies are interacting with the consumers in the digital realm, consumers are getting overwhelmed and starting to block these messages. This had led to a raise in importance of content among the advertiser. The phrase “content is king” is not far away from the truth. The right content at the right time might bypass the blocking behaviour of consumers, which is a secular fact in advertising.

In the future, through technological developments and innovation, advertising might become more personalized and therefore more relevant for consumers. Some companies (like Google) are using this already: one to one marketing could be very successful. One to one marketing requires detailed information from the consumer and this might raise privacy problems. These problems might occur from the side of the government: an increase in legislation.

To conclude, due to technological elements, the role of agencies changed. Consumers have more power and interaction and relevancy is parent to success. Content within the new communication process is still important and an abundance of consumers’ insights might be main key for advertisers in the near future, taken into account government legislation.

When it comes to the third sub question, organizational structures have been changing in the past 20-years. In the recent years companies have had to change their organizational structures more rapidly. The unfolded financial crises and the fact that society has moved into the digital era can be considered as the tinder to these changes. The reason why organizations had to change can be found in the fact that the digital media made the old structures ineffective. Therefore the companies have had to extend and re-organize these structures to meet the demands of current markets.

In the past, the structure of advertising included account managers, creative and strategy orientated people. Nowadays the structure is different because digital media came into the playfield. This resulted in adding a digital element into the structure (digital creatives and digital strategist etc.). The larger agencies had two options in how to include the digital aspect
into the organizations: total integration or as a separate cell. Both of these options have drawbacks of their own, but the integration can be considered more favourable as it makes the whole organization digitally oriented.

The hierarchical level of a company can be said to be a relevant factor when it comes to the responsiveness and adaptability of a company. Usually smaller agencies have a low level of hierarchy as larger companies tend to have higher levels of hierarchy. Low hierarchy creates an environment with shorter communication lines and with an open atmosphere. In larger companies, a high level of hierarchy affects adaptation and response in a negative way. Therefore, adaptation of for example organizational change could be harder to achieve. The importance of organizational change in the minds of managers and CEO’s is established, but they still have difficulties of implementing it, even though digital tools have made it easier.

The way advertising professionals frame and structure their plans changed over time. Before, agencies had an account department which dealt with all conversations with clients. These account managers formulated so called creative briefings and passed them on to the creative department, who in turn made the advertisement. Due to mostly technological changes and an increase of pace in today’s society, this model is out-dated.

Nowadays, a more interlaced construction can be observed. In the process of forming the creative briefing, more and more professionals from the creative department are being consulted and included. This affects and enhances the speed of the process, as well as the creative identity of the advertisement: as communication lines are shorter.

Another factor regarding the way professionals frame and structure their plans is the needed level of competency among the professionals. Back in the days, a strong discrepancy could be found within the departments and their professionals in their different job descriptions. Nowadays, both departments are more and more intertwined; creative professionals have to be more commercial and commercial (account) professionals have to be more creative.

With the technological innovations in mind, another tendency is worth stressing: a trinity of departments rather than a dual situation. Whereas agencies historically possessed two or three major departments (creative-, account-, and strategy department), nowadays some say a technological feature has to be included. Others say this technological feature and competency is already implemented throughout the professionals, as technological knowhow is already one of the requirements of working in the advertising industry.
Because this research includes a comparison between agencies in both the Netherlands and Sweden, a specific sub question was formulated in order to address possible differences in dealing with the challenges facing the industry. When it comes to the cultural aspect, minor differences can be obtained from out the findings and analysis.

The findings suggest that Sweden as a country can be labelled as more innovative and open to new opportunities. Professionals from both countries acknowledge this claim. Apart from being more innovative, Sweden is known to be more design orientated.

Both countries dwell on the perspective of being entrepreneurial, but a major difference is interesting to point out. In the Netherlands, it is often occurring that entrepreneurs grow their businesses to a certain point and then sell out (for example to a larger network company); the Anglo-Saxon model is more dominant in the Netherlands. In Sweden on the other hand, professionals are more concerned about growing and nurturing their business; the German model can be claimed to be more present. This difference in mind set of course affects the industry as a whole.

Another difference in cultural values is that the Netherlands is described as very pessimistic. It is ruled by a 9 to 5 mentality, which indicates that having a career is not the single most important value in life. Family values and free time are more dominant values. Compared to Sweden, Swedish professionals can be claimed to be more intertwined with their profession.

In both countries, the cultural elements can be said to differ even inside the country. As the capital cities Amsterdam and Stockholm are known as advertising hubs, according to the findings their culture differ from the rest of the country. These differences all have an impact on the final results, as a professional in the north of the Netherlands might deal with a challenge differently than one in Amsterdam.

One of the main purposes of this research was to contribute to the academic literature. This purpose is obtained twofold; firstly this research fills a gap in the existing research, as there is little research conducting in this field of interests. Secondly, both authors tried to redefine and update the given model of Deuze (2011) with "innovation" as the core catalyst overriding all other elements. Based on the findings and current literature dealing with the aspect of innovation, we feel that this claim is justified. Innovation can be found in all four elements; industry, organization, culture and technology. All of these four elements have their own innovative character, as can be claimed from the findings and the literature. Therefore both
authors include the element of innovation in the given model of Deuze (2011) as an extra factor when looking at how professionals in creative industries cope with challenges. In order to generalize the findings, both authors acknowledge the fact that the sample size is insufficient. Future research, including a larger sample size, might shed a stronger light in this field of research.
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Appendices

Appendix 1: Email of Ken Segall (Former advertising advisor of Steve Jobs)

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Appendix 1: Email of Ken Segall (former advertising advisor of Steve Jobs)

Hello Marc,
At last, the tortoise finishes the race. Here are my answers to your questions.

**Could you explain how the structure of the industry has been changed in the past 10-years?**
There's been a massive shift in the structure of the industry, reflecting of course the massive shift in the consumption habits of our audiences. While digital started as an additional capability for agencies, it's now a primary capability and a tremendous means of targeting specific audiences. But while the structure of the industry has changed fundamentally, one thing has not: when it comes to marketing, nothing is more important than the idea. There may be more methods of reaching an audience now, but it will always take a great idea to create interest.

**In your opinion, what are the most crucial challenges/changes you faced when working in the industry?**
I haven't been part of a formal agency for three years, but as the Chief Creative Officer of a global agency (Enfatico), I remember the challenge well. Our biggest issue was getting the online and offline creative groups in sync, as the two were still figuring out how to work together. Mutual trust and respect needed to be built and preconceptions cast aside. It wasn't always easy working toward the goal of a single creative department populated by people with varied skills.

**Could you portray which changes occurred in the structure of advertising agencies from pre-digital era to the digital era?**
In days of old, digital was considered an offshoot of the creative group. Many traditional creatives tended to look down their noses at those on the digital side. I'm sorry to say, some of this attitude was justified, because in the early days of digital, there was a mechanical aspect to it. The digital people were often tasked with building the structure conceived by those who created the overarching concepts. With the rising importance of digital, the agency's digital groups were no longer "the coders on the other floor." Digital is now an essential and respected part of creative development, and some talented people honing their skills there, rather than in offline media. Creative people now have good reason to see digital as a springboard for great ideas.

**How do advertising agencies cope with new hypes and innovations?**
Well, that certainly depends on the agency. I think the really smart ones are always looking at new possibilities, just as a company like Apple is always looking at new technologies. Discovering new trends can inspire really interesting new ideas for clients. It's important to be discerning though. There are those who get distracted by shiny objects, and it is entirely possible to waste time, money and energy chasing what turns out to offer little return. I think great agencies use a combination of brains, intuition and a deep knowledge of clients to identify interesting opportunities.

**Do you think that clients became more demanding (want more value for their advertising budgets) then before?**
Not so sure about that one. I think clients have always been demanding about getting the most for their money. Even a client like Steve Jobs wanted to squeeze every bit of value out of the money he spent — and he would sometimes refuse to pay for things that didn't meet his standards. It makes sense too. After all, this is business and every company has an obligation to its shareholders to invest money wisely and get the most in return.

Let me know if you need anything else. Hope this helps!

Ken
Appendix 2: Malthus’ Law

In 19th century England, Thomas Malthus argued that a law of diminishing returns applied to the production of food, and he predicted that famine was the inevitable consequence for the human race. The problem was that while the amount of agricultural land was fixed, the human population continued to grow. Even with improved agriculture, beyond some point the increased yield in food production per unit of land becomes ever smaller. Malthus’ logic was impeccable, but the human race has survived through the 20th century and into the 21st. What Malthus did not foresee was that agricultural technology would increase food yields at the rate it did. Food production per capita in 1985 was 20 times greater than it was a century earlier and outstripped the effects of a fixed supply in land and a growing population. Some will argue that Malthus misunderstood the capacity for technology to improve food production and that as long as we develop new technologies, we will always be able to feed ourselves. Yet Malthus’ logic remains valid, and if the global population continues to grow, a time will come (perhaps long into the future) when the land cannot keep up with what is demanded of it. We only evade the law if we evade the rate-limiting step - that is, the supply of land on the earth and our dependence on it.

Appendix 3: The interview questions

Introduction

Explain the 4 elements. The questions are overlapping, so excuses in advance for the feeling of repetition.

Intro questions

What made you decide to be an advertising professional?

What services does your firm provide?

Could you tell about your past work experience in the industry? What is your current position?

What makes Sweden/Netherlands different when it comes to advertising? Compared for example to Sweden/Netherlands?

Institution:

1. Could you explain how the industry has been changed in the past 10-years?
2. What makes Sweden/Netherlands different when it comes to advertising? Compared for example to Sweden/Netherlands?
3. What are the advantages or disadvantages of being local/global advertising agency?
4. In your opinion what are the most crucial challenges that you face and the Swedish/Dutch advertising industry is facing at the moment?
5. Small company: What are the chances of a takeover by a major leader in the industry?
6. Big company: Does it often occur that you acquire smaller agencies in order to gain specific skills and knowledge?
7. Is there a high threat of new entrants in the industry?

Technology:

8. What consequences has the digital media had on the Swedish/Dutch advertising industry?
9. Could you portray what changes has happened in the strategies of advertising agencies from pre-digital era to the digital era?

10. When it comes to digital campaigning, have you had any difficulties in consumer participation?

11. In what ways do you think that the Internet is influencing the behavior of consumers?

12. What is/are the key element(s) when it comes to engaging consumers in today’s digital world?

13. Do you think that in the near future, digital media will become the primary form of the advertisement channel?

14. Could you predict one breakthrough in the future which will influence the industry greatly?

15. In your opinion, what motivates consumers to share advertisements between each other’s? Could you predict one breakthrough in the future which will influence the industry greatly?

Organization:

16. Could you describe the structure of the common organization before the digital media? Did it change and how does it look now? How do you think it will look like in the future?

17. Do you see any generational disparities in the use of today’s digital technologies when it comes to employees?

18. Has the digital era created new types of careers in the advertising industry? Which kinds of?

19. Is change considered positive or negative?

Culture:

20. Do you think the Swedish / Dutch culture is influencing your work style?

21. How important is hierarchy?

22. Could you stress two advantages and disadvantages of working in your current job?

23. Do you think that clients are more demanding (want more value for their advertising budgets) then before?

24. Do you think there is such a thing as a digital culture? If so, how do you cope with it? The social relationships that occur in the realm of new media like the Internet, video games, smartphones and other high tech tools.

25. What kind of work culture is on-going in your agency? Describe? Has the work culture changed due to the digital era?

Conclusion:

26. What kind of challenges is your company facing at the moment?
Appendix 4: Transcript of Stormfors, Sweden, Stockholm

22nd of April / Stormfors Interview time: 1hour 10min
Managing partner - Fredric Örup Managing partner - Petter Plöjel

Your company is a full-service agency?

Petter: Digital focus but full possibilities
Fredric: We wouldn’t say that we are full-service

What makes Sweden different when it comes to advertising?

Petter: The Swedish culture, especially the Stockholm culture, is that we are early adaptors, so that might be the reason why we are so far ahead in the technological development and in the adaptation of the digital communication. But still we are struggling. That’s where we are. We found a gap in the market between the web agencies and the classical advertising agencies. We still don’t think that the classic advertising agencies have become digital, they haven’t really grasped what digital is. They are still thinking advertising and thinking about tension. Not dialogue and communication.

Fredric: The whole market is still left in the old view of page views, pay per click and also in the printed media, how many newspapers do you sell and then you charge based on that. That doesn’t give you anything. I mean the future of advertising, if we call it like that, is in interactive communication with your potential clients and since the media landscape is changing so rapidly, I think it is very hard for people to visualize these new models of how to charge for digital media. There are no new models except page view, page clicks: all these hard fact models. These new models are based on much more creative and deep-thinking about their relationships between companies and their clients which are actually based on brand communication in the base so if you don’t build a solid brand image in the future, you will have harder time to communicate with your potential clients.

Could you explain how the structure of the industry has been changed in the past 10-years?

Petter: That has always been part of the agency culture that people break up to start new agencies but now people are coming in from different angles. They are starting different kinds of agencies, a lot of web focused agencies, really small and their popping up everywhere and from every angle. So people with different background can start an agency, you don’t need to have a background in advertising industry to set up your agency, everybody can do that and that’s happening.

Fredric: Also before we had one type of an agency, we had like an “advertising agency”, now we have copy-agencies, add-word agencies just working with Google, you have analytical agencies, word press agencies and a lot fusion agencies like PR and web, combined agencies as well. I think we are a little bit of combined agency.

Petter: Yea, strategy and digital communication.

Are you a local agency? What are the advantages or disadvantages of being local advertising agency?

Petter: Yes, local and we own our company fully.
Fredric: We control our company and we control with who we want to work with fully. We are not directed by somebody else or have to work with certain type of companies.
Petter: This makes us agile and fast. We can move really fast and change.
Fredric: We work directly with our clients and that’s very important, always work directly with your clients.
**Petter:** We are not a production agency. We don’t work with other agencies. We always work directly with the companies.

**In your opinion what are the most crucial challenges that you face and the Swedish advertising industry is facing at the moment?**

**Petter:** Changing market and the gap I told you before and getting the market to accept and to adapt to the new way of thinking that the digital is the hub; not advertising and that’s not just the side to business support. That digital is the hub, that’s why we work with strategy and digital. It’s a complete new model, we are absolutely the first in Sweden, we are about ten companies in US, doing the same but it is a brand new fight, so we are starting, it takes time for companies in the market to adapt.

**Fredric:** I think it is a lot about how the agencies see this and try to adapt themselves to this and have the knowledge to do it. I mean it’s not fully unique but the thinking is quite new and we are and I think that agencies are ahead of clients here as Petter says. The clients are still thinking in old traditional marketing so it will take maybe about one, two, three or maybe even five years before the clients are starting to adapt to new media.

**Petter:** The biggest agencies are still the classic agencies that have brought in some digital knowledge but they are, as I mentioned before, still thinking on tension but not dialogue and communication. They have big problems, because their money flows come from revenues from advertising in TV and magazines, so maybe they make 50% money from producing and the other half they make it on taking a cut from the money streams. They don’t want to change that model, it is really hard. Otherwise they have to fire 50% of their staff.

**Fredric:** Exactly what I was thinking, why don’t we want to change, why is it like this? There is too much money involved and there is so many people making aloud of money out of these streams, the media streams so many companies that if you start to change the way of working we are going to have a lot of companies going under in the near future.

**Petter:** So they are fighting, they still want advertising to be the hub. And they are still thinking on a tension because that’s where they make their money.

**Fredric:** Also I mean as we were talking on the way here, the platforms of traditional advertising, they are not going to be there in the future. So when the platforms are not there. There is not going to be streams anymore. Streams will take new courses out in the digital world and as we still lack good models for it, there are no models so. It will be interesting.

**What are the chances of a takeover by a major leader in the industry?**

**Petter:** We are not interested in that. But it will probably happen.

**Fredric:** Yea it probably happens.

**Petter:** It is always tension around that. They are looking for our clients and our knowledge. So that way you get tied in and you can’t move as fast.

**Fredric:** Usually when you see these mergers, when they happen, the culture of the very successful small digital agency can die because it gets sucked in this big company with more conventional ways of culture and then it just kills of the whole thing. These small digital agencies they need to be small and digital in order to survive because that is their unique selling point.

**Petter:** And the big companies that are buying the small companies they are basing their revenue model on hours and we are trying and working hard to get away from that. Finding a new way, more agile way and not get locked into working for hours.

**Could you portray what changes has happened in the strategies of advertising agencies from pre-digital era to the digital era?**
Petter: Yea it is a change from as we discussed earlier, change from tension to dialogue. That’s the main thing; thinking two ways instead of just one message.

Fredric: One way communication before and now today it is interaction with your clients not only that they ask you questions but you actually talk to them and they talk to you and they are interested on talking to you because (engaging) brands are more than just like that you can buy something from, a brand is a something that you want to be part of. But another thing is also that the competition is probably harder, everybody is fighting for the tension, I mean first of all today it is much more common that young people start company’s, entrepreneurship is something that is becoming really big all over the world, ten, fifteen years ago, people were just working and just keen of taking a job. Today people want to start companies so and web-technology or digital technology overall is kind of owned by the young generation, so the older generation they know how to start companies but they don’t know anything about digital media so there is all these young people starting companies everywhere, digital media companies and stuff like that. But another thing is also that the competition is probably harder, everybody is fighting for the tension, I mean first of all today it is much more common that young people start company’s, entrepreneurship is something that is becoming really big all over the world, ten, fifteen years ago, people were just working and just keen of taking a job. Today people want to start companies so and web-technology or digital technology overall is kind of owned by the young generation, so the older generation they know how to start companies but they don’t know anything about digital media so there is all these young people starting companies everywhere, digital media companies and stuff like that. And they are quite knowledgeable; they have a lot of knowledge about how this works because they grew up with it. And that is also puts demands on the market; you have all these small companies popping up everywhere which is also competition for the already established companies, so the market is harder today.

When it comes to digital campaigning, have you had any difficulties in consumer participation?

Petter: I think it is because consumers are blocking out, it wasn’t like that before. And there is a lot more of company communication these days.

Fredric: It is both easier and harder. It is easier because you have more channels and more ways today, everything from Facebook to these social channels to new ways like billboards in the city which are interactive and stuff like that. New channels, new platforms but it is also harder because there is too much information. So I think that the requirements on your segmentation that you need to be much more fine-tuned in your segmentation to reach out to your target group than you needed to be 10-years ago.

Petter: And you need to focus a lot more on the content

Fredric: Before you just threw big dose of medicine to everybody and hope that somebody would just get cured, now you have to just make surgical communications. I think that is changing a lot as well.

In what ways do you think that the Internet is influencing the behaviour of consumers?

Petter: Acquiring more information before you make purchase today, you acquire a lot of more information about it and you compare in whole different ways. It was never possible before. So just the accessibility of information has changed the behaviour of the consumers and how they consume.

Fredric: That is true, a lot about pricing and competition of consumer products on the internet is all about pricing.

Petter: Pricing and background, I mean there is an environmental agenda now that really important to a lot young people. So if you don’t and you are a bad company behaving badly, everyone will know, you can’t just talk the talk, you have to walk the walk.

What is/are the key element(s) when it comes to engaging consumers in today’s digital world?

Petter: Content, specific content for specific target groups

Fredric: Relevant content but that is not only good for the consumer that is also good for Google relevant content if you want to have good organic search or hit rates. So content is everything today.

Petter: That is why companies are working so much towards viral videos and buying viral videos and producing their own content, it is below the radar; all the communication that we are blocking out automatically, I mean viral is therefore below the radar. So it slips through. There is increasing thing
that there is no clear the most successful viral videos don’t have clear company behind it that what you
discover on the way or it doesn’t have to be discovered because it promotes something in more settle
way.

Do you think that in the near future, digital media will become the primary form of the
advertisement channel?

Fredric: Of course, of course, I cannot see any other way, I mean it depends, do you count TV as a
digital media, and probably it is a digital media or it becoming more digital medium. And it is a huge
challenge for the all the traditional mediums like TV and printed newspapers and stuff like that, so it is
challenge for them. Yes the digital is becoming the most important thing.

Could you predict one breakthrough in the future which will influence the industry greatly?

Fredric: Yea it always hard to predict the future but I believe a lot in this that Google is already
doing, like collecting a lot information about you as a person and then directing advertising to you,
that way . I think we will see that but also in physical environment that if you walk into a shopping
mall, your phone or something communicates with the shopping mall itself somehow and based on
your either Google searches or other that you have been client there before or whatever, it starts to
give you physical advertising in the big screens of the shopping mall, directed at you as a person.

Petter: Basically in the end you choose the kind of advertising you want to see, which interests you, if
you are a kayak paddler you want to see information about kayaking not stuff from high heeled shoes.

Fredric: Hopefully it will exactly as you say, hopefully it will be easy to take away advertising that
they don’t want to see, so by doing that you actually give away space for the ones you want to see. So
it that way advertiser can share the same room much more efficiently because we give the ability for
the receiver to choose what he/she doesn’t want to see.

Petter: Transparency, the more transparent we are and what we like and what we are, the better
advertising we will see. And it will actually be interesting.

Talk about privacy concern.

Fredric: That is also a way to charge more, you only have this space but you can charge much more if
you show different ads to different people that are targeted than in one general ad to everybody.

Petter: And the new generation is much more open to sharing how they are than the old generation
that are those that don’t want to really share anything, giving out their full names or phone numbers.
That doesn’t really exist anymore I mean now the information that FBI has been collecting for 60
years, Google has that times a billion.

Fredric: But still at the same time I think that the security personal integrity issues is something that
is quite new still, okay young people they don’t have problems with giving out their name and pictures
in the internet, older people have this problem. I think that we only seen the beginning of integrity of
the internet, the beginning of the consumers wanting to protect their identity, so this will become a big
issue when it comes in the future, where people are admitted to a lot of advertisement and information
that you want to be able to protect yourself better. As you say transparency will be tool in order to
communicate, where you can actually select what you want to receive. So integrity will be a big thing
in the future for advertisements.

How do you cope, within the organization, with new hypes and innovations? F.e. gangnam style
hype.

Petter: You can use it as a tool if it works for the client not for every media or channel, a lot of clients
they just have a feeling that they are missing the train and they want to jump on every train and
without asking themselves about if this is good thing for us but if there is a new channel that pops up
or new trend or something, we can work with it and that’s really easy when you are small and agile
but at the same time there agencies that pop up in only that thing so maybe sometimes you should just leave it to them and focus on main.

**Fredric:** Yea for example companies that are only building Facebook websites, but that is another thing as when a client comes us and says that we need a Facebook page and we okay, why? Because yea everybody is in the Facebook so we need Facebook page. So we ask do you have an organization for this, do you know what you are going to say in Facebook, do you have communication strategy on Facebook, do you have an organization to take care of all the incoming questions, is this strengthening your brand, are your clients in Facebook or are they somewhere else. Is this for your friends and family you want to talk to or is it somebody else. So a lot of companies think that just because they open a new channel then they are present there, but there is a different opening a channel and being present and a lot of companies miss that, they don’t understand that it requires maybe a fulltime person in a medium size company just to response for all the flow of the social interactions.

**Could you stress two advantages and disadvantages of working in your current job?**

**Petter:** I would cut out the politics, when you work with big companies, there is a lot of politic issues which doesn’t really have to do with what we do, communication is just what you have to adapt to because big companies have a very clear hierarchy and that is all about politics if you want to commute or have an idea that you want bring forward, you have to do it in the right way. That can be really tough sometimes. It eats up your energy. So that is something I would like to cut off.

**Fredric:** So basically that would mean better educated buyers from the companies, higher educated or more experienced. This is what you can’t demand but I mean that would be easier to work with people that know what they are buying. What is great that you get work with so many different companies, with so many different ideas, with many different models, I mean we work with all types of companies and every time we come to a company and try to understand how they work, how the organization looks like and everything, it opens your eyes every time and then you get so much experience from different type of companies that when you get in the next meeting with another company then you have already seen similar problems or similar structures and so you know quite a lot about the company before you start to talk to with them. Because you have so much experience if you worked in special sector for example if you worked in a metal sector or something like that you know a lot about metals but you don’t know anything about anything else. We work with products to lawyers to consult firms to small product firms, I mean everything.

**Petter:** Start-ups in biotech, all kind of.

**Fredric:** I mean you get to see so many things. Diversity is great. You learn so much.

**Petter:** Second great thing is be part of the revolution, change. It is changing to fast and that we can be part of the change and that is great, that gives a lot of energy.

**Petter:** Stress is fine.

**Do you think the Swedish culture is influencing your work style?**

**Fredric:** Yea I think so, I mean one thing that we have in Sweden and in Finland as well that we are quite honest and if we tell the client that we are going to solve a problem them, we are going to solve it and even though some are costly we want to make the change for the client, we are transparent and we are not bulls shitters, we don’t just talk and don’t deliver, we deliver and I think that is the Nordic culture is like that, we do what we say we do and which is quite hard sometimes in the business we are in, not like we are going to deliver this certain product, that is easy. We want to deliver custom made product which is integrated with all the different parts of the company and then promising what we are going to deliver is quite hard because, we don’t really know from the beginning what we are going to do and so that’s like the challenge. But it also something that is quite Scandinavian I think to deliver what you promise. I don’t really know about Netherlands and Germany and Belgium. I can imagine
that Spain and Italy these southern parts, I live in Spain for 5 years that there is a lot of talk not much walk. But I think Germany and Holland in my feeling is that they are quite serious.

**Petter:** Two days ago we listened to company similar to ours much bigger and they were expanding to the US now and starting offices there and they have a really big difficulties on changing the way of communicate when meeting clients because in America every company says they are absolutely number one, no one else is close, that is the way you have portray yourself, that is not the way we do it in Sweden, we are really honest, we say like it is. We don’t promise more than we know we can deliver. So that was a big challenge for them. To start a brag about them selves

**Fredric:** It wasn’t about them bragging about themselves but the clients said in the meetings that you are great and you are fantastic, that doesn’t mean anything in America. It’s common and then they lost the job anyway. So in Sweden you can kind a feel in meeting with a client if they like what you are doing and if they do like what you are doing, you are were close to a sale.

**Petter:** If we get a high five in a meeting it is sale and if they get a high five it doesn’t mean anything.

**Fredric:** So it is hard for the European to read how the American market works because when you meet an Americans are so nice and so open and you think that you are friend with them and everything actually you are one of everybody else. So that is something that is a benefit up here, since we are so honest we can show right away what we mean and what we like/don’t like and which makes it a bit easier to work actually. You know talk about the things that you need to do with your clients right away and they tell you if they don’t like or if they have chosen somebody else, quite honest, which is good also of course you have contracts and all that but here in Sweden, you can do business by shaking hands and agree and there won’t be any problems with payments and stuff like that. Even though you have contracts but sometimes you can do smaller things like “we fix it, we fix it” and the client pays by shaking hands. So it is kind of an honest market.

**Petter:** Yea as we call it “angdam”, it is a pond for ducks, it is really small, America is huge, if you make fool of yourself or don’t deliver no one will know, here it is so small everyone knows everybody so the brand awareness is much more important around here.

**Fredric:** Rumours travel fast. So if you fuck up, people will know and that’s going hurt your business and then you are going to lose a lot of clients quite fast.

**What kind of work culture is on-going in your agency? Describe? Has the work culture changed due to the digital era?**

**Fredric:** Everything is all-natural.

**Petter:** It is but we are very aware of work culture and where it comes from and how to build it so that is something that we focus on, we know what we do as founders will travel through the rest of the employees so if we don’t do something and we don’t want to our employees to do, they don’t do it. It always starts with us and we know how to set the culture but you really have to be aware. We don’t implement strict rules or write them down.

**Fredric:** We don’t believe in that at all, if you start to put up rules, don’t use Facebook on your work hours, you should not tweet something anything negative about this and that, I mean you start to control peoples individual lives and that’s going to make it hard to employ new people, I mean you cannot fire somebody for using Facebook on work time, so you have to find or it has to become natural from the people that you are working with that they should know what is okay and what is not

**Petter:** There is other ways to do that than writing a list

**Fredric:** So we don’t believe in controlling because when you start to control people, people are going to search another company that doesn’t control them. And actually that is very interesting because that is the whole challenge for the future. In the future people are going to have a lot of knowledge and
they are not going choose their job based on “yea, it’s a cool company, cool brand” but they are not going to base it on salary. They are going to base it on if it is a good work place and flexible. Internet allows us to work from other locations, will the company allow us to work from home or from another country, and is the infrastructure allowing doing that actually, working in teams but being not physically not there. Things like that are going to be very interesting and companies that have the infrastructure of decentralized working organization, they are going to have an advantage in the future. So in that we believe a lot in. To build that and to attract people, you have to have very decentralized organization and so yet again not so many rules. We are trying here to experiment how the future work place will look like but our main ambition is to have and I think that a top priority of all companies, is that you have to have a really good work place in order to attract the right competence and of course salary is part of it but it is not the most important part.

Conclusion: We are you going to be in five years?

Petter: We have a plan and we are working to evolve from agency to what we call like an engine. To become something that you implement in a structure to make it operate faster and maybe we are going to be part of that bigger structure or not. Like I told you before we don’t focus on delivering, we focus on value.

Fredric: That is something for the whole agency business to think about like how do you transform hours to value and how do you measure value so I mean people go out and buy certain services, digital services from the market, they ask if we charge per hour as a first question, we charge 9,15 or they charge 1500 or they charge 600 but is that how you measure value, I mean you can’t measure hours, it depends if you but a monkey on those hours but then you don’t get any value, but you get paid but you don’t get any value so I think the big challenge in the future is to measure a project not on what it costs or how many hours it takes, it is about measuring what was your goal and how close to the goal did we get in the project or did we even succeed the goal and maybe that how the pricing should be we succeeded the goal and then you get a bonus, or we got 80% of the goal and then you get only 80% of the money that you asked for so if you start to valuate that type of business model instead of thinking hours then I think we are one step closer to the future because this hour thinking is worth nothing

Petter: A step towards that is becoming partner with your clients not just a client relation, you do something together. There has been a debate around this for 25-30 years but I think the digital makes it a lot easier

Fredric: Of course you have to measure the time it takes to somebody to do something, it is of course a part of the cost but the whole cost “ if you go to the dentist and you have this really good dentist costing like 2000 and then you have this other one which costs 500, which one would you choose, would you go with the one that cost 500 because it cost a lot cheaper and maybe he is not that good dentist, so find the balance where to find the value and we are working quite hard now actually to try to work these things out, how the future will look like, how you valuate projects, how do you do projects, how do you valuate the result and there are models, a lot of models for it but which one should you choose and also to teach the clients because they are used to old hour model / price per hour, try to like anchor this to the clients buying process, you buy value, what is value for you, that is hard and hard questions.

Appendix 5: Transcript of Navii, Sweden, Västerås,
23rd of April / Navii Interview time: 40 minutes
Marketing Director: Daniel Nilsson
Is the company only focused on print media?
Daniel: We started as a print shop, with digital printing. But we noticed that the market had an eager for us the help them with other things as well. So, let’s say, 3/4 years ago we started to work with other medias as well. It started us doing PDF’s for printing and starting to work more with brands, web developments, and so on. Today, 50% of the turnover is printing and 50% is the agency (digital). We have 15 to 20 employees.

If you think about the industry in Sweden, what is the strong point of Sweden?
Daniel: I don’t know if I can see the differences between other countries, but I think Sweden has been historically pretty good at IT. We are eager to find new solutions and to be at the top of the world to see new things to do.

Could you explain how the structure has been changed in the past 10 years?
Daniel: I am in the industry for the past three years. What we have seen as a print company, a lot of print companies have vanished, closed down. We try to be in the front and find new solutions for our customers. We also had customers who transformed from print to digital. They don’t want to print so much. But now I see a turnover again to print, because printing today is more unique.

What are the advantages and disadvantages of a local company?
Daniel: This could be a cultural thing. We had a question of a customer in China, and here, for example communication, could be an issue.

In your opinion, what are the most crucial challenges?
Daniel: What we have noticed, and we think is our strong point to do in the future, to use our own cross media platform, which uses different channels, to combine this together. This is the key for us for the future. When we use all these channels together, the customers get more feedback and response. We have to narrow it down, and do specific marketing instead of marketing the big crowd.

What is the chance of a takeover from a bigger global network?
Daniel: I’m not the owner of the company, but we had a couple of partners that were interested in taking over our company and some services (web to print system). This service allows our customers to order quickly and fast, they want the material now.

Is there a high tread of new entries?
Daniel: We have noticed that our customers like to have 1 contact regarding their marketing activities. Of course there are small companies popping up claiming to be experts for example in social media or web development. Some of them are very good, but I think they have a hard time to survive, because I think you have to have the broad spectrum, to be a full service agency. Some of our executives “broke away” from our company, but are now working at our sister company and working with the web to print software service.

What consequences does digital media have on the industry?
Daniel: That’s a big question, and I think it changed a lot. Sometimes we help customers build a brand and 15-20 years ago you had to pump it out in traditional advertising, but I think today the customers are the ones who decide if the brand is good enough or not, earlier the brand could decide this, by pumping it out into the traditional media. Today, with social media and so on, the word is spread so rapidly and fast, that you to be the brand, instead of saying you are the brand. I think that is a big challenge for companies, because we noticed almost every week if companies have done something wrong, you have to be fast and you need to have a strategy how to answer these kinds of things.

When it comes to influencing the behaviour of the consumers with digital media. How do you cope with influencing the consumers through digital media?
Daniel: Well I think you have to make customers more involved in the marketing. You can do that, especially in Facebook. Before it was one way marketing and now it is two way marketing. To get
them interested in the brand by getting them involved. And not only thought one channel, combination is the key element.

**In the near future, do you think it will only be digital media?**

**Daniel:** No, it will still be a combination. Digital media is one part of the channels used. Of course it will affect the industry, but in a good way for us, because we have both sides: a unique combination. Traditional agencies using only traditional media can get it tough, but we think we are ok because we are of both worlds. Some companies understand they have to transform, but it is a big step.

**What would be the next breakthrough (technical) that affects the industry?**

**Daniel:** The mobile marketing is going pretty well right now. Don’t know if the GEO marketing is going well, but I think that the companies that could first of all combine and measure the marketing activities would be the ones that survive.

**Do you think the structure in the industry has been changed due to the transformation from traditional to digital?**

**Daniel:** Well I hope they had, because you have to change the organisation due to the changes in the market. One big thing is you have to be faster, and this affects the organisation. We are pretty small, so we can communicate pretty fast and we are close to the customer, everybody has a customer relation. And I think you have to have that kind of organisation to survive. In the companies of our customers, we see new positions, focusing on digital marketing. And this is good for us, because then they understand the importance of digital marketing. Earlier they only had marketing officers or chiefs and now they have adapted. Because the digital marketing in Sweden, only a small number of companies have adapted. A lot of companies think: “we need a Facebook page”, but they don't know why and how and so on.

**Could you stress two disadvantages and advantages in your current job?**

**Daniel:** Well for me, I like to work with strategies, to do strategic thinking. A lot of customers arrive at the point, we have to do something, but they forget about the why. They don’t have a clear strategy. I would like to work more with marketing and digital strategy, because it is fun and developing me as a person. And we then work more closely with the customers, more strategically. Also, I would like to transform from smaller things like business cards to bigger marketing campaigns.

**Do you think clients are more demanding?**

**Daniel:** Actually, we are teaching our customers to be more demanding. Some of them are into old marketing; they are not used to measure the marketing. Some of them have ads in newspapers and more calls or more visitors on the website, but they don’t keep track of it. If we present tools that they can measure this, they become more demanding. And with this data, we can use this in our own marketing.

**Do you think Swedish culture is affecting your work style?**

**Daniel:** I think in our culture, at Navii, is that first of all, we are down to earth. In agencies in general, they can live in the sky and promise happiness and victory: but don’t deliver. And we always want the best for the customer. We know it is a changing world, and our customers can also change agency fast, so we have to deliver every time. This also affects our culture.

**Does the technical innovations affect the culture of the company?**

**Daniel:** I’m right now working at our own digital policy, and this will be included. But as we are small, this is not a problem yet. I still think you need a policy about it.

**Conclusion: what are the challenges you are facing at the moment?**

**Daniel:** We have different challenges. One of them is that we are growing pretty fast and also our customers grew really fast. So we need to keep up with this. From our perspective, we have to work even closer with our customers, because they can change agency pretty easy. So the challenge is to
bond better with them and work broader with them. One thing to do this is to add new values with our customers, like the printing solution service, are a kind of lock in. Adding value by connecting different marketing channels. We have to always find new products, make a package and sell them to our customers. Biggest challenge is to keep up and find new things to cope with the wants of the customers. Sweden became digital so fast, because of the small and adaptive size of the companies and we like to experience new things and to innovate.

Appendix 6: Transcript of TakeTwo, the Netherlands, Nijmegen

26st of April / TakeTwo

CEO: Stephan Ummelen

Why is the Netherlands different compared to other countries?
Stephan: I think the Netherlands is very internationally oriented, but we are still behind the US and London, but the third place is good as well. What makes is so unique, because we are so small; we are sort of a test case country. Companies like Microsoft can test products here, because it is relatively cheap to implement because it is so concentrated. I don’t know about Sweden, but we are on the top list of high-speed broadband connections, so we are online as well.

Could you explain how the structure of the industry has changed in the past 6 years? (6 years due to the experience of the interviewee)
Stephan: It is what you guys are doing the thesis on: online. We see two worlds colliding; traditional advertising people and online web designers/programmers, etc. Usually they existed next to each other, where the advertising agency had all the clients and connections; they were in a position to hire the online people. Now you see that these agencies know that you have to integrate it instead of outsource it, it is merging. Outsourcing is not going to work anymore, because they are advising on online media. If you look at the complete shift of media landscape from printed advertisement: I know a guy with an agency and he was dependent for 92% on print media in turnover, within 5 years this dropped to 7%. Plus, the financial crisis designated companies around Nijmegen. They were living a wealthy live with very few clients, but due to the crisis companies downsized and they lost turnover: most of them where cut in half.

In your opinion, what are the most crucial challenges that the industry is facing?
Stephan: First the integration, which is a cliché. Usually the core of an agency was the strategy guy/copywriter and the creative director. But I think there has to be a trinity, instead of a dual structure. A technical director should be added, because 90% of what you do is now online. And this can be integrated in the first level of your company. In traditional agencies, an older guy is at the top, and new, young people come in and then there is a power struggle. Old guys advise on strategies that are offline. Another challenge is to remain solve in a financial crisis. Budgets are cut back and the biggest challenge is an old one: how to stay relevant. Society is changing: accessibility of information leads to a power change between sender and receiver and so on. Maybe the point of an advertising agency isn't a sell-ship, but making connections.

What is the change of a takeover?
Stephan: Well we have been there before, an older agency (with lack of knowledge online) tried to take us over, because they were trying to compensate the lack of knowledge, but we said no. If there is a bigger company, with a good offer, we might sell out: if we can remain autonomous. Why not? But we are just starting in six years, there is a lot more to do than thinking about selling out.

Is there a high tread of new entrants?
Stephan: I think there is always a big thread, because all it takes is two computers and an addict. It doesn’t really take that much and you don't have to know that much, as long as you are relevant, anyone can join. The point of entry is that everyone can join.
What is the most difficult thing about consumer participation combined with digital media?

**Stephan:** We don’t really do online campaigning, we completely focus on branding. We try to fill in a missing link in the chain. When a company needs an advertising agency, they have a constructive briefing: but this briefing usually sucks. We try to bypass this briefing. Other companies try to hike prices in this briefing, but both parties don’t really speak the same language. They are not asking the right questions. What we are trying to do is to move from an advertising agency towards a corporate communications company focused on brand identity. Take a position between the company and an advertising agency, asking the company difficult questions, getting to know them: an objective look. Creating the brand and hiring advertising agencies to do the campaigning for us.

I think it is always enticing to be able to join something in my opinion. If you identify yourself with the brand. A campaign, which enables them to join, is an interesting thing. But on the other hand I am a fan of Henry Ford, he said: “Should you let your consumers have a say in what your brand is?” I would say: to a point. Because Ford said: “If I ask people what they want to ride, people say: better horses”. So I’m critical of focus groups.

It starts with being relevant; the agency should fill in this gap. And with technology everything is measurable in terms or relevance and so on. The more relevant you are, the more return you get. And with technology, you can really measure everything. That is very interesting, because things that we thought over the years (being relevant, specific, the purple cow, unique), there is data now to support that theory: how to be relevant to my audience. You really have to listen what you can offer your audience.

**In the near future, do you think digital media would be primary?**

**Stephan:** I think it will always be cross medial, but I think the shift is not done yet. It is good to realise that digital media in itself doesn't exist. It only provides a direct feedback loop, so you can be more specific as a marketer and advertise cheaper. It will give marketers extra opportunities. I think the old guys always make the mistake of putting everything on digital media, but there are differences among this definition. For example, Zuckerberg (Facebook) is going to be directly competing with TV, because they have so much business intelligence from the data, we can be more relevant that is going to be twice three times more expensive than TV advertising. The digital shift is still happening but there will always be room for print media.

**When it comes to technology, what will influence the industry greatly?**

On a more abstract note, a logical next step is from out of your pocket into integration of everyday experience. I’m reading a book from a futurologist and he claims that in mid-century, there might be a complete integration between technology and biological software (what we are made of), this kind of impact on advertising agencies I would not want to guess. Would be a big next step in integrating digitalisation in everyday life. Narrowcasting is also interesting to keep in mind.

**How do you cope with innovations inside the company?**

**Stephan:** We have a guy who is interesting in everything. He scouts the Internet all the time, and comes up with early adopter stuff. I’m more of a strategy guy, and the technical apartment is also on top of new possibilities. Everybody in his or her own way is looking for new ways and experiments all the time. We have something to prove, we are young and the sky is the limit. It is all about getting as smart as you can get. The oldest employee is 32. For us brand identity is the future, it is where you can create the biggest value.

**Could you describe the structure of the common organisation before the digital media? Did it change and how does it look now? How do you think it will look like in the future?**

Answered already, see question 3.
Do you see any generational disparities in the use of today’s digital technologies when it comes to technology?

The oldest employee is 32, so it is a young company. Assumption that they can work with digital innovations.

Has the digital era created new types of careers in the advertising industry? Which kinds of?

We have communication, creation and web development. Partly answered in questions 3: more of a trinity with a technological director.

Do you think clients are more demanding?

Stephan: Our clients don't really know what they want. We go to the top and interview the company and see what their DNA is and from that we create everything. If they are more demanding than before: I don't know, I'm only working six years: but clients are always demanding. What we do is a tough sell, because a client is coming with certain expectancies, but what we do is say: we don't believe you. And a lot of people are not open to this message, but some are. With this approach, we have more influence and become more a strategic partner rather than an advertising agency: it creates a whole new position.

Could you stress two advantages and disadvantages of working in your current job?

Stephan: I would love to skip finance and dealing with clients most of the time. My brother loves helping clients all the time, me not that much, because I am more a strategic thinker. I am pretty much CEO here, which comes along a whole lot of things. I really like new business, but I hate sales. In our company, there is not really a sales department, new possible clients come to us and then I speak to them. Also on an entrepreneurial level, we don't have to deal with a lot of corporate BS. About Dutch culture: name one drawback: (Sander walks in and joins the conversation, his brother speaking): we are a bit conservative (not sure if it is a Dutch thing of due to the place: Nijmegen). They are hesitant to take the next bridge and experiment. We were in London last week and it felt like a fresh breath for us’.

I agree with Sander, people are conservative. Compared in the states people where like: go ahead, start it! Here even my mom secretly still wants me to get a real job. It is very inside the box here.

What kind of work culture is on-going in your agency? Describe? Has the work culture changed due to the digital era?

Stephan: Completely informal. Of course there are some rules, but I hope we will never get that big that we need to have a lot of rules. Everyone with a good idea has a good idea. From an intern, to somebody with the main task of marketing. People listen to each other plus, the drive is huge: we are market challengers: we have a lot to prove. Nobody told us how to do things, it’s very autonomous. We are getting smarter and better, if you look at this town (5th biggest town in Netherlands), we successfully penetrated the market. We are exemplary for the new generation: even when it comes to secondary attributes of “the new work”. Money is less important, but top priority is work atmosphere and so on.

Conclusion: what kind of challenges is your company facing at the moment?

Stephan: Smaller agency, more digitally oriented: reason why we said farewell to the digital USP: is that we ended up only for a medium instead of a strategy. Then you get in line with all the other companies. That’s why we changed to become more of a strategic partner. To make connections which enable us to do relevant things for relevant people to match our service to people who actually
need it and to make them believe this. Now we are still limited by people who don't dare to take the next step. This is more a geographically thing maybe, Amsterdam is more open.

Appendix 7: Transcript of TBWA/NEBOKO, the Netherlands, Amsterdam
1st of May / TBWA/NEBOKO

Interview time: 80 minutes

CEO: Simon Neefjes

What services does your firm provide?

Simon: Yea, we have TBWA Netherlands, which is about the 10-12 companies and I think five of them are in this building and six seven in the Netherlands; some of them in Amsterdam, some in Rotterdam, so it is about 400 people in the Netherlands. 215-230 of them are in this building. So we work in brands. We have TBWA as brand, it is the international brand, but we also have Doom & Dickson as a brand and as an agency. We own them. But I’m only commercially involved with the clients of this company, because for instance TBWA, we handle Albert Heijn and Bliss is handled by Doom & Dickson, which is a competitor, so of course I can’t be knowable what their plan is, so I do the control and management but not the content, because then it might go wrong. In this building, this is a commercial entity with different companies and we have been playing with companies and the sizes and what they do. We constantly change the group to the demands of the market.

What makes Sweden/Netherlands different when it comes to advertising? Compared for example to Sweden/Netherlands?

Marc: The Netherlands is well known among the advertising industry

Simon: I'm not sure if it is still the case, the period when I went to advertising so about 20-25 years ago. It had a high reputation with a lot prizes won in Cannes, which is an international event, where you can measure how countries do it. I think has little faded away, it is not there anymore. Even Belgium does it better than Holland. Scandinavia does it better, so I don’t think it is there anymore. I cannot really explain why that is, but it is just not there anymore. Maybe we can find the reason during the conversation.

Could you explain how the industry has been changed in the past 10-years?

Simon: When I started working, about 20 years ago, you had in country like the Netherlands about 15 very big agencies. Big agency is about 150 employees or 200. So you could easily choose between one of those brands. They had different profiles, one was more creative, and one was more commercial so they had different profiles. That was basically the situation and all those companies were full-service, where their clients get almost everything; like TV, brochures and in store material or events and whatever. We were sort of the supplier of everything with has to do with communication. Also the advertising agencies operated as media agencies, which is a very important extra income line. About 17 years ago or 15 years ago, the big companies who own advertising agencies, like Omnicom, WPP, I don’t know if you have heard those names…. (eds.: Story about John D. Wren). These companies, they decided to build separate media agencies and this is a very important decision. Of course for them it is a new earning model, because they can build it up in different research and etc. So those companies have become bigger than the advertising agencies where they came from. So this is quite interesting because if you have at that time, the media income, you have all the lines, you know where to deliver, where to buy, you are much more important part for the client. So they destroyed the basic line with the advertiser by doing this. Because you have the line with media which is stronger and it is a financial line, because you know, you have to buy and so I think that is an important step. After that, 15 years ago, you had the digital which is also very important. It became easier to start advertising, like we did; you only needed an Apple and then you could start an advertising agency. It was very easy, you didn't need all kinds of difficult programs, just sit somewhere in a room and then you had an advertising agency. A lot of people did that.
Also the structure of the agencies, there is almost no possibility of having local shares and that is also quite important, because then the talents, they start for themselves. So if you have a successful company, the successful people they leave and start their own companies. That is the way to get rich. People sometimes tell me that it is not the only reason but if you can do that you do it, of course it is a risk but there is no other way of getting more money than just being in a company and work for a company. So from all kinds of places, the agencies were destroyed.

Now 20-25 years later, there are almost no big agencies anymore. A lot of fragmentation happened. There is of course negative and positive sides to that, because we have model from 30 years ago, because we have one entrance, we do everything. I still believe that the success of this company proves that offline is one point of entry, especially in a little higher level, then all these, let’s say the digital manager, a brand manager has to make a plan and make it work and of course have an cost efficient operation because if we make something, we can make all the other materials with the same visual and whatever and it works and the only things which we have to of course is to keep the company in shape on what’s happening. Digital, social whatever, so we make companies just if the market is there. We started four years ago Neboko retail because retail is very important. Now we have 40 people in that specific company and so we put business in there and people and it goes. Now we have Neboko Smart which is social media, arts, smarts and we put people there so you have to have all sorts of people working together. That is for the most advertising companies; the orchestration of the communications is the most difficult thing for them to do. Also that is the most asked question when I talk to CEO’s of big companies; this is the hardest part for them. Just the get it that, it feels like one company with all those different companies or agencies.

What makes Sweden/Netherlands different when it comes to advertising? Compared for example to Sweden/Netherlands?

Simon: In Amsterdam we have specific culture of international advertising agencies like Amsterdam worldwide etc. That is completely separated from the advertising; the local advertising industry and I think that is a bit strange but that is the truth because the people who work there come from all countries and few of them are Dutch but most of them are not Dutch. So they located here because it is a nice city to live in so it is more the environment than the industry and of course the situation of Amsterdam, you can go everywhere, it is a flight hub so those are very important elements and it is a lot cheaper than London and Paris for example. It is a cheap city to live in and bicycles and etc. That is an important reason for a lot of agencies to be here. The rest of the industry is more local, local businesses and it is not really a big country, so you don’t have very big things to make and not big budgets. Although companies like I said in the Scandinavia and in the Belgium are doing better…. But I don’t know maybe it is a… now when I’m thinking of it could be that there was too much progress and too much professionalism and too big agencies to change repute and I think in Scandinavia and Belgium didn’t have that big agencies. 20 years ago Belgium was part of… if you were in the Netherlands, you did also the Belgium work and it was so big that you cannot compete with very good Belgium guys which have their own agency and we do it on the side, you know and they go for it. So it is hard to compete with that. As something that you see in Finland for instance, a country that came out very strong because of phenomenon’s like this but you can’t really tell why it is like this. They just make better work. Why is that?

Marc: As far as we know, they become really fast in digital.

Simon: I think that is not the only reason because already the creative stars were rising in the Scandinavia and in Belgium compared to Holland but also compared to U.K for instance. So it is just the development. It is not only the technical part but also the culture.

The culture is that people don’t really want to work hard; you know it is a 9 to 5. People coming to work here are absolutely amazed by that. There is also a positive side on it of course, because it is a very balanced life style. Younger people find that interesting. Of course your boss is sometimes ridiculous because you have to find good ideas but “I’m going home”, stay there. I think there is also a
In your opinion what are the most crucial challenges that you face and the Swedish/Dutch advertising industry is facing at the moment?

Simon: First you have to define; what is the market, because the market is harder to define. That is because for instance also in the past these big advertising groups, they had these different disciplines; they had direct marketing, mass advertising, in-store advertising, so all those things were already there. So it wasn’t only TV and so on. There was a lot things going on. People were specialized on those things. So that was under one roof. Therefore you could steer it easily. Now, that has gone a little bit. We have as an client, you work with a lot of different companies, you have to be sure that they work together because if one does mass media and the other one has to the digital (the message should be the same) so refine a lot and you have also the in store materials and you also have other things. How do you steer it? Partly, because this industry had a lot of bad times, so a lot of people went to advertisers and my colleagues went to clients and then they helped to steer it and make it more professional on their side. But still there is a lot of management time involved so to make it to one story. So this happening now and in addition to this, these media’s like direct marketing and mass media etc. Digital came; digital is also a very broad area. So if you take only the digital out; you have search engine optimization, are we going to make an App or not, display advertising, social as a very important part, you have mobile advertising. So there were already a lot of choices and now in addition, these choices are there. Some of them are not really even advertising, when you make an App, is it advertising or is business? We made an App for McDonalds for example, you cannot say that is advertising, it is part of communicating of course. Communication is one of the business tools. So if make things like these, is it advertising? We cannot really say that. So we don’t know where the boarders are and of course you have very big App companies, who make App’s. You have big companies who are net societies, they do search engine optimization. All of those specialists, they all say that they can do everything, so if you go to an App specialist, they can do search engine optimization because he wants to have the business and he might one or two people. So it is very hard for advertisers to “where should I go?” If you want to become rich, you have to create a group that oversees this.

Because we are a big company, people have the possibility getting to the CEO or a marketing director, high placed people in big companies; like Albert Heijn or Heineken or whatever. So we come with the highest stage and then the discussion complete different. Because then it is about strategy and what do we? After that media comes in a certain way. If you are somewhere here (digital); In an App a company and the digital manager says “we want to have an App”; then you go to the production of the App. You are not going to say; “I don’t think it is a good idea”, because it is your business. So the neutrality of the advice, in the begging is very important. I think that is one of the big; of course I’m explaining the clients that it works like this. So having a big advertising agency with all these disciplines has its advantages. I’m of course emphasizing on the advantages. Because the orchestration is so difficult, they give it us but they are accountable for it. If we don’t do that, we get punished, so they bark at us. Otherwise if you have ten different agencies, who should you bark to? Another element of that is; why this system works; also if you work with big company, you have different layers like marketing manager, marketing directors, commercial managers etc. Supposed you work with ten different agencies, those small agencies; the management of those small agencies, they never talk with higher person than their contact person, that is the brand manager, so if there is a mistake somewhere, this guy is never going to hear from his boss. So I always have to tell what is happening in the broadness of Albert Heijn or Heineken to the boss; what is happening with his people. So they always feel controlled. It is a different situation because then they can’t suddenly do what they want to, they just have to behave and be smart and help us to progress towards better result. So that is also very important. The power balance; if there is no power balance, you are lost. You better do what they tell you, otherwise you lose business. There isn’t that many CEO’s that think it is
good for their companies, which is true of course. These things play a part and this digital part is getting harder and harder to understand, but in other hand it is not a really a business. Because if you talk to guys from this area, they don’t feel that they are advertisers.

If you spent money on display advertising as advertising to sell things, if it is; okay Facebook; you spent money on Facebook as a company, why do you do that? It is not because you like Facebook. The final thing is of course that they buy your products but that is a dirty word on those areas but not in the US. So people in that industry don’t call it advertising, finally it is just a way to sell your products. It is not advertising. Of course the money spent is marketing money. Marketing money is meant to sell products. This is very hard because this area; there are no big companies that know about this. Because the senior management has no experiences with that part of the business; new managers will be more of course, as we see on companies, people are now younger than 30, they are complete digital, so the company grows with it. Now the CEO’s of those companies like myself; I’m more into this because I have a lot discussions of course about these things; but the average manager and CEO doesn’t know the difference between all those things. Also what the implications is. That can be a business tool or a communication asset. So the industry is not an industry anymore; except for the TV advertising and radio, that is old-fashioned.

**Does it often occur that you acquire smaller agencies in order to gain specific skills and knowledge?**

**Simon:** They are forced to because there are now big companies; you have to work with smaller companies; there are no big companies in this area.

**Preliminary talk about -> Is there a high threat of new entrants in the industry?**

**Simon:** In 2001, you had the Internet bubble crisis and what happens in the crisis is that everything goes down, budgets go down. After the crisis it comes back again but if it comes up, it comes up in different areas, so the digital was also growing, it was an Internet bubble but they still kept growing. So those are the moments when it goes out of the industry and other directions, it is sort of respond; they have new people, people are fired and they have new budgets and new spending; in a crisis that happens.

**Is there a high threat of new entrants in the industry?**

**Simon:** No, that is also because 2008 was sort of crisis, it is hard to say, not a lot has happened. I haven’t heard about new companies.

(eds.: Talk about new specialized companies in Scandinavia popping up everywhere)

**Simon:** There are also those in the Netherlands and they were growing, like I think the biggest now is the Social Embassy and of course we have contact with those companies because they work with our clients and they grow but everybody is growing towards their exit. Exit is part of the; I had a discussion about exits; we have different models but I think in the Netherlands we have a model of more Anglo-Saxon like “we sell it”. We can also have like a German model, “we grow it” and “we don’t sell it”. Of course I’m one of those who sold it. So people try to make companies and sell it and then you think you are happy. Of course there are other cultures, where they are entrepreneurs longer, like I think in Scandinavia, which is a fact. I know for instance that companies like TBWA, when they want to buy a company in those countries, it is quite hard because they don’t want to sell. I think in the Netherlands it wasn’t the case. If I can get few millions, I do it. The 9 to 5 mentality is there also and 25 to 45 mentalities in terms of working, that’s the working period and after that you shouldn’t work anymore. I don’t know what is better but I like to work so…

**Could you portray what changes has happened in the strategies of advertising agencies from predigital era to the digital era?**
**Simon:** You have to because otherwise; there is one company which is next door, they are called Alfred and they make TV advertising, they are very interesting because they are pretty successful. So they said that we like advertising and we only make TV. No digital, it is too much hassle and we don’t like it. I think they are only 45 people in five years’ time and they do quite well which is of course exception that confirms the rule. But for the rest, you have to of course, if you don’t do that; I think in the last two years or mass advertising; so last year we have grown 5% in the Netherlands and it is good in these times. I think in the last two years 20% of our turnover in mass media went down and was placed by 20% of digital. So if you don’t have it, we would be 20% smaller. So it is very important to grow with it. It does involve everything for instance; I’m making the old system little bit ridiculous, just to make clear example for you guys is that in the past you had a discussion with your client, the client gave you a brief, you gave the client a debrief with a planer and then you threw it to the creative department and they make ideas, you present it and you make it if it is approved. If you look at the assessments, the assignments that we have now, so if it is a big assignment, this is not the way, you can work it anymore because what could happen is that you could have to build an App for instance, it could be the solution or even the subject of an communication or it could be an experience somewhere, an event or it can be everything. But the media is not a set anymore, so that means in these processes, what we have done is that TBWA in itself a company which in distraction and collaboration is working together to find a solution; brainstorming. So what we have said “okay we create a new way of entering a project which is called smart start. In the smart start we have about six senior people and I’m involved or one of the other directors. In that brainstorm six people in an hour we go through that assignment; what is it? What can we do with it? There are always digital people in that room so it is a creative strategy and to find a solution to something.

(eds.: Example of Heineken “rugnummer”, e.g. Dutch for shirt back number) This is something that you can’t do in a linear process. So the creative process is now entered with digital and commercial people. So it is not exclusion for creative people anymore, which many creative find that not amusing, “it is like making a painting that everybody is painting here and there”. Okay they are not artists; we pay them to make a good work. Of course the younger creative are easier with this than the creative that have always done TV ads and now one interfered. But now we have to think in these models. We change and we do that firmly, so every step is taken; if you don’t do that, you lose your turnover; you lose your clients because they say that you are not in this time anymore. If I speak for myself if it still would be the same mass media, it not so interesting when you sell something it is finished then for myself that is not so much fun, except for making strategy and selling. But now there are a lot of things involved. When the campaign starts, it starts to happen and I think it is very interesting that give a lot of energy. It is complex; there is always something that you miss.

*When it comes to digital campaigning, have you had any difficulties in consumer participation?*

**Simon:** Digital campaigns can be successful or not. Also the success can be relative if you look at for instance; the biggest thing that we have done is for Albert Heijn, the big supermarket chain, they just sold ICA, it was part of Albert Heijn. So we had this football card thing, if you were a fan of Ajax, so you could have your face in a shirt of Ajax. You could have “almost like you were a famous star” a set of ten cards and stickers of that, you go to Albert Heijn and you get it there. So you do it all online. We had over one million people, who did this in Holland, which is huge. Therefore it generated direct traffic to Albert Heijn. But it was very simple digital thing, it wasn’t highly digital; so in trade press, in our trade press; it was digital but not highly tech, it is not in our interest of doing high tech. What happens in two years or so, we live in now and every campaign that we make is for coming months, so the media landscape is not going to change on those in coming months. So we are not busy with what is happening in five years but of course you have to plan ahead with your company. But we live in here and now.

*In what ways do you think that the Internet is influencing the behavior of consumers?*
Simon: Everyone has Internet and it is very easy to use Internet with your mobile, it is still developing. The whole society is using it. It is not really an advertising thing; it is harder to reach people. Mass media is “let’s say” very simple; you make a TV ad, you put a lot of money on that and you broadcast it reaches everyone, still that is the case. That is why big client use it, because it is cost efficient. If you would do that targeted, it is harder because you have to be in so many places, so it will cost more than mass media. But mass media is going to die slowly, so you have to go that direction. So this is an important development, this is where the clients don’t like it, because this is much easier, especially for an international roll-out, you make one ad for “Coca-Cola” or whatever. So now of course trying to have ad’s on like viral but that is; you never know, you cannot buy, because you have to earn it. So this game is going on. June last year, I was invited by Google, 20 people from the Netherlands. Google is of course very important, because they are the entrance to everything; everything starts with Google. They own everything. It is amazing company. I was there in the Silicon Valley in a place mountain view; 20 000 people, it was like a big club med, they had swimming pools and swimming trousers, it seemed that nobody worked there, there was a lot of terraces and restaurants. But they do work and people explain me that everybody has a boss so everybody is controlled. All in all, were three years in a room listening to a story and when we came out the same guys were still playing beach ball. On the way back on the plane, I was with a guy from Unilever and he said that he is going to buy Google shares and I said that I’m not going to do that because when it is harder reach people via mass media for example if you would have a new detergent, you want to communicate with everyone in the country. That is becoming harder and harder and that will go via Google. Mass media will change. So there is only one piece of advertising that will always stand there and you can still in one day everybody knows; that is out door. So I invested my money on the biggest out door advertiser in Europe. So after one year, I had about 25% increases and he had only 15%. But behind this story is a development, so it is very hard, so in one week, you have to introduce a product; how do you do that? Now it is easy but in the future out door might give the possibility but there are not any other media; radio you know, people are listening in iTunes etc. It is very hard. I listen to for instance Jazz-radio from Los Angeles; it is an internet radio, which is not on your region anymore. Mass advertising is going to be harder and harder. Big companies want that, they want simple processes and mass advertising; takes less time.

Could you predict one breakthrough in the future which will influence the industry greatly?

Simon: That is a hard question. I think that; well I have noticed that design is getting more important, because everything needs design. So that is an important part of it. Everybody needs design. I think, what we have noticed is that orchestration is very important, so how do you orchestrate all your communication tools and media agencies can’t do that because they do only the buying part, only the spaces where you can buy attention, not in like viral, just you put it there and it goes out. For instance, in door communication is big part of our business. So orchestration is very important and design is very important, so I don’t know what kind of agencies come out of that? This is a factory, so we have to have enough flesh to feed all those people. So that is very important and I’m happy that I can still change if it is going to be mass media or digital or brochure, we can still change. If you have volume and mass, you can still, you know, you can blend better; if you have three persons and three clients, it is very hard to know how many people you need. For the future, I would say that those are the keywords, so design is important and how you orchestrate it and even it could be that there will be new companies, new creative companies, who do this and advertise on design and on orchestration, because those are two basic things, which are not most of the time in the company itself, it is not possible. Some companies of course have like Apple, they design everything. But most the companies want to have a partner, which does it for them. Orchestration is important, because it is very hard to have very good strategic orchestrators who are in your company; you have to have talents for that.

Could you describe the structure of the common organization before the digital media? Did it change and how does it look now? How do you think it will look like in the future?

Simon: Yea I told you a little about the change. So literally, one of my present statements is that creative has to be more commercials and commercials have to be more creative, so that is the
assignment that I give them. They have to get used to it. I’m used to; when I was a young account guy in those times, I used to have a tie on, which is quite old fashioned I still do it, because I think it is revolutionary have a tie in these days and on those days it was revolutionary not to have tie. But if you would come with an idea and I had a background in art academy so I said to the creatives that I don’t like the color or whatever and they say that you are just a young account but I have done the art academy so I know what I am talking about. We bring that as a little bit fun. It still has changed dramatically and it is still changing, but we have to work together, everyone can have ideas, so if people now have ideas, it is embracing if it is a good idea. Of course everybody has to work together; you cannot do it on your own and be individualistic or so. We have to help each other’s to make it better. I think that is a very important change. That kind of thing is automatically being done in a small start-up.

**Do you see any generational disparities in the use of today’s digital technologies when it comes to employees?**

**Simon:** That is a general thing, because it is not only for the digital, it is also for this profession, you have to be in sync with the society, so there is not a lot of people that are older than 50-55. Why it is? Because you can’t really do the work anymore, client don’t want to see someone who is older than 50, except the boss of course. So people are made redundant and being fired at a certain point and of course they displaced with younger people which are more digital. The technical knowledge that you have in home is a decision. So we have two guys that are very much into digital, they know where to get the things and how to adjust the prices. But we also make it outside this company. Except when you make an App, there is about 1000 of pages; we make the pages but someone outside makes the App. It is an automatic process which not only specially for the digital but for the other things in this company, like being creative.

**Has the digital era created new types of careers in the advertising industry? Which kinds of?**

**Simon:** Yea of course, there are a lot of digital functions. Basically you have two strategies in the advertising agencies; you have separate cell, who is digital or you integrate it in your company. So we, about five or six years ago, we said that we have to integrate the company otherwise the people working in the other company are like dinosaurs or they feel like dinosaurs. So we have to integrate it, because everybody has to be in it. But that took a long time, because if you have a cell, those are more specialized people, more quickly, but it works okay and now you see like that one of our big competitors in the Netherlands has always been DDB and Tribal and now they are coming together. Tribal is very successful more than us in digital, DDB is much less successful let’s say in mass media, so they come together. It is very hard to meet those cultures. I know that from experience, because we have done a lot experiments with different companies; it is another culture. It is the culture what I’m telling that creatives have to be more commercial and etc. So that is always a clash.

**Do you think the Swedish / Dutch culture is influencing your work style?**

**Simon:** 95% of our clients are pure Netherlands, even though we are an international company, we have a small amount of international business from the network, which is good because then you are a strong local agency. I think the culture; the work is affected by the culture. I don’t think that the culture of the Netherlands is very good at the moment, because people are too pessimistic. That is a culture thing. I had to give a speech in the beginning of this year; you had to do a prediction for the future. There were four speakers and I was the first one and I predicted that in 2013 will be a top year. I started with explaining that if you look at the figures of Netherlands, it is a rich country, in terms of income per person and in terms of saving, huge savings so we are very rich. We are one of the happiest people in the world. We have the happiest youth. I think we just come after the Danish and the Scandinavians, so we are very close to each other’s. If you look at the trust on the economy, we are even more afraid and negative than Greeks or Cypriots’, so we are even more negative than they are. My opinion was that the only way is up. If are so low on your self-confidence and it is so negative and
you are in this position; you cannot go any lower, because that is unacceptable. So it has bounce back again. I predicted in Q3 in 2013, so let’s hope that it does. I don’t want to bring a negative measure, I have to be positive somewhere. So a lot of people said that I hope you are right. I ended my story that; because if you have hard times in economy. Our clients keep on bashing us that the prices have to be lower or we are not doing our job good etc. If suddenly the economy is rising then all companies want to have our services quickly. So I predicted to the industry that the current clients will do 20% more and there will be more new clients. So practically you can ask the price you want, because everybody wants to have you, so the price goes up. The only thing is that in the end of the year, you have all the business and they are growing and there are no people left to do the business, they are all gone. Because companies are not prepared for growth, people want growth but they are not prepared for that. I’m not sure if that is typical Dutch, I can’t judge that. In the US, they have a negative feeling; they are running out the crisis, sort of. Of course the debt is very high etc. but they just carry on. That was high of course 10-years ago. It is not German, so it has to be a cultural thing to be very negative now and normally that doesn’t make you very self-assured and it is not good for the work, I think. If you are more self-assured then you do more things.

**How important is hierarchy?**

**Simon:** Yea of course there is hierarchy, because that is the carrier flow and the salary but these are all; we are one of the biggest agencies, we have 230 people and I can speak to anyone, I don’t remember all the names of course because of the changes. It is very accessible; of course they know that they shouldn’t ask things that are stupid. I have always same reply if someone comes with a problem. I want to always hear the solution first and the solution has to be line with his salary. (eds.: laughter) I expect good solutions.

**Could you stress two advantages and disadvantages of working in your current job?**

**Simon:** That is hard. Advantages of course; I think the first advantages is that it is quite exciting what happens so you can and you have to change the culture and that is exciting to do. So that is important part. The other advantage is that you can steer it, but I’m not so sure because that is obvious. So you can steer the change. Disadvantages, I think that it will be very hard for companies like this to compete; if you look at young talents, I, myself wouldn’t go to an advertising agency if I was young. I did it at that time, there were very good companies, big successful companies were to make a carrier but now I wouldn’t go to an advertising agency. It is not “sexy” anymore. There are other industries that are as much creative and interesting, so we have a lot of competition there. If the industry is less sexy, you are less attractive; this is going to be a problem to lure young talents in. Because they would rather go; we had a period when the salaries were little bit higher than clients but now people would rather go to a Heineken or Albert Heijn than to an advertising agency. This wasn’t the case; let’s say 10-15 years ago. It is also because since 2001, it has been a crisis; it goes up and down a bit. So the clients are bashing us. Ten years ago you had contracts and you could rely on a contract but now it is project business and it is loose. I think all that; if you add that up, it is quite hard to work in this business. It is not that much fun. Of course there is a lot of fun internally, but there is a lot of pressure, you feel pressure a lot times. So you have to stand that it is not so nice. If you work in at Heineken, you don’t have big clients, you have few bosses. Here you can handle two clients and one of them is very angry every day, so it is a hard job. So you have to sort of correct and ask from one of those clients to be more polite because it is more effective. But they are also in a lot of pressure, you down as a company, you sell less, something has to happen.

**Do you think there is such a thing as a digital culture? If so, how do you cope with it? The social relationships that occur in the realm of new media like the Internet, video games, smartphones and other high tech tools.**

**Simon:** Yea I think so. They have their own prices. They created their own culture, because they thought it was not going quick enough in the existing festivals. I think, which was true. So they created their own podia in every country. So you have that in the Netherlands and I’m sure that they
have that in other countries too. It is different because they are interested in other things; so what has been done, is it new. Is it a new technology, how is it been used? They really dive into something that is completely different than watching TV as it is funny. It is craftsmanship, I don’t call it old school; I always call it craftsmanship because not many people can make a good TV ad. Yea that is another culture, it is more detailed culture; more interested in details if you don’t have that it is very hard to do it. So you have to a process of making an App for instance is very long process, a lot of testing and testing is not as you see it or how do you like it, you have to really go to in on that; the user interface etc. It is very important to and the feedbacks: If sometimes I get an App, they ask me to give some feedback. I need about four pages, you know to because it is so many. It is big job to do it. Of course it is not the case with radio or brochures.

What kind of work culture is ongoing in your agency? Describe? Has the work culture changed due to the digital era?

Simon: Yea, absolutely, we had all kinds of programs to get digital in, as we still do. There is more digital things happening, they have to do digital on their parts of their jobs that they have to do. So if they don’t do it, they will never get a raise or a bonus or whatever. Your carrier is finished if you don’t do it.

(Are there any rules about use of social media or something like that?)

Simon: We have made our system, because we have very big campaigns running; “or big, they are always small in the Netherlands, in the US it is big.” But yea we made our own system called MAP. Media arts planning, basically what we do in all campaigns is that; we have two colors, we made it so simple, why? Because even the CEO’s have to understand it and creative have to understand it. This is how we plan campaigns. If there is an idea, let’s say then you need visibility, you need activations. Activation is always more internet related, people have to do something, visibility is awareness, people know about it. So in every campaign we have the marketing audience and accelerators. It can be staff or it can be online people; blogs or whatever and we have the planning. So what we do is with a group of people with the creatives and clients are involved in this and just make the planning, which is ideal. So you are sure that you don’t miss anything that can be important. Sometimes it is very simple, so everything is been thought off. So if the idea is there, we make a plan and we are going to work on the detail, so everybody knows exactly what is going on. So if you have ten companies that do this it is very hard to do this and get it managed.

(eds.: Example of KPN glass fiber)

What kind of challenges is your company facing at the moment?

Simon: I think it is; if I talk about the Netherlands because we have few companies that do this orchestration, everything gets really specialized and that means if you don’t have orchestration in your company or you have to be little bit bigger for that then this whole industry might sort of disappear, in junks. You will always have of course competitors that only make TV ads and they will be sort of trended; you have other companies that do that digital or social. Because they say we don’t do the rest. Then we do it with other companies but we to like do this. So they are sort of being really honest on what they like. Because I have to force few creatives sometimes “you have to really to go after the digital; they don’t want to but I know that I have to do it. You have to go to the Facebook; otherwise you don’t know what it is. So you really have to hit them to go to a Facebook but after a while they just quit it, “I don’t like it”. They just sort of; this is trend that it is declining. We have to of course; because a lot companies are interested in us like Google and Facebook. They invite us to come there, because we have all these big clients. But we don’t know because it is all trends so then it is Facebook or then Twitter. Then everybody comes with services, we just want to know what is going to happening in next few months because then we are advertising. It goes really quick, so if people think that Facebook is not really successful, everybody is withdrawing and it goes very quick; also consumer but also advertisers, because they follow that. Then a new thing pops up. Like you have this
Twitter campaigns, I think I’m approached at least with 5 companies that they say they are going to do Twitter campaigns for people that famous; sport people, actors. So everybody is diving on those trends. But this is what is happening. It changes and we have to steer to the way we want to use it. Be in charge of it instead of following.

Appendix 8: Transcript of 105, the Netherlands, Rotterdam

2nd of May / 105

Interview time: 50 minutes

CEO: Eddy Salfischberger

What services does your firm provide?

Eddy: It is a full-service company so like I said my background, I own this company together with my brother, who also started off also 1997 within the same company. He is more and he more stayed in the interactive part and I got out of that so in London I worked with more like traditional advertising. Then I came back to the Netherlands and I was also ahead of actually two big agencies here. I was charge of the KPN account so I did the “it is a large telecom firm here in the Netherlands” and there I oversaw the integrated communication so I was like more sales activated and interactive but also above the line, like commercials and TV, radio whatever, all that stuff. And then that was I think 2005, I just discovered that the business model of traditional advertising agencies was very, well outdated. There was a lot of overhead in it. My brother at the time also had, he started a production firm here in the Netherlands more based, more focused on online production and we started talking and we said like “the world has changed and we are brothers, so wouldn’t we start our own agency and just from bottom up. So we had new blueprint; how we want to do it. Get the overhead out, focus more on ideas rather than media and that is what we do now. So we are strong on strategy and concept and executing on the concepts that we have. So we have a little bit of production within our company. That is more like simple print or online production like posters, ads or banners or simple web-sites. If it’s more complicated, or like let say on a bigger scale project then we outsource that to other companies and let’s say more specialized things like photography or making videos etc. that is always outsourced. But we “how do say” we do the direction of everything.

What makes Sweden/Netherlands different when it comes to advertising? Compared for example to Sweden/Netherlands?

Eddy: I think, also have been worked well actually haven’t worked in the U.K but mainly in the earliest years on my carrier, I worked on a European level of campaigns and compared to that you see that the Netherlands is quite small market, it is very small and also the type of advertising is very culturally based. Let’s say if you look at traditional advertising the humor is completely different that you see in other countries, so that respect I would say that Dutch advertising is quite different. And the other thing is and I think that is also specially if you also compare to for example Swedish or Scandinavian advertising. I think here, if you look at the art direction, it is a lot less compared to for instance Scandinavian countries. Maybe that is also our protestant background that we are more down to earth rather than out spoken, which could be it. You can really see that there is difference between Dutch advertising and other advertising from other countries. I would say.

Could you explain how the industry has been changed in the past 10-years?

Eddy: It is not only from traditional to digital. I think what the main changes that people see that it is not about media anymore, it’s more like the ideas and also like what you saw like ten years ago like still sending out a lot of messages and now there is more dialogue and interactive way of talking with your audience rather than just sending it out and then waiting, so I think that is something that you see the other thing is that ten years ago people were still like “in the advertising industry” they were like “ouw the internet, just something that will go over” and of course we will do something with it but
nothing huge just stick to the things we know and that is what we will do. There was a lot of resistance against new technology or the influence of the internet and what you see now is that everyone just had to just accept that internet is just there and either you adapt it or you are out of the business and that is also what you see now that the crises has really given a spin to that whole movement because you had agencies that were still reluctant on adapting it, they are out of business now or they are struggling to stay into business. The people that really have adapted and some of them really were faster than others to adapt that, they are still there and actually they have grown.

Is there a high threat of new entrants in the industry?

Eddy: I think so, the question is if; I think it is also part of the crisis because a lot of people are without a job so what do you do when you are without a job. It just gives; on the one hand it is a good thing, it is just the extra push to people to start their own business on the other hand it is just like; In a way it is killing a bit the market because people that enter the market, they lower the price; most people think that when start over a business, you have to be cheap. Because then you have the foot between the door but I don’t think that is the best way because then “like we have discussion with clients and they say that they do it cheaper” and that makes it worse and worse. You have to be strong like you believe in yourself and what you offer instead of saying like I do it cheaper.

Small company: What are the chances of a takeover by a major leader in the industry?

Eddy: We are with ten people (small company). That is possible and I’m not saying it is not going to happen, we have had discussions with agencies about that in the past but we think that “our” the time is not right yet. So we are; the thing is you mainly do it when you see that “well” the biggest growth of your agency is over, and then you think like we are ready to retire or we are fed up or whatever. We are still growing and we are still full of energy so we don’t see any reason now to be a part of a takeover or unless there is this… but then it would be reverse-takeover and that is what we had said in the past. So we don’t want to be acquired by a big firm and then we are just part of the… then it should be because they acquire us because we offer something extra, something that they don’t have now, and then we want to be part of the bigger plan. So maybe be charge of the agency rather than just be reporting towards the current. That’s why I said; it is not something that we are looking into right now but if the opportunity comes by we definitely look into it.

In your opinion what are the most crucial challenges that you face and the Swedish/Dutch advertising industry is facing at the moment?

Eddy: If I; the biggest challenge is that what we currently have here is finding good resources and that is especially because we are based here in Rotterdam, where is the main agencies are based in the Amsterdam. So that is the thing and both I and my brother were; well we used to work in Amsterdam, we lived in Rotterdam, we have always worked in Amsterdam, most parts of our carriers and that’s where we have been educated and that’s where our network is and also I feel that there is a difference between work attitude in Amsterdam compared to Rotterdam. That is sometimes a bit of a problem with us because we have people from Rotterdam, they have different mentality, some different; not all of them but; some people, different standards of working; like where do you and how high do you go when it comes to quality, how far do you go, is good - good enough or can it be better. So that is the main challenge, find the right people that fit the attitude that we need to continue to grow. So that is our main challenge if you look at our agency. I think in the industry most agencies are still “let me say” re-inventing themselves. A lot of them, like I said, are struggling with the crisis, they have been doing things a lot of years the same way, right now they; all of the sudden the formula is not working anymore and that’s what a lot of agencies are struggling with like “what is my formula again?” and to be successful.

Could you portray what changes has happened in the strategies of advertising agencies from pre-digital era to the digital era?
Eddy: I think that is very easy to answer because I think nearly a 100% the work that we do has some sort of digital component and that is; the easiest thing is like that go to an URL and they have simple web-page where people can find more information or give their details or whatever. It can be simple as that. Almost always there is digital component in the work what we do. In that respect there is a huge shift. Within our agency or within our thinking, there cannot be anything without digital technology.

When it comes to digital campaigning, have you had any difficulties in consumer participation?

Eddy: We have noticed last year in two big campaigns that we have done; because how we work because that is also; I think important to the explain is that we and also what makes us different from other agencies is that when a campaign starts off, a lot of agencies, they think that their work is done so it is like we give it to the client, there is some TV, some radio, the website is live, the banners are there and after two months when the campaign is over we hear results from you. With us then our actual work starts. So we continue monitoring what happens, we want regular updates from the client how it is going with sales, if they see more visits in the website or interactions on social media etc. So that is what we do, we are constantly monitoring and evaluating campaigns afterwards that’s why we always see if there is a trend going down and especially in this area like less consumer participation and that’s actually what we saw last year, was really a dramatic drop, where people actually said that they don’t want share anything through Facebook or Twitter anymore because they; there is so much that they can share and were really picky on what or what not to share with their peers. And like I said; actually last year we saw that a lot people said that they wouldn’t be doing that anymore so right now we are looking for other ways to engage people again and make them participate in our campaigns. But why? I don’t have the answer in that respective as every campaign is different and audience is different. That is what we are looking right now. Like if you can see this audience is really good at sharing this information, this audience regularly shares this kind of information, those trends that we are looking into and use that in our campaigns.

Do you think that in the near future, digital media will become the primary form of the advertisement channel?

(eds.: Talk about mixture advertising)

Eddy: The one cannot do without the other. Well, it depends on, what is the purpose of the whole campaign. But the traditional media will be always there; they still function very well to get the message across very well amongst large audiences, that really helps but that can also help to accelerate more like the digital influence so there is always a mixture but a lot of advertisers they think that if they do digital media that it is a cheap way of getting the message across but and then afterwards they say that we thought it would pick up quicker and then we said that you also need mass media to really ignite the thing and gets things in in motion, otherwise it takes too long to get the effect.

In your opinion, what motivates consumers to share advertisements between each other’s?

Eddy: It is different things and one of the beliefs that we have within this agency, that’s why our way of making conversation. We believe in strength of conversation. And that’s not only conversation between brands and people but what we like to do is to make sure that people talk about the brand with others and that is one of the things that we are always looking into like “what does motivate me to share something with you?” So that is why motivation is also; are different, depends on the product and I must say that we have a lot of clients with challenging products like an energy company NKO is one of our clients or Rabo bank with financial products, specially we target young people when financials are not interesting and that’s what we are looking into “what is in this particular case interesting for you to share that with others” And the main thing that drives people is that “well you know the term: social currency” something that you have found out, you are the first or what is very important if a brand surprises you with something that you didn’t expect from them. Appeal for
something that really sticks with you and what you really want to share with others. So it is new. I think new and surprising elements those are things that you want to share. What we don’t want to do within this agency is intensifies sharing so of course that also works but the other thing is that we just said, that also happens less and less. People say like “my like or my tweet is worth a lot more than a chance to win iPod or iPad or whatever.” So that is working less and less, so it’s more like the experience, something that you do as brand and that’s why you have try harder as a brand, to really give this sense of experience to people.

Could you predict one breakthrough in the future which will influence the industry greatly?

Eddy: I think Google glass will definitely change a lot of perspectives, because it is really different way of looking the world, literally. That’s what it will do and it will have an over layer of reality, so I think that will definitely change our thinking, also consumer thinking, consumer interaction that is really a one thing. I also think it is a little bit scary because that it is a really unpredictable what will happen, what is going to be recorded and, is it recording everything that you say and sees, where you are, so I think that is in one way scary and in the other hand new technology brings new opportunities. But I think (Google) glass will really like the iPhone also change, especially in the mobile area, the smartphone area with apps and way people use phones, I think class can do; can have the same movement as the iPhone did.

Could you describe the structure of the common organization before the digital media? Did it change and how does it look now? How do you think it will look like in the future?

Eddy: I think the; well I can only talk about my own experience in looking at agencies how that; I think that traditional, they had a lot of; let’s say the bigger traditional advertising agencies, there was a lot of hierarchy within the company, everyone had an assistant, assistants assistant and it was; well actually it really amazed me and that was one the reasons why I said that this has to be different, for instance when I was working on KPN, we had sometimes meetings with 12 people from the agency, where only four were talking and eight were just sitting there and doing nothing and but still we had to charge the client for those smart people being in the room and that is where you get arguments with clients because they try to understand why those people really need to be in the room. So that is really something, so agencies were huge with filled with people that you didn’t really see what was the purpose of those people being there in the agency and no one asked the question because the clients had a lot of money so they paid it so there was no reason to be really picky on who to be there. So I think there was a lot of overhead in the company, then another thing was also traditional agencies ideas started with television commercials so there were a lot people within the agency that were able to create TV commercials, so when advertising industry changed, those people were still in the agency, the world was asking for different solutions, so that is what you also see that rtv-departments were also getting smaller and smaller, agencies more like; I mean like smart people that can come up with strategies and concepts and rest will be out; a lot of agencies will outsource them or freelance bases them in. So I think that is; agencies are “more lean and mean” with less overhead and more down to earth and what it used to be. I’m not saying if that is good thing or a bad thing, on one hand it is good thing and in the other hand; let’s say the whole madman kind of atmosphere that was going around in the agency; that is gone. That kind of magic and glamour’s is gone. – Also the sexiness? - I think also a little bit. I think the; yea I have been in both era’s, so I think it is more down to earth now, so in that respective it is losing a little bit of that sexiness.

Has the digital era created new types of careers in the advertising industry? Which kinds of?

Eddy: Yea there is new positions within the agencies, well first we had, like I said, we had art-TV producers and now you have digital producers so people are able to create digital stuff, so that is new. For instance, in our agency, we have someone that is called creative developer, which is someone that can actually develop but his main job is just to look out what are technological developments and still when they are in beta-phase. He needs to look into it, make a pilot. We discuss that with the creatives’
and see what we can do with it for our clients. Sometimes we develop our own labs project and it stays out there. In that respective there is more jobs or new roles or functions within the agencies that are actually there and of course whole new companies.

**Do you think the Swedish / Dutch culture is influencing your work style?**

**Eddy:** I think; well like I said, I can compare because I also used to work in London which is more of advertising hub and there I really noticed a big difference, there is more; well that was still more glamorous and here it is more like; people are working long hours there and here in the Netherlands you see like... it is more like – is it more 9 to 5? – Well no, it is not, but more 9 to 5 if we put it like that. More like I work to; a lot of people in this country, I think or that’s what I found, they work to make money rather than being in a carrier that they really like and are passionate about that is; so in the Netherlands we find things like family life etc. We find that more important than in other countries. In other countries, carrier is sometimes more important than we do here. So that’s where I think, it is a little bit different. Although as I said before, I noticed differences between Rotterdam’s and Amsterdam’s working culture. – So there can be differences inside a country- Actually within a country which is; we are such a small country but still you notice a difference, we are just 70km apart but still there is a difference.

**How important is hierarchy?**

**Eddy:** Of course, I’m the boss, other than that me and as my brother as well, we are really approachable, we don’t act like we are the boss and if I say when I say ―I’m the boss that means someone needs to have the final word in things‖, because it is not like “we are the democracy and we vote like”, “who thinks this is the best idea.” Someone needs to say we go for this and this direction, it doesn’t mean that I’m always right; people can tell me that I’m wrong, because I also make mistakes and it is good to hear that from others. So in that respective we really try to create an atmosphere that everyone is equal but like I said someone is more equal than others. That is the whole thing. But it is not like that you have to listen to me, or we just do it, no questions asked. Because that is the other thing that we believe that if people need to develop, they need to understand why some choices are being made. And you can agree or disagree but at least you have to understand why choices are being made. That’s why we are very open always about that “we do this because so and so.” And there is another thing that we have here is disagree and commit. You can disagree with the decision been made but once the decision is being made, you commit. That is also how it works.

**Do you think that clients are more demanding (want more value for their advertising budgets) then before?**

**Eddy:** More demanding? I think it depends. Some clients demand, that still surprises me, some of them; they don’t care at all. I just give the money and do it: that is it. That was years ago and that is still; the only thing is that they give you less money but still they don’t care, as long as you perform something. We always get nervous about that because our motto is always that we want to have fixed goals up front, so we can work towards something and afterwards you can say that we were successful or we weren’t successful; we were successful because this and this or we weren’t successful because this and that. Then we can learn. The clients just say that we don’t care; we just need more sales, “how much more?” we don’t know. We just want more. Then we don’t know if we are successful, that makes it us also difficult to build sustainable relationship with our clients. Because we never know if it more or more enough or was it little more or whatever. So that is something that you still see or there is clients that do that. The other thing is that as I said, there is lower budget, so in that respective, they still want the same but they have less, in that respective they are more demanding, than they were before. The other sips, they can do a lot of things themselves – so they have the expertise? - Well they think that they have the expertise, but that is what you see within the whole industry that a lot of companies say that we have smart people and we have hired smart people within our company and we feel that we should do more ourselves and also that is the other thing, I think a lot of advertising
agencies have delivered poor services over the years. So they were right that: some clients were right in saying that they were smarter than the agencies. So we lost a little bit of our reputation and good agencies are suffering from the bad ones. That is something that we still have to fight and you have to prove that you add value and that they cannot exchange you with a freelancer or someone that they can do it cheaper with or with an intern that they have in their own company. What we do is a profession and I always see advertising as a science. Because what we do, we do it the heads of people and that is not a trick, it is really like; you have to do a lot of research and you need to know what buttons to press to make people do what you really want them to do. And that is not a trick. That is really like I said; it is a science and comes from trying, seeing what works, improving, making it better and because the world changing, the possibilities are changing, you have to constantly do that. It is not like, it used to be before. Before it was like, if you do this, people share it, like you, whatever. All of a sudden, the world has changed, a lot of people have done that, people have tried, they are not clicking anymore, or not sharing; so you have to do something different and that is what you have stay on top of that and be a head off it. So if you see a trend; investigate it, do something about it. Be ahead of it. That is where you add value as an agency then they see your added value and then they will stay with you.

Do you think there is such a thing as a digital culture? If so, how do you cope with it? The social relationships that occur in the realm of new media like the Internet, video games, smartphones and other high tech tools.

**Eddy:** I think there is, especially if you look at agencies that really grew from digital roots, there is a different culture within those agencies. I think there more like an innovative spirit; that is definitely there. I think they are more; they are more touched with reality / adaptable. They are of courses used to change and they can adapt it easily, while actually they don’t even know that they are adapting because it is just a normal way of life. I think that is really if you would have to describe a digital culture, I think that is one thing if you look at agencies, you can really say that they; well actually now when I think about it, I’m not sure if it is digital agency or digital era, I think because that is; it has to do with age. I mean with the age of the people that work within the agency that have they been raised with the digital media, because that was the thing if you look at the adaptation of technology, especially in advertising; well first there was like radio and year after TV and then long time there was nothing and all of a sudden there was the internet and then it was like mobile phone and that is something that is really something to do with the age. Because if you also look at older people in the society, they just have difficulties adapting technology whereas small children; if I look at my own children, three and five year-old, they use the iPad and they know how the interface works and the touch screen and they know where to press and everything. They know everything. When you are young, you are used to use technology and interfaces etc. So maybe it has more to do with age rather than digital but they also go hand in hand. The digital age is more founded by young people, anyway, just a thought.

**Could you stress two advantages and disadvantages of working in your current job?**

**Eddy:** To start off with the good things, like I said it offers me a lot of change and I like that; to be innovative, to develop myself constantly because there is new things. That is one thing. Then what I also like about it and it is part of the philosophy of this company is that advertising actually contributes something to society, so it’s not like we want sell products, we want to also give something back to people, their circles but also to the environment as a whole. So that is something that I like with the work that we do or with the concept that we came up with give something back to the society. Disadvantages that is especially the current time frame with the crisis, we are working really hard, so there is not a day that I can say that I will relax now, because everyone is looking for opportunities that are there, so they are looking for clients that are walking around that you can take so everyone are after our clients so we have to serve our clients, so you have be continuously on the top of everything, so that is something; long hours. That is one thing, the other thing is that, like I said, finding good people constantly be on the top of people that they are also performing and that they are
in the right flow also because me and brother are working really hard, everyone here is working really hard. So you need to take them with you so that also takes; for me it is not easy to have a mental day off because if I have a mental day off then there is less energy with me, so in addition to be on the top of things, I have to mentally perform every day. Maybe those two are connected and the other thing is like bad agencies that ruining the reputation of other agencies.

**Conclusion: what kind of challenges is your company facing at the moment?**

**Eddy:** I would still say, finding the right talent, to grow this company, to grow with the company, for five years that has been our biggest challenge, we could have been a lot bigger if we would have had the right talent. That’s why we haven’t grown as fast as we wanted.

**Appendix 9: Transcript of Ogilvy & Mather, the Netherlands, Amsterdam**  
2th of May / Ogilvy & Mather  
Interview time: 48 minutes

**CEO: Rik Ledder**

**What makes Sweden/Netherlands different when it comes to advertising? Compared for example to Sweden/Netherlands?**

**Rik:** The question is: are we really unique? I think the Netherlands is famous on design. We are quite a good design country. Creativity in Amsterdam has a good reputation, but also London, Berlin or Hamburg, so it’s not really unique. I’m not sure if we are really unique in our world. It’s also a matter of proximity: the distance between a client and an agency should be small. So if the HQ of a European company, like Unilever, Philips or Heineken, is situated in the Netherlands, it is logical that the ad agency is close.

**Could you explain how the industry has been changed in the past 10-years?**

**Rik:** Well it’s a wide question, two or three things are important in this question. Of course we had an economic recession, which changed the industry: much pressure on price, but it is not the most important thing. The most important thing is the upcoming power of technology, especially digital and in the interactive world. It completely changed the consumer, how they select a product and the world in how we build brands and generate traffic to stores and online stores. The world totally changed. As a result, our industry diversified: instead of 10 or 20 big agencies, nowadays we have 100 or 200 small agencies, all of them specialised in some of the fields. For example search engine-marketing companies: only doing search engine marketing, which is a small part of the communications field. Those are our competitors when it comes to lead generation.

Typical Dutch TV commercials are specialised companies nowadays, like Alfred, which are competing with for example TBWA. We were pitching on a big assignment for a Dutch national broadcasting company, against a small agency who only produces TV formats and their CEO is Ivo Niehe (eds.: famous Dutch TV-anchor man/presenter), and such a tiny company is competing with us. We compete against all small-specialised agencies, which is in my opinion a result of the upcoming power of technology. Because of this economic recession, nowadays, there is a lot of pressure on price, which makes it difficult to obtain a real strong relationship with our clients. Clients sometimes go from project to project to a different agency, in the past we were pitching on relationships, nowadays more on project to projects.

**What are the advantages or disadvantages of being local/global advertising agency?**
Rik: Well, the big advantage is quite easy: sharing of knowledge and business. The knowledge part is very good at Ogilvy, we are a real network. So we share a lot of practices, if I go to the Internet, there are tons of case studies. If I call somebody at the other part of the world, they help me and I don’t have to pay for it, so that is great. Because there are more networks, like TBWA or DDB, but those are stronger in the local countries. Their percentage of local business is bigger than their percentage of international business. So they are a bit more independent, more focused on their own countries, but have less help from their networks. We are really depending on our international clients. That’s also a disadvantage. Four of my biggest clients are network clients: IBM, BP, Ford and American Express, and we share them in every Ogilvy country. Because of that, the power of these global business leaders on this account is big. I can’t really change the way in which I want to work because of these clients. So for me it is more difficult than for Simon (eds.: Simon Neefjes, TBWA) to get very funny creative assignment, because the market sees us a bit as a network agency. This makes it sometimes a bit tough. But I share the knowledge and the business, a lot of my business is covered, these big clients cover the rent of my building already.

Large company: Does it often occur that you acquire smaller agencies in order to gain specific skills and knowledge?

Rik: We are always open for that, especially in the digital, data and mobile area. I’m here since half a year, so I didn’t do any acquisitions yet. But we are always thinking about it, social era, PR related to social era. I am always talking with small agencies. It is a tough road to walk, we are part of WPP, a stock exchange rate company and it is quite difficult to buy an agency. But we are always open for it.

Is there a high threat of new entrants in the industry?

Rik: People who left agencies because they were made redundant are not our biggest competitors. But people who break away from their network agencies and start agencies of their own, those are interesting. This morning there was a shortlist of agencies of the year, and one of the three is a break away agencies of LBI (Lost Boys International), called Achtung, guys who started for their own, 6 or 10 years ago and know they are one of the most interactive agencies. The big question is: should we be afraid of these newcomers? The bigger picture is that they are newcomers because the world is more differentiated, that is the real enemy. But how do you survive on such a thread? It is the tread of the movement in the market. As a bigger agency, there is only one solution, you should also specialise. So somebody should think about me when it comes to certain challenges. If there a certain challenge, they have to think that this is typically for Ogilvy.

But a disadvantage of using one name for the whole company is that it is quite difficult to specialise yourself. One of my ideas is to bring back specialised labels under the Ogilvy brand, for segmented parts of the market, and make myself one of the best in that area. For example, there is OgilvyOne, a CRM direct agency. There is OgilvyAdvertising, which is a more about general advertising. We have NIO, which is all about digital media. OgilvyHealth and OgilvyPR. Those labels will be reintroduced in the Dutch market somewhere this year. With these labels, we are competing with all those smaller players. That is my strategy to defend against this market movement.

What consequences has the digital media had on the Swedish/Dutch advertising industry?

Rik: Everything changed. For example, take the creative people. Creativity is a core competency of an agency. We have so called “suits”, account people: they produce the campaigns and talk to the clients. We have strategy people and creative people. The creative people are divided into concept teams (guys who think about the big ideas), the guys who design the ideas (some traditional in offline and some digital) and the change is especially relevant for this world. The competencies of my creative people changed, I need different people. Most of them are young, if you see an old guy; probably he is an offline guy. In about 10 years, it will probably change again. We have a transformation process and
because of that the way you produce a campaign changed. Sometimes you act more like an IT-professional.

**In what ways do you think that the Internet is influencing the behavior of consumers?**

**Rik:** In everything, and especially search engine marketing. If you go to the McKingsley models, how you can influence behaviour, it begins somewhere with triggers/stimuli. These can be on- or offline stimuli, but all lead to a central place: search. You start your search process on for example Google, and this search process is totally influenced by content coming from different sources. From there you go to destination place and then you buy and share the experience within the social network. So this is the new process. We still need forms of traditional advertising, but we also have to take the consumer by the hand to walk them through the new process. What kind of communications are they seeing and what is the next step toward conversion, and this is all communications. It is not only about nice TV commercials or viral videos; you also need content around search, destination places, to listen to the response on social media. It is totally different.

**Do you think that in the near future, digital media will become the primary form of the advertisement channel?**

**Rik:** No, not at all. It is the same thing that happened with radio and the first TV ads started. Somebody said that this is the end of radio. No, it is something extra. The revolution of the Internet is bigger than the revolution of the TV, but it is still an extra. We still have outdoor advertisement, and I think this power is even stronger nowadays. You can still reach big audiences; on TV or Internet this is even more difficult. For example, if I want to introduce a new soft drink, this is difficult to do through the Internet.

**Could you predict one breakthrough in the future which will influence the industry greatly?**

**Rik:** If it was so easy, I would probably stork working here and start investing in this thing. In the future, there will be a lot of data coming from myself as consumer. And I share this on a social network, if a brand can use this data and add this to existing data, than the ways of communications can be much more relevant. At the moment this is tough, because the governments make it tough for us. And this is ok, because, misuse of data is one of the big threads of consumers. But this will change in the future and that makes it totally different in the world.

**Could you describe the structure of the common organization before the digital media? Did it change and how does it look now? How do you think it will look like in the future?**

**Rik:** I think we are quite back to where we were. That’s fun. Normally agencies where easy: about creativity, strategy and account services plus operational things around it, basically three departments. When the digital world opened up for us, we created new departments. For example the digital departments: normal and digital creative people. We did it in every part of the organisation. For strategy, we had digital media strategists: it was quite complex. What we are doing now, everybody is doing this, we come back to see ourselves as totally integrated cross medial agencies. So our creative people nowadays are as much digital as non-digital. Of course, if you go lower into the organisation, you see more specialised people, but in the organisation structure it is still creativity and account services.

**Do you see any generational disparities in the use of today’s digital technologies when it comes to employees?**

**Rik:** It is much more difficult for them. It is always the question: do I educate them or fire them and hire new ones? The last option is better for the company. Not only a matter of costs, but also time. For example, making websites or flash banners, you need a lot of knowledge. Guys of 25 years of age...
know how they do it: they are fast and cheap. Older people are double paid and costs them five years to come to the same speed as the young guys. In the end I think there is always place for old people, especially their knowledge can help convincing clients. It is good to have a balance between old and young, but when it comes to technology, I prefer to have young people.

**Do you think the Swedish / Dutch culture is influencing your work style?**

**Rik:** Definitely. I worked at DDB, and this is a more multinational company, speaking English. We talk Dutch in our agency. Achtung for example, there are a lot of Swedish people over there, they talk English the whole day. If I see work produced by international people, it is different compared to work from Dutch people. For example real typical Dutch agency Alfred, they will never be bought by international networks, it is to different, won’t work. If I see campaigns produced by German sister agencies, it is already totally different from us. I would think we are quite direct and quite no nonsense, but it is difficult to say.

**How important is hierarchy?**

**Rik:** Typical Dutch, the door is always open. But there is hierarchy of course: describing responsibilities and approval for all campaigns that go to our clients. But it is quite a flat organisation, I talk to everyone and I send text messages to my young people on their birthdays.

**Could you stress two advantages and disadvantages of working in your current job?**

**Rik:** The big advantage of my current role is the freedom. I’m sole responsible for this Dutch agency, I have to present results every month to my international management, but they are not that interested in the Netherlands, because it is so small (including Sweden). If my figures are all right, no one is having control over me. So it gives me the freedom to act in a way that the agency is of my own. The second advantage of this is that I have the money of big American company behind me. So if I want to do an investment, acquisitions, have a good building or to hire a talent, it’s easier like this than if it was an agency of my own. I like the freedom in combination of being part of a bigger family.

A disadvantage is difficult. I am still part of a big family, so I still have to listen to my international boss, but I don't really see this as a big disadvantage. There are no so called business politics here. We are also dependant on the international image and reputation of being part of a global network. If the image is that we are less creative, expensive and a big full service company, I can’t change that image. As a small agency of your own, you can influence this more.

**Do you think that clients are more demanding (want more value for their advertising budgets) then before?**

**Rik:** Yes, there are more intelligent, definitely: especially due to the two crises, with the first one in the beginning of 2000. What agencies did was stop training their people; clients on the other hand trained their people more and hired the best people. At the clients’ side, there were more career opportunities. Nowadays, if you see the people at the clients’ side, they have big marketing departments and are well trained with a lot of knowledge. They are quite good at knowing what they want and where to get it. That was one of the added values of an agency. Clients come to us with small detailed questions and they want an answer from top level and for free: they know what it costs and they can choose other agencies. They are more demanding, but is hasn't become stressful or negative, it is still fun to work with them.

**Do you think there is such a thing as a digital culture? If so, how do you cope with it?**

**Rik:** There is and it will change in the future. It is the comparison between old school and digital. It was there very strongly 10 years ago, but digital is more and more integrating in the world. Digital
will become the basis and the rest will come from there. Coming back to the advertising world; young people are focusing on receiving SpinAwards (online award) whereas the older ones are still into Cannes Lions.

**Conclusion: what kind of challenges is your company facing at the moment?**

**Rik:** The challenges we had was that we were suffering from financial problems. So we made 20 persons redundant in January, 1 out of 4. In the meantime we changed the process of the agency, from big full service to the Achtung’s of this world. Two or three months ago, we got a lot of new business, 7 or 8 pitches where won and we won more awards. So the young people who stayed became happy, first of all I could stay and now this company is full of energy again. I removed so many people, but now I got more business, so do I need more people now? But can I hire them or is it too early? If I hire too much people, I eat away my profits and after a reorganisation you need to show that you make profits. My biggest challenge is to hire new talents in the same way of achieving new business. Because you don't really know what will happen with those new clients. This week we had more work to do, so we hired a couple of freelancers and they are more expensive. What I am going to do next week? I need new talents, especially creative people and they are expensive: but do I have enough work for them.