

---

**Conflict Policy and  
Advertising Agency–Client  
Relations: The Problem of  
Competing Clients Sharing  
a Common Agency**

---

# Conflict Policy and Advertising Agency–Client Relations: The Problem of Competing Clients Sharing a Common Agency

---

**Alvin J. Silk**

*Harvard Business School*

*Harvard University*

*USA*

*asilk@hbs.edu*

**now**

the essence of **knowledge**

Boston – Delft

## Foundations and Trends<sup>®</sup> in Marketing

*Published, sold and distributed by:*

now Publishers Inc.  
PO Box 1024  
Hanover, MA 02339  
USA  
Tel. +1-781-985-4510  
[www.nowpublishers.com](http://www.nowpublishers.com)  
[sales@nowpublishers.com](mailto:sales@nowpublishers.com)

*Outside North America:*

now Publishers Inc.  
PO Box 179  
2600 AD Delft  
The Netherlands  
Tel. +31-6-51115274

The preferred citation for this publication is A. J. Silk, Conflict Policy and Advertising Agency–Client Relations: The Problem of Competing Clients Sharing a Common Agency, Foundations and Trends<sup>®</sup> in Marketing, vol 6, no 2, pp 63–149, 2011

ISBN: 978-1-60198-604-7

© 2012 A. J. Silk

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, mechanical, photocopying, recording or otherwise, without prior written permission of the publishers.

Photocopying. In the USA: This journal is registered at the Copyright Clearance Center, Inc., 222 Rosewood Drive, Danvers, MA 01923. Authorization to photocopy items for internal or personal use, or the internal or personal use of specific clients, is granted by now Publishers Inc for users registered with the Copyright Clearance Center (CCC). The 'services' for users can be found on the internet at: [www.copyright.com](http://www.copyright.com)

For those organizations that have been granted a photocopy license, a separate system of payment has been arranged. Authorization does not extend to other kinds of copying, such as that for general distribution, for advertising or promotional purposes, for creating new collective works, or for resale. In the rest of the world: Permission to photocopy must be obtained from the copyright owner. Please apply to now Publishers Inc., PO Box 1024, Hanover, MA 02339, USA; Tel. +1-781-871-0245; [www.nowpublishers.com](http://www.nowpublishers.com); [sales@nowpublishers.com](mailto:sales@nowpublishers.com)

now Publishers Inc. has an exclusive license to publish this material worldwide. Permission to use this content must be obtained from the copyright license holder. Please apply to now Publishers, PO Box 179, 2600 AD Delft, The Netherlands, [www.nowpublishers.com](http://www.nowpublishers.com); e-mail: [sales@nowpublishers.com](mailto:sales@nowpublishers.com)

**Foundations and Trends<sup>®</sup> in  
Marketing**  
Volume 6 Issue 2, 2011  
**Editorial Board**

**Editor-in-Chief:**

**Jehoshua Eliashberg**

*University of Pennsylvania*

**Co-Editors**

**Teck H. Ho**

*University of California Berkeley*

**Mary Frances Luce**

*Duke University*

**Editors**

Joseph W. Alba, University of Florida

David Bell, University of Pennsylvania

Gerrit van Bruggen, Erasmus University

Pradeep Chintagunta, University of Chicago

Dawn Iacobucci, University of Pennsylvania

Brian Sternthal, Northwestern University

J. Miguel Villas-Boas, University of California, Berkeley

Marcel Zeelenberg, Tilburg University

## Editorial Scope

**Foundations and Trends<sup>®</sup> in Marketing** will publish survey and tutorial articles in the following topics:

- B2B Marketing
- Bayesian Models
- Behavioral Decision Making
- Branding and Brand Equity
- Channel Management
- Choice Modeling
- Comparative Market Structure
- Competitive Marketing Strategy
- Conjoint Analysis
- Customer Equity
- Customer Relationship Management
- Game Theoretic Models
- Group Choice and Negotiation
- Discrete Choice Models
- Individual Decision Making
- Marketing Decisions Models
- Market Forecasting
- Marketing Information Systems
- Market Response Models
- Market Segmentation
- Market Share Analysis
- Multi-channel Marketing
- New Product Diffusion
- Pricing Models
- Product Development
- Product Innovation
- Sales Forecasting
- Sales Force Management
- Sales Promotion
- Services Marketing
- Stochastic Model

### Information for Librarians

Foundations and Trends<sup>®</sup> in Marketing, 2011, Volume 6, 4 issues. ISSN paper version 1555-0753. ISSN online version 1555-0761. Also available as a combined paper and online subscription.

Foundations and Trends<sup>®</sup> in  
Marketing  
Vol. 6, No. 2 (2011) 63–149  
© 2012 A. J. Silk  
DOI: 10.1561/17000000033



# Conflict Policy and Advertising Agency–Client Relations: The Problem of Competing Clients Sharing a Common Agency\*

Alvin J. Silk

*Lincoln Filene Professor Emeritus, Graduate School of Business  
Administration, Harvard University, Soldiers Field, Boston, MA 02163,  
USA, [asilk@hbs.edu](mailto:asilk@hbs.edu)*

## Abstract

What restrictions should be placed on advertising agencies with respect to serving accounts or clients who are competitors of one another in order to avoid conflicts of interest? In recent decades, the advertising and marketing services industry has undergone a number of structural changes that forced an ongoing re-examination and modification

---

\* I am indebted to Makoto Abe, Tim Ambler, Marc Brownstein, Rance Crain, Pat Kaufmann, Paul Michel, Brian Moeran, Brian Wieser, and Tom Finneran and members of the American Association of Advertising Agencies' "New Business" Committee for helpful comments on an earlier draft of this monograph. Thanks are due to Peter Danaher, Don Dillon, Herb Minkel, Jr., Rupal Parekh, John Roberts, and Jiro Yoshino for discussions of conflict policies. The assistance of Earl Campbell, John Deighton, and Susan Keane and the support of the Division of Research, Harvard Business School are gratefully acknowledged. Suggestions offered by Josh Eliasberg, Zac Rolnik, Miguel Villas-Boas, and an anonymous reviewer were much appreciated. My greatest debt is to Keri D. Jones; without her help and patience, this project could not have been completed. The usual disclaimer applies.

of traditional norms and policies emphasizing exclusivity in agency–client relationships. A typology of conflicts that have arisen in the U.S. shows the variety and complexity of contemporary conflicts. Cases of conflicts reported in the trade literature are used to illustrate policy issues as well as the spillover effects and resolution of disputes.

To cope with these developments, two significant changes in conflict policies evident in current U.S. practice are identified. First, safeguards to preserve proprietary information that function as organizational, location, and personnel mobility barriers among quasi-autonomous units within a mega agency or holding company have become an essential component of conflict policies. Subject to the protection against security breaches afforded by safeguards, rival clients may be served by separate organizational units that are under common control and/or ownership. Second, a family of hybrid conflict policies has evolved that feature elements of the split account system long practiced in Japan, augmented by safeguards that serve as partial substitutes for the umbrella prohibition on serving rivals imposed by exclusivity. By relying on safeguards and splitting account assignments in a variety of ways among different organizational units within a given mega-agency or holding company that may also serve rivals (or across different mega agencies or holding companies), clients exert a measure of control over the access of those agencies to confidential information while also offering them incentives to avoid conflicts of interest.

Findings from the existing body of conceptual and empirical research bearing on the sources and consequences of conflicts are reviewed and directions for further research are discussed.

## Contents

---

<b>1</b>	<b>Introduction</b>	<b>1</b>
<b>2</b>	<b>Conflicts of Interest in Professional Services</b>	<b>5</b>
2.1	Conceptual Framework	6
2.2	Safeguard Policies	8
<b>3</b>	<b>Historical Background</b>	<b>11</b>
3.1	Evolution of the Norm of Exclusivity in the U.S.	12
3.2	The Japanese “Split Account System”: An Alternative to Exclusivity	14
3.3	Industry Growth, Structural Change and the Rise of Holding Companies	19
<b>4</b>	<b>Complex Conflicts</b>	<b>23</b>
4.1	Divergent Perspectives of Agencies and Clients	23
4.2	Taxonomy of Agency–Client Conflicts	25
<b>5</b>	<b>Designing Policies for Complex Conflicts</b>	<b>31</b>
5.1	Policy Guidelines	32
5.2	Types of Safeguards	34
5.3	Hybrid Conflict Policies: Adaptive Split Assignments with Safeguards	35
5.4	Resolving Complex Agency–Client Conflicts	40



<b>6</b>	<b>Safeguards and Contracts</b>	<b>45</b>
6.1	Threats to Confidentiality	46
6.2	Internal Agency Organizational and Locational Barriers	48
6.3	Mobility Barriers	50
<b>7</b>	<b>Economic Analysis of Agency-Client Conflicts of Interest</b>	<b>57</b>
7.1	Event Studies of the Effect of Changing Agencies	57
7.2	Concentration Levels and the Size Structure of the U.S. Advertising and Marketing Services Industry	62
7.3	Exclusivity as an Institutional Mobility Barrier: Diversification by Agencies and Holding Companies	64
7.4	Oligopolistic Rivalry and Advertiser's Choice of Exclusive vs. Shared Agency	68
<b>8</b>	<b>Directions for Further Research</b>	<b>73</b>
<b>9</b>	<b>Conclusion</b>	<b>77</b>
	<b>References</b>	<b>81</b>

# 1

---

## Introduction

---

“Conflicts in advertising are taboos as religious as any you would find in the Middle Ages.”

Mary Wells Lawrence (2002, p. 231).

It has long been recognized that advertising agencies in the U.S. and Europe generally do not simultaneously serve accounts and/or clients who are competitors of one another. Seeking to avoid the risk of conflicts of interest with their agencies, clients were averse to sharing a common agency with a rival, a position that gradually was accepted by agencies. Thus, over the course of the first third of the twentieth century, “exclusivity” became the prevailing norm in the U.S. advertising industry. However, a 1979 position paper on conflicts issued by the American Association of Advertising Agencies (AAAA) forewarned that “Because of the proliferation of mergers, acquisitions, and new product introductions by clients, the potential for client–agency product conflicts has increased dramatically to the point it is of considerable concern to client and agency management alike” (p. 1). In line with that assessment, disputes relating to the interpretation and violation of this longstanding prohibition have been reported with

## 2 *Introduction*

varying regularity in the U.S. trade press, along with discussions of their disruptive effects on agency–client relations, often culminating in agency dismissals or account resignations; sometimes accompanied by litigation. Two decades later, a subsequent AAAA’s (2000) position paper began by noting that “Little has been published on conflict policies” and went on to suggest that: “The definition of conflict is becoming more liberal, i.e., less restrictive, due to current business trends” (p. 2), citing consolidation and globalization as developments precipitating the change. These observations raise a fundamental question: what do we know about how and why conflict norms and policies have changed?

Despite its history as a contentious issue in agency–client relations, conflicts of interest remain a relatively undeveloped topic in both the professional and academic literature on advertising and marketing. As a step toward the development of a deeper understanding of the state of contemporary practices relating to conflict norms, this monograph surveys and integrates three somewhat disparate bodies of relevant material that are available. First, an examination of the history of the advertising industry in the U.S. and Japan serves to inform our understanding of the development and functioning of the principal contending policy options: the exclusivity norm and the “split account system,” respectively. Second, analysis of press accounts of specific conflicts and policy guidelines issued by trade associations illustrates how the re-structuring of the U.S. advertising industry over the past three decades has affected potential threats of conflicts and means for addressing them. Third, a handful of theoretical and empirical studies are available that offer valuable insights into the issues and controversies surrounding conflicts that have been raised in the trade literature.

The basic contribution of this monograph is to call attention to what I characterize as a family of “hybrid conflict policies” (HCPs) that has gradually evolved in the wake of the discordant agency–client relations that surfaced in the mid-1980s when the effects of consolidation, diversification, and globalization began to sweep through the advertising and marketing services (A&MS) industry and exposed the limitations of the traditional norm of exclusivity. The policies are hybrid in that they adopt elements of the split account system practiced in Japan,

augmented by safeguards that serve as substitutes for the traditional umbrella prohibition on serving rivals imposed by exclusivity. The critical feature of hybrid policies is the establishment of distinct organizational units operated separately, but in parallel, while under common control and/or ownership. Competing accounts/clients can then be served by quasi-independent units, subject to the protection against security breaches afforded by safeguards that serve as organizational and personnel mobility barriers. The system's adaptive quality derives from flexibility in the manner assignments may be split across units and in the use of a variety of accompanying safeguards. This flexibility facilitates the selective relaxation of the demands of strict exclusivity and fosters the design of customized conflict policies to address the heterogeneity and dynamics of agency and client interests.

In these respects, HCPs are responsive to repeated calls of industry leaders for "balanced" conflict policies, developed through accommodation on the part of both agencies and clients. HCPs may also be viewed as a further step in the realization of Marion Harper's vision of the holding company as an organizational form for circumventing the constraints placed on agency growth by exclusivity.

Viewed from a historical perspective, the recent evolution of conflict policy in the U.S. advertising and marketing services industry appears to have much in common with the changes that occurred in the first quarter of the twentieth century. During the latter era, the scope of functions performed by agencies expanded from media-related services as creative, research and strategic services were added to the mix and the full-service agency was born. With that diversification, the sharing of a common agency by rivals fell into disfavor with clients and the norm of exclusivity gained acceptance. It now appears that the latter trend has been at least partially reversed, with somewhat less restrictive policies being in the ascendency, particularly in relations between multiproduct clients and mega agencies or holding companies. What often goes unrecognized is that throughout both eras, a variety of conflict policies co-existed in the advertising industry. Then as now, industry practice encompasses a broad spectrum of conflict policies, ranging from acceptance by rivals of sharing a common agency to strict exclusivity. How conflict policies are distributed across

#### 4 *Introduction*

the population of advertisers and how that distribution has changed over time are, in principle, observable quantities but currently remain unmeasured. Nonetheless, what is apparent is that in governing advertising agency–client relations, as in other realms of business activity (Macaulay, 1963), heavy reliance is placed on “relational contracts” — “informal agreements sustained by the value of future relationships” (Baker et al., 2002, p. 36). To date, that perspective has been neglected in research on agency–client relations, an opportunity that warrants further analysis. For a recent review of the economics of relational contracting, see Malcomson (2010).

The remainder of the monograph is organized as follows. Section 2 outlines a conceptual framework for analyzing the antecedents and consequences of conflicts of interest encountered by professional service firms and discusses the role of safeguards in addressing threats of security breaches. Section 3 traces the evolution of the exclusivity norm in the U.S. and the split account system in Japan. Recent structural changes in the U.S. advertising industry are reviewed along with areas where agency and client perspectives on conflict policy diverge. Section 4 examines the use of safeguard and contractual provisions in limiting agency–client conflicts. Section 5 presents a typology of conflicts and policy guidelines issued by trade associations, followed by an analysis of a hybrid family of conflict policies that has emerged to accommodate the interests of holding companies and their large diversified, global corporate clients. The resolution of conflict disputes is also discussed. Section 6 reviews the limited body of analytical and empirical research available on the economics of conflict policies. Section 7 considers directions and opportunities for further research. Section 8 provides an overview of the current state of knowledge about alternative conflict policies followed in practice, the economic rationale underlying their use, and the effects conflict policy has on the industry’s efficiency and organization.

## References

---

- Aaker, D. A. and E. Joachimsthaler (2000), 'The brand relationship spectrum: The key to the brand architecture problem'. *California Management Review* **42**, 8–23.
- American Association of Advertising Agencies (1979), *A Practical Solution to Client–Agency Account Conflicts*. New York.
- American Association of Advertising Agencies (2000), *Conflict Policy Guidelines*. New York.
- Anderson, E. and S. D. Jap (2005), 'The dark side of close relationships'. *Sloan Management Review* **46**(Spring), 75–82.
- Anon (1964), 'How Madison avenue views its own big sell'. *Business Week* pp. 72–78.
- Anon (1986), 'How major clients view mergers'. *Advertising Age* **58**, 3, 44, 48, 50, and 81.
- Anon (2011), 'E-commerce and data security'. *Economist* pp. 73–74.
- Arzaghi, M., E. R. Berndt, J. C. Davis, and A. J. Silk (2010), 'The economics underlying the unbundling of advertising services'. Harvard Business School Working Paper 11-039, Boston MA.

82 *References*

- Association of National Advertisers and American Association of Advertising Agencies (2011), *Guidelines for Agency Search*. New York.
- Bailey, E. E. and A. F. Freidlaender (1982), 'Market structure and multi-product industries'. *Journal of Economic Literature* **20**, 124–148.
- Baker, G., R. Gibbons, and K. J. Murphy (2002), 'Relational contracts and the theory of the firm'. *Quarterly Journal of Economics* **117**, 39–84.
- Baker, J. and T. F. Bresnahan (2008), 'Economic evidence in antitrust: Defining markets and measuring market power'. In: P. Bucci (ed.): *Handbook of Antitrust Economics*, Chapter 1. Cambridge, MA: MIT Press, pp. 1–42.
- Baker, W. E., R. R. Faulkner, and G. A. Fisher (1998), 'Hazards of the market: the continuity and dissolution of inter-organizational market relationships'. *American Sociological Review* **63**, 147–177.
- Barton, R. (1955), *Advertising Agency Operations and Management*. New York: McGraw-Hill.
- Bishara, N. D. and D. Oroxco (2012), 'Using the resource-based theory to determine covenant not to compete legitimacy'. Working Paper 1157, Ross School of Business, University of Michigan.
- Bolster, P., C. H. Pantalone, and E. A. Trehan (2010), 'Security breaches and firm value'. *Journal of Business Valuation and Economic Loss Analysis* **5**(1), Article 1. Accessed at: <http://www.bepress.com/jpvela/vol5/iss1/art1>.
- Bolton, P., X. Freizas, and J. Shapiro (2007), 'Conflicts of interest, information provisions, and competition in the financial services industry'. *Journal of Financial Economics* **85**, 297–330.
- Broschak, J. P. (2004), 'Managers' mobility and market interfaces: the effect of managers' career mobility on the dissolution of market ties'. *Administrative Science Quarterly* **49**, 608–640.
- Bruell, A. (2011), 'Tightened policies on conflicts box in agencies, clients'. *Advertising Age*. Accessed at: [adage.com/article/agency-news/231358](http://adage.com/article/agency-news/231358).
- Burt, F. A. (1940), *American Advertising Agencies*. New York: Harper, pp. 6–7.

- Bush, M. (2008), 'Levi's review asks shops to reveal sensitive price data for other clients'. *Advertising Age*.
- Campbell, J. Y., A. W. Lo, and A. C. MacKinlay (1997), *The Econometrics of Financial Markets*. Princeton, NJ: Princeton University Press.
- Cappo, J. (2003), *The Future of Advertising*. New York: McGraw-Hill.
- Caves, R. E. and M. E. Porter (1977), 'From entry barriers to mobility barriers: conjectural decisions and contrived deterrents to new competition'. *Quarterly Journal of Economics* **91**, 241–262.
- Chandler Jr., A. D. (1977), *The Visible Hand*. Cambridge, MA: Harvard University Press.
- Chartered Institute of Purchasing and Supply, Institute of Practitioners in Advertisers, Incorporated Society of British Advertisers, Marketing Communications Consultants Association, and Public Relations Consultants Association (2009), *Finding an Agency*. London, 2nd edition.
- Chatain, O. (2011), 'Value creation, competition, and performance in buyer–supplier relationships'. *Strategic Management Journal* **32**, 76–102.
- Chura, H. and L. Wentz (2004), 'Media agencies struggle to manage client conflicts'. *Advertising Age* **75**, 16.
- Clark, E. (1988), *The Want Makers*. New York: Viking.
- Council on Public Relations (2001), *Conflict and Exclusivity Guidelines*. New York.
- Demski, J. S., T. R. Lewis, D. Yao, and H. Yildirim (1999), 'Practices for managing information flows within organizations'. *Journal of Law, Economics, & Organization* **15**(Spring), 107–131.
- Duhan, D. F. and K. Sandvik (2009), 'Outcomes of advertiser-agency relationships: the form and role of cooperation'. *International Journal of Advertising* **28**(5), 881–919.
- Editorial (1988), 'Conflict insurance: a trust buster'. *Advertising Age* **59**, 16.
- Elliot, S. (2001), 'Coca-Cola keeps some brands where they are while pepsi battles a former agency'. *New York Times* p. C9.
- Elliot, S. (2003), 'A quick retreat from a plan to put a longtime G.M. manager in charge of toyota's pitch'. *New York Times* p. C4.



84 *References*

- European Association of Advertising Agencies (1994), *Client/Advertising Agency Partnerships in the New Europe*. Oxfordshire, Eng.: NTC Publications.
- European Association of Communication Agencies (2002), *EACA Guidelines on Account Conflicts*.
- Fine, L. R., T. Deitz, S. Gubins, K. Choi, S. Fleck, and D. Howie (2003), *Advertising and Marketing Services: Global Ad Primer*. Merrill Lynch, New York: Global Securities and Economics Group.
- Fitzgerald, K. (2004), 'Conflict issues grow murkier'. *Advertising Age* **75**, S-12 and S-19.
- Flink, L. J. (2001), *Guidelines for Advertiser/Agency Contracts*. New York: Association of National Advertisers, 2nd edition.
- Frankel, T. (1998), 'Fiduciary duties'. In: P. Newman (ed.): *The New Palgrave Dictionary of Economics and the Law*, vol. 2. London: MacMillan, pp. 127-132.
- Geier Jr., P. H. (2009), *Strive to Survive*. Privately Published.
- Gleason, M. and K. Cleland (1995), 'Telcom shops face conflict minefield'. *Advertising Age* **66**, 8.
- Gleason, M. and L. Petrecca (1996), 'Split decisions grow as advertisers seek edge'. *Advertising Age* **67**, 1, 20 and 22.
- Grayson, K. and T. Ambler (1999), 'The dark side of long-term relationships in marketing services'. *Journal of Marketing Research* **36**, 132-141.
- Gross, I. (1972), 'The creative aspects of advertising'. *Sloan Management Review* **14**(Fall), 83-109.
- Halliday, J. (2007), 'GM blasts publicis for poaching'. *Advertising Age* **74**, 1 and 14.
- Hart, O. (2008), 'Incomplete contracts'. In: S. N. Durlauf and L. E. Blume (eds.): *The New Palgrave Dictionary of Economics Online*. 2nd edition. Palgrave Macmillan. Accessed at: <http://www.dictionaryofeconomics.com>, April 8, 2011.
- Hatfield, S. (2001), 'PepsiCo-FCB fight underscores need for initiative by ad industry'. *Advertising Age* **72**, 28.
- Heide, J. B. and G. John (1992), 'Do norms matter in marketing relationships?'. *Journal of Marketing* **56**, 32-44.

- Hirschman, A. O. (1970), *Exit, Voice, and Loyalty*. Cambridge: Harvard University Press.
- Horsky, S. (2006), 'The changing architecture of advertising agencies'. *Marketing Science* **25**, 367–383.
- Horsky, S., S. C. Michael, and A. J. Silk (2012), 'The internalization of advertising services: an inter-industry study'. *Review of Marketing Science*. forthcoming.
- Horton, C. and J. Lafayette (1988), 'HHCC's pact to ban merger'. *Advertising Age* **59**, 1 and 50.
- Hower, R. M. (1939), *History of an Advertising Agency*. Cambridge, MA: Harvard University Press.
- Hozier Jr., G. C. and J. D. Schatzberg (2000), 'Advertising agency terminations and reviews: stock returns and firm performance'. *Journal of Business Research* **50**, 169–176.
- Ivens, B. S. and K. J. Blois (2004), 'Relational exchange norms in marketing: a critical review of macneil's contribution'. *Marketing Theory* **4**(3), 239–263.
- Jaffe, J. (2005), *A Marketer's Guide to Media Service Agencies*. New York: American Association of Advertising Agencies.
- Jap, S. D. and E. Anderson (2003), 'Safeguarding inter-organizational performance and continuity under ex post opportunism'. *Management Science* **49**, 1684–1701.
- Johnson, B. (2004), 'Conflict resolution: rivals such as P&G and Unilever are accepting life either side of a holding company firewall'. *Advertising Age* **75**, 1 and 14.
- Johnson, B. (2011), 'Agency report 2011'. *Advertising Age* **82**, pp. 24ff.
- Johnson, R. (1982), *Marion Harper*. Chicago: Crain.
- Jones, J. P. (1998), *How Advertising Works*. Thousand Oaks, CA: Sage.
- Kawashima, N. (2006), 'Advertising agencies, media and consumer market: the changing quality of television advertising in Japan'. *Media, Culture and Society* **28**(3), 393–410.
- Klingman, M. (1983), 'Are advertisers becoming villains?'. *Advertising Age* **54**, M67.
- Kover, A. J. (1970), 'Creativity and structure in advertising agencies'. Unpublished Ph. D. thesis, Department of Sociology, Yale University.

- Kranhold, K. (1999), 'Ad-industry merger raises question about conflicts'. *Wall Street Journal*.
- Kulkarni, M. K., P. P. Vora, and T. A. Brown (2003), 'Firing advertising agencies'. *Journal of Advertising* **32**(Fall), 77–86.
- Lafayette, J. (1987), 'Conflict insurance'. *Advertising Age* **58**, 1 and 92.
- Lafontaine, F. and M. Slade (2010), 'Inter-firm contracts: evidence'. In: R. Gibbons and J. Roberts (eds.): Wikng Paper, University of British Columbia, April. Forthcoming in the *Handbook of Organizational Economics*. Princeton University Press, 2012.
- Lander, M. and J. Berry (1994), 'Ogilvy's big bet on big blue'. *Business Week* pp. 70–73.
- Lawrence, M. W. (2002), *A Big Life*. New York: Knopf.
- Lehv, D. (2001), *A Marketer's Guide to Agency Client Contracts*. New York: American Association of Advertising Agencies.
- Levin, D. (1994), 'AT&T, seeing I.B.M. conflict, quits ogilvy'. *New York Times* p. D1 and D19.
- Lundin, R. H. and C. B. Jones (1998), *Trends in Agency Compensation*. New York: Association of National Advertisers.
- Macaulay, S. (1963), 'Non-contractual relations in business: a preliminary study'. *American Sociological Review* **28**, 55–59.
- MacDonald, G. M. and A. Slavinski (1987), 'The simple analytics of competitive equilibrium with multiproduct firms'. *American Economic Review* **77**, 941–953.
- MacDonough, J. (2002), 'Foote, cone & belding'. In: J. MacDonough and K. Egolf (eds.): *The Advertising Age Encyclopedia of Advertising*, vol. 2. New York: Fitzroy Dearborn, p. 604.
- Macneil, I. R. (1980), *The New Social Contract: An Inquiry into Modern Contractual Relations*. New Haven: Yale University Press.
- Malcomson, J. M. (2010), 'Relational incentive contracts'. In: R. Gibbons and J. Roberts (eds.): Discussion Paper 508, Department of Economics, Oxford University, October. Forthcoming in the *Handbook of Organizational Economics*. Princeton University Press, 2012.
- Mandese, J. (2005), 'P&G pulls \$800 million gillette account from mindshare, awards to SMG others'. *MediaPost*.
- Marchand, R. (1985), *Advertising and the American Dream*. Berkeley, CA: University of California Press.

- Marshall, C. (1983), 'Agency execs deny security problems'. *Advertising Age* **54**, 88.
- Mathur, L. K. and I. Mahur (1996), 'Is value associated with initiating new agency–client contacts?'. *Journal of Advertising* **25**(Fall), 1–12.
- McClellan, S. (2011), 'Mediabranders preps third global media net, seiler eyes new biz'. In: *Media Daily News*. September 8. Accessed at [www.mediapost.com](http://www.mediapost.com).
- Michell, P. C. N. (1986–1987), 'Auditing of agency–client relations'. *Journal of Advertising Research* **26**, 29–41.
- Michell, P. C. N. (1988), *Advertising Agency–Client Relations: A Strategic Perspective*. London: Croom-Helm.
- Michell, P. C. N., H. Cataquet, and S. Hague (1992), 'Establishing the causes of disaffection in agency–client relations'. *Journal of Advertising Research* **32**, 41–48.
- Michell, P. C. N., H. Catquet, and G. D. Mandry (1996), 'Advertising agency creative reputation and account loyalty'. *Creativity and Innovation Management* **5**, 38–47.
- Millman, N. (1988), *Emperors of Adland*. New York: Warner.
- Moeran, B. (1996), *A Japanese Advertising Agency*. Honolulu: University of Hawaii Press.
- Moeran, B. (2000), 'The split account system and Japan's advertising industry'. *International Journal of Advertising* **19**, 185–200.
- Morrison, M. (2011), 'After 50 years, DraftFCB's relationship with SC Johnson to end'. *Advertising Age* (July 28). Accessed at: <http://adage.com>, October 13, 2011.
- Morrison, M. (2012), 'Read the fine print: job contracts can jeopardize your next gig'. *Advertising Age*, (April 29). Accessed at: <http://adage.com>, May 1, 21012.
- Mullman, J. (2009a), 'MillerCoors pressures IPG to force Deutsch off A–B roster'. *Advertising Age* (August 6). Accessed at: <http://adage.com>, August 18.
- Mullman, J. (2009b), 'Publicis, corona part ways over potential conflict of interest'. *Advertising Age* (July 24). Accessed at: <http://adage.com>, August 18.

88 *References*

- Mullman, J. (2009c), 'Publicis takes on becks after leaving corona light'. *Advertising Age* (August 17). Accessed at: <http://adage.com>, August 18, 2009.
- Nanda, A. (2003), 'The essence of professionalism: managing conflicts of interest'. HBS Note 9-903-120, Rev., Dec.29.
- Nanda, A. (2004), 'Managing client conflicts'. HBS Note 9-904-059, Jan. 18.
- Nanda, A. (2005), 'Who is a professional?'. HBS Note 9-904-047, March 24, 2005.
- Neff, J. (2005), 'P&G moves Gillette's \$800 million ad buying account'. *Advertising Age*.
- Neff, J. (2010), 'SC Johnson throws \$1 billion global business into play'. *Advertising Age* (December 23). Accessed at: <http://adage.com>, October 13, 2011.
- Neff, J. (2011), 'The road to racine: an SCJ timeline'. *Advertising Age* (July 29). Accessed at: <http://adage.com>, October 13, 2011.
- Ogilvy, D. (1983), *Ogilvy on Advertising*. New York: Crown.
- O'Leary, N. (1995), 'Fatal conflict'. *ADWEEK* **36**, 26.
- O'Toole, J. (1980), *The Trouble with Advertising*. New York: Random House.
- Parekh, R. (2008), 'Agency.com sues icrossing for stealing its talent'. *Advertising Age*.
- Parekh, R. (2010a), 'McCann, MDC partners settle talent poaching lawsuit'. *Advertising Age* (April 2010). Accessed at: <http://adage.com>, April, 20.
- Parekh, R. (2010b), 'McCann sues MDC partners, Kirshenbaum bond for allegedly poaching talent'. (April 15). Accessed at: <http://adage.com>, April 16.
- Pollack, J. (1998), 'Danone poses conflict issue for kraft shop Y&R'. *Advertising Age* **69**, 1 and 62.
- Pope, D. (1983), *The Making of Modern Advertising*. New York: Basic Books.
- Posner, R. A. (1997), 'Social norms and the law: an economic approach'. *American Economic Review* **87**, 365-369.
- Prince, M. and M. Davies (2006), *Inside Advertiser and Agency Relationships*. New York: Association of National Advertisers.

- Prior, F. L. (2001), 'Dimensions of the worldwide merger boom'. *Journal of Economic Issues* **35**, 825–840.
- Raith, M. (1996), 'A general model of information sharing in oligopoly'. *Journal of Economic Theory* **71**(Article No. 0117), 260–288.
- Rosenshine, A. (2006), *Funny Business*. New York: Beaufort Books.
- Rothenberg, R. (1994), *Where the Suckers Moon*. New York: Knopf.
- Rutherford, R. C., D. L. Thompson, and R. W. Stone (1992), 'The impact of changes in advertising agencies on common stock prices'. *Journal of Current Issues and Research in Advertising* **14**(Spring), 1–8.
- Salanie, B. (1998), *The Economics of Contracts*. Cambridge, MA: MIT Press.
- Sampey, K. (2005), 'So few choices for clients, so many account conflicts'. *ADWEEK* **46**, 12.
- Seligman, D. (1956), 'The amazing advertising business'. *Fortune* **54**, 224 ff.
- Sellers, P. (1985), 'When clients merge, ad agencies quake'. *Fortune* **112**, 101.
- Silk, A. J. and E. R. Berndt (1994), 'Costs, mobility barriers, and market structure: advertising agencies as multiproduct firms'. *Journal of Economics & Management Strategy* **3**(Fall), 437–480.
- Silk, A. J. and E. R. Berndt (2004), 'Holding company cost economies in the global advertising and marketing services business'. *Review of Marketing Science* **2**(Article 5). Available at: <http://www.bepress.com/romsjournal>.
- Silk, A. J. and C. King III (2012), 'How concentrated is the U.S. advertising and marketing services industry? myth vs. reality'. *Journal of Current Issues and Research in Advertising*. forthcoming.
- Siman, S. J. (1989), 'Agency–client relationships before and after mergers in the advertising industry'. Unpublished Master's thesis, Sloan School of Management, Massachusetts Institute of Technology, Cambridge, MA.
- Sit, M. (1988), 'Ad agencies and clients maintain a delicate relationship'. *Boston Globe* p. 61 and 63.
- Smith, C. (1989), 'Rossin Greenberg Seronick & Hill, Inc.: (A),(B),(C)'. Harvard Business School Case 9-1589-124.

90 *References*

- Snyder, B. and L. Petrecca (1999), 'Mating mania'. *Advertising Age* **70**, 3 and 41.
- Sternberg, B. (2011), 'WPP wants Maxus to be more than 'conflict shop' for accounts bigger siblings can't take'. *Advertising Age*. Accessed at: <http://adage.com>, August 27.
- Stone, E. C. (1989), *Guidelines for Advertiser/Agency Contracts*. New York: Association of National Advertisers.
- Taylor, C. (1990), 'Client conflicts can whipsaw even small agencies'. *ADWEEK* **31**, 40.
- Villas-Boas, J. M. (1991), 'Proprietary information in vertical relationships: the advertising agency case'. Chapter 3 in "On Promotion and Advertising Policies: A Strategic Approach," unpublished Ph.D. thesis, Sloan School of Management, Massachusetts Institute of Technology, December, pp. 104–169.
- Villas-Boas, J. M. (1994), 'Sleeping with the enemy: should competitors share the same advertising agency?'. *Marketing Science* **13**(Spring), 190–202.
- von Nordenflycht, A. (2007), 'Is public ownership bad for professional service firms? Ad agency ownership, performance, and creativity'. *Academy of Management Journal* **50**(2), 429–445.
- von Nordenflycht, A. (2009), 'Firm size and industry structure under human capital intensity: insights from the evolution of the global advertising industry'. *Organizational Science*. forthcoming.
- von Nordenflycht, A. (2010), 'What is a professional service firm? Toward a theory and taxonomy of knowledge-intensive firms'. *Academy of Management Review* **35**(1), 155–174.
- Vranica, S. (2001), 'Foote cone loses two accounts from coke in wake of pepsi suit'. *Wall Street Journal* p. B3.
- Vranica, S. (2008), 'Agency.com sues rivals over clients'. *Wall Street Journal* p. B9.
- Weilbacher, W. M. (1993), *Choosing & Working with Your Advertising Agency*. Lincolnwood, IL: NTC Business Books.
- West, D. C. (1996), 'The determinants and consequences of multinational advertising agencies'. *International Journal of Advertising* **15**, 128–139.

- Williamson, O. E. (1993), 'Opportunism and its critics'. *Managerial and Decision Economics* **14**, 97–107.
- Wilson, J. T. (1986), 'Questions for a changing business'. Speech delivered to Association of National Advertisers, October 29.
- Winski, J. M. (1990), 'The decade of the deal'. *Advertising Age* **61**, 3–4.
- Wood, D. J. (2003), *Please Be Ad-Vised*. New York: Association of National Advertisers.