

State of IN+HOUSING

Defining how marketing teams evolve

2020



DIGIDAY

A note from Bannerflow



Over the last 12 months we have witnessed a true evolution of marketing teams. In-housing has triggered debates worldwide and sparked adoption at a furious rate.

As we turn the page on 2019's study and dive into the data from this year's study of over 200 senior marketers, we can see that the conversations have moved forward.

For a second year, Bannerflow have partnered with Digiday to ask the sharpest marketing minds in Europe the most pressing questions surrounding in-house marketing teams.

Decision makers are starting to feel the impact of their strategic organisational shift, with the first

signs of true confidence in the move to in-house their marketing operations.

Data is now indicating a ROI from in-housing, also linked to enhanced efficiency, boosted creativity and improved collaboration within their new team setups, owing to improved relationships with a new-breed of agencies and a renewed control over data.

In-housing is very much still in the adoption phase of the life-cycle with many brands making the shift away from more traditional set-ups and others still challenging aspects of the shift, but the data simply cannot be ignored from 2020 onwards.

In a fierce online world where transparency is now an expectancy, where data and creativity are becoming respected equally and where the ongoing desire to measure ROI from marketing marches on, it is no wonder in-housing is thriving as the logical solution.

So, how will you bring this data into your day-to-day decision making?




Nicholas Högberg

Nicholas Högberg
CEO at Bannerflow

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Introduction

In-housing of marketing operations is no longer a passing trend for brands, as well-known names across sectors continue to bring digital marketing efforts inside the four walls of their companies. While 2019 spawned new ways of working with agency partners and experts, leading international brands such as Mastercard, L'Oréal, Getty Images, Pernod Ricard, Telenor, Sky, News UK and many more have developed differing in-house models and structures, all with their own benefits.

From hybrid models to fully-fledged digital teams, it's allowed these brands to be nimble and turn their digital capabilities on-and-off in line with what's required and when. To identify how this growing trend will develop in 2020 and what's changed since our research in 2019, we've identified these various models, how they work and their effect on creativity, measurement, access to data and in-housing return on investment (ROI).

Here's what we found.

Key findings

The state of in-housing

Sample size: 201

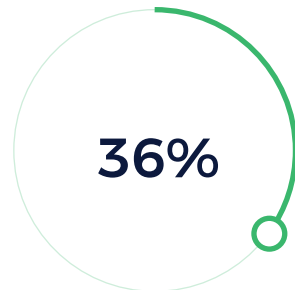


90%
of brands are confident in taking the step to go in-house

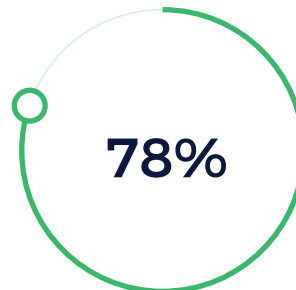
Transparency, control over brand messaging and creativity have moved up as some of the biggest reasons to in-house

Organisational structure

Sample size: 201



36%
have a hybrid model



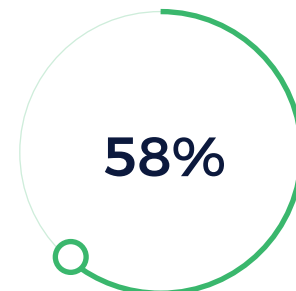
78%
have an in-house team of 6+ people

Creativity and ROI

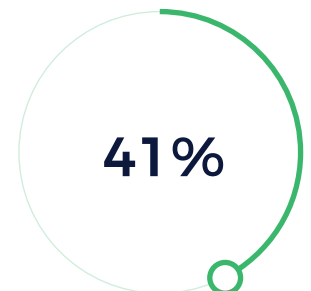
Sample size: 201



63%
say creativity has increased through in-housing



58%
of brands are seeing ROI from in-housing



41%
say they use data in a better way since in-housing

The state of in-housing 2020

As in-housing surpasses its 'trend' label and becomes a necessity for marketers looking to take control of their digital marketing, more brands are taking the step. In-housing took hold in 2018, as many brands had already begun in-housing at least part of their digital marketing.

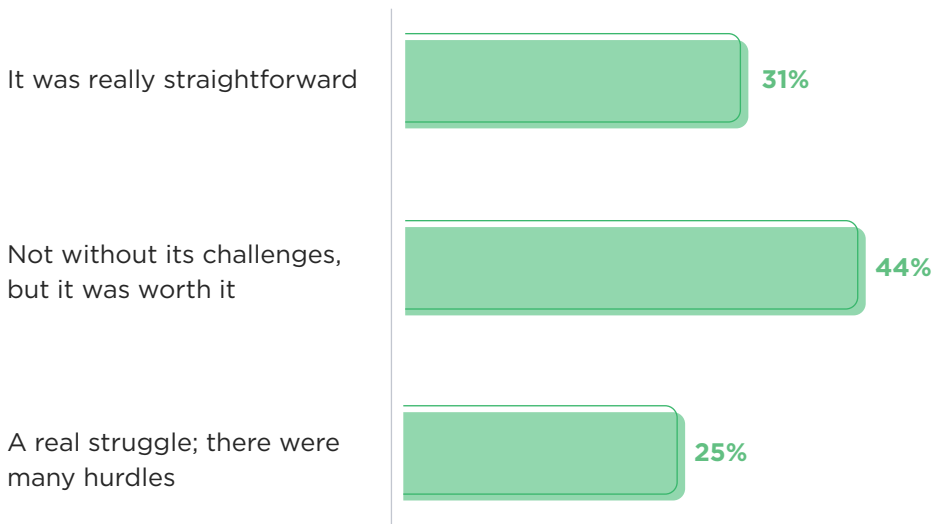
Confidence to in-house

Year-on-year, brands' confidence to in-house operations has stayed about the same. 90 percent of brands are confident in taking the step to go in-house (in 2018, 93 percent of brands were confident in taking the step in-house). While confidence is high, marketers still experience challenges in their approach to in-housing.

This is reflected in how the brands we surveyed described the process of in-housing. While almost a third (31 percent) found it "a walk in the park, very straightforward", 44 percent say it's "not without its challenges, but worth it" and a quarter admit it's "a real struggle to be honest, there were many hurdles".

Marketers' experience of the in-housing process

Sample size: 202



In-housing benefits and barriers

Transparency is a constant concern in marketing, so it's no surprise that it appears in the top three benefits of in-housing again this year. However, when it's joined by cost saving and agility, we see a clear picture of what in-house teams can provide to marketers and their companies as a whole.

For Getty Images, cost-saving through in-housing wasn't the main objective but was a bonus. Chief marketing officer Gene Foca says: "The end game was to raise the bar on our talent and performance and eliminate risk.

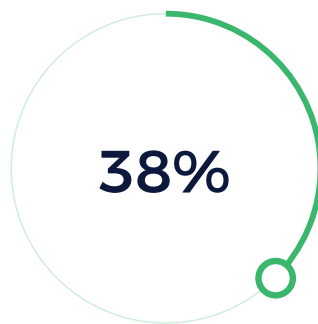
We were able to do those things and eliminate external spend organically. It wasn't a specific goal, though we found we could manage our needs in a more cost-effective manner with strong results."

The top five benefits of in-housing

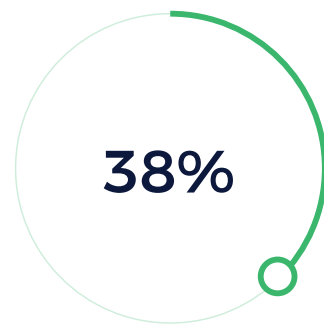
Sample size: 221



Increased transparency



Cost-saving



Greater agility



Greater control over brand messaging



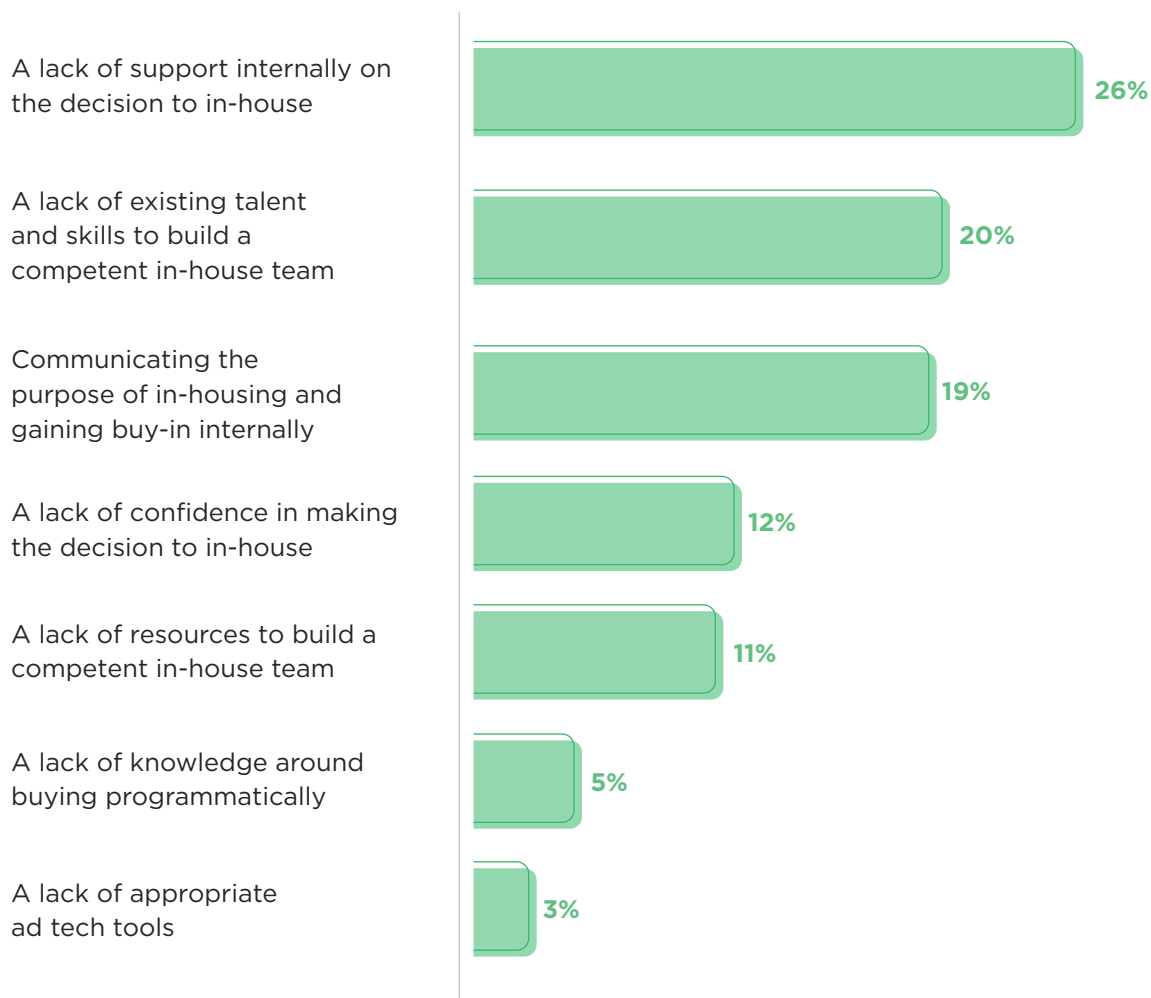
Greater control over creativity

While the confidence to in-house has remained steady, the perceived barriers and benefits have shifted slightly. A lack of talent and skills is in the top three barriers again but it's no longer the number one barrier for marketers. This year, internal support on the decision to in-house tops the list (26 percent

say this) followed by a lack of existing talent and skills to build a competent in-house team (20 percent) and communicating the purpose of in-housing and gaining buy-in internally (19 percent).

Marketers' perceived barriers to in-housing

Sample size: 201

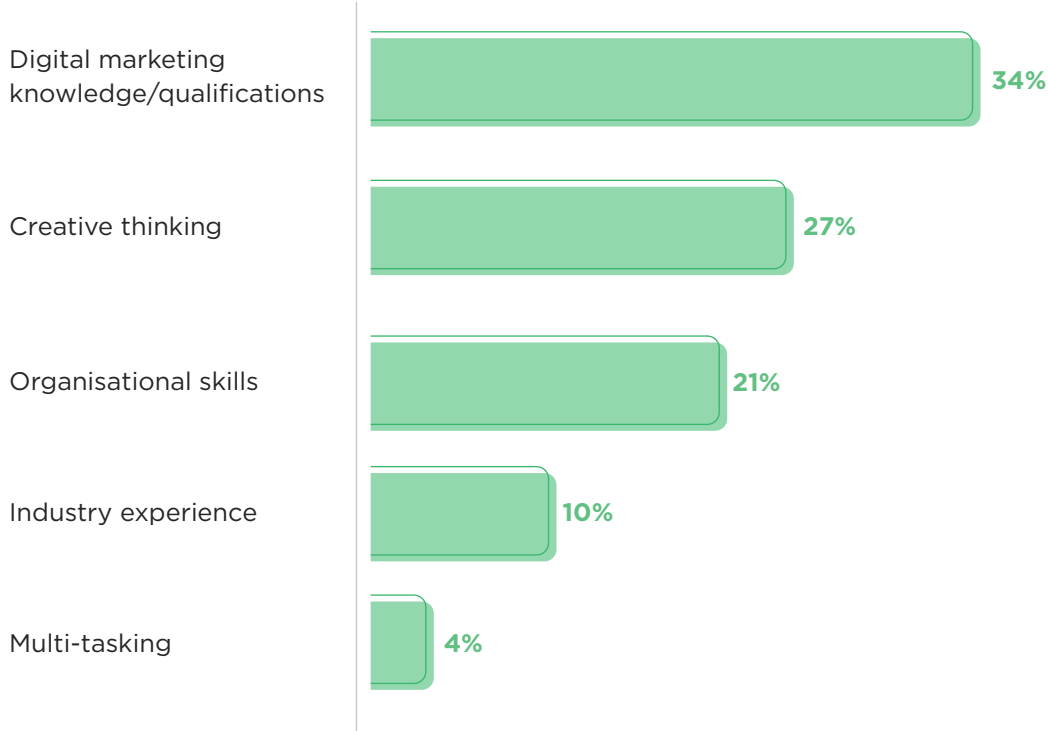


To gain a picture of the skills and resources missing from in-house teams, we asked those marketers who listed 'a lack of existing talent and skills' and 'lack of resources' as a barrier to list the capabilities that are unaccounted for. The data shows that 34 percent are missing digital marketing knowledge/qualifications, followed by

creative thinking (27 percent) and organisational skills (21 percent). This explains why there are several models for brands to in-house, as teams look to fill the gaps they are missing with support from creative agencies or experts around organising teams.

The skills marketers are missing in their in-house teams

Sample size: 70





Sky Creative Agency is the in-house creative agency for Sky, Europe's largest media and telecommunications conglomerate, owned by Comcast.

The Sky Creative Agency consists of 350 permanent members of staff plus a bank of freelancers. It looks after all of Sky's content advertising and campaigns, Sky and NOW TV's promotion, Sky's masterbrand as well as Sky's portfolio of content brands. It's also responsible for almost all of Sky's below-the-line output in print and digital.

What makes the in-house agency model work for Sky?

Sky Creative Agency evolved out of what was originally Sky's in-house broadcast services division. As we've evolved, what we've done is add the layers you'd expect to find in a traditional, external ad agency; account management, strategy and planning, advertising and campaigns, on top of the broadcast services capabilities we original had; promo cutting, design and production. It's this breadth of skills and capabilities that allows us to deliver a massive amount of creative across a constantly expanding range of outputs.

What are the biggest benefits to having this in-house agency?

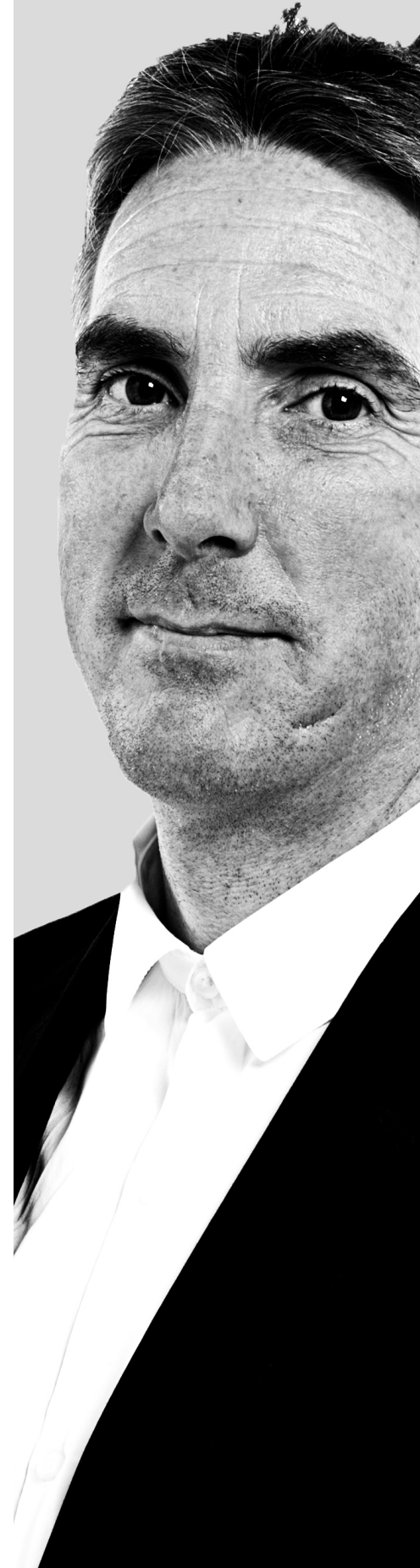
Our proximity to our client is a huge benefit to everyone. We are a minute's walk away at any given moment, which means we can be agile and reactive. We also inherently understand the brands we work with — often it's the stuff that can't be captured in a brief that's most important. Finally, the proliferation of outputs and the grey areas that now exist between advertising, promotion, PR and social, for example, means that it all being under one roof makes the most sense.

What challenges do you face today, how have these changed?

Attracting talent is less of an issue than it once was. Our success over the last few years has coincided with many prospective hires attracted by working in-house, particularly for a brand like Sky. Having made such progress, keeping up the momentum is always front of mind and ensuring that we keep investing in our people and refreshing our talent pool is critical. For this reason, we operate with a freelance float in our model. Diversity and inclusivity is a challenge faced by many modern businesses and our work with the likes of Pitch and Creative Mentor Network means we're attacking this head on and seeing see real results.

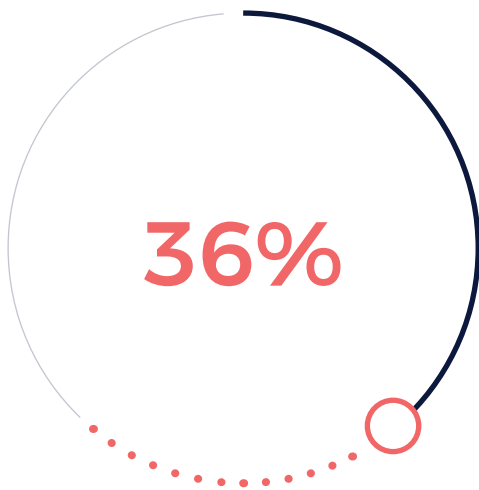
Do you feel that you are seeing ROI from having an in-house agency?

Yes, absolutely. We believe we are raising the standards in the work we do, driving greater consistency for the Sky brand, working more effectively than ever before and at a lower overall cost to the business.



In-house models and structures

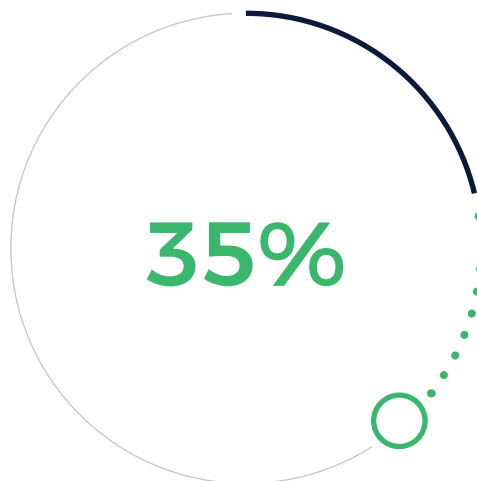
While there's no one-size-fits-all approach to in-housing, marketers are identifying existing internal capabilities and adapting their external digital marketing requirements from experts and agencies. It's resulted in three clear in-house models and agile contracts, highlighting the various needs of in-house teams over more traditional agency relationships that are reviewed annually.



of brands use a hybrid model:

A separate in-house agency, set apart from the marketing team with occasional contracted work with other agencies.

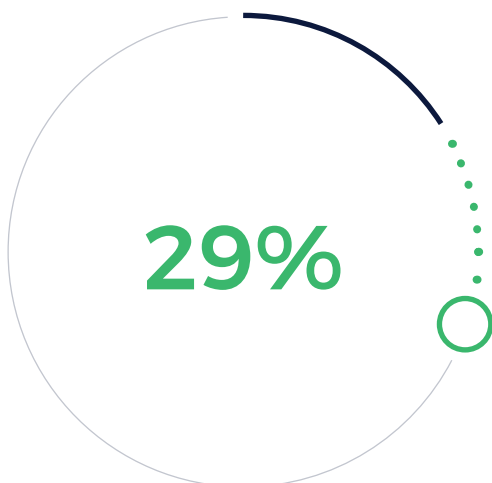
Down from 59 percent in 2018. ▼



have full digital competency:

A marketing team with full digital ability, no regular external support needed.

Up from 23 percent in 2018. ▲



use a traditional set-up:

A marketing team assisted by specialised external agencies.

Up from 17 percent in 2018. ▲

In-house teams and skills

This year we went one step further in identifying the make-up of in-house teams. We asked brands about the size of their teams and the expertise they're bringing in-house, compared to what they'll continue to outsource.

In-house teams are sizeable. The majority of brands have between 11-20 people (40 percent), followed by 6-10 people (32 percent), 1-5 people (22 percent) and 20+ people (six percent).

In terms of skill requirements, these teams feel they can take

on some but not all complexities of in-housing, so agencies have a part to play in supporting teams in specialised areas, either as part of an internal team or as an external partner.

The research indicates the skills brands have already in-housed, what they are looking to bring in-house in the near future and what they'll continue to outsource. It shows the maturity of teams as many have already in-housed paid search (43 percent) and media buying (41 percent).

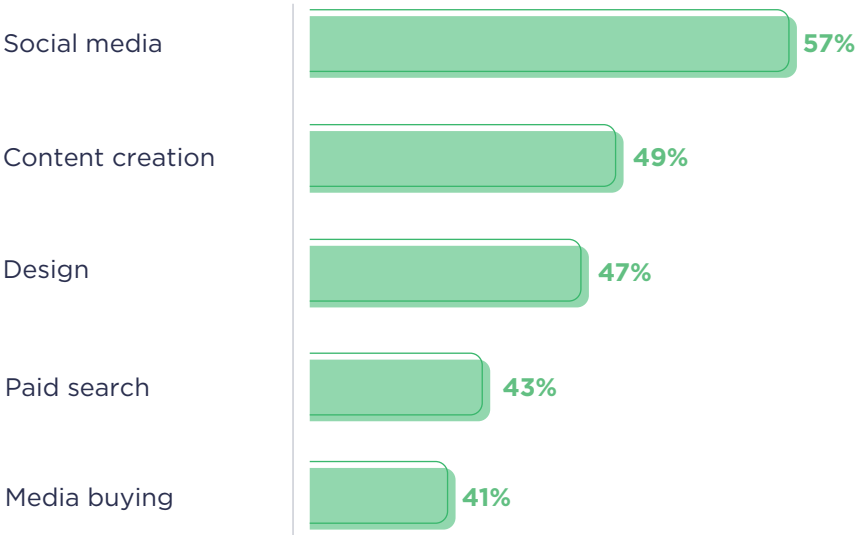
The data also shows that teams with more than 20 people are ahead of smaller teams in moving media buying and paid search in-house. And roughly 50 percent of teams with between six and 20 people have already moved design, social media and content in-house. This also correlates with teams of more than 20 people being more likely to adopt a hybrid model, housing the agency in their building alongside internal marketing teams.

When I arrived at Getty Images, I determined a few things: 1. We did not have enough functional expertise in the marketing team; 2. We were not organised for success; 3. We were spending too much money externally on marketing functions that we should be legitimately doing in-house.

— **Gene Foca**
Chief marketing officer,
Getty Images

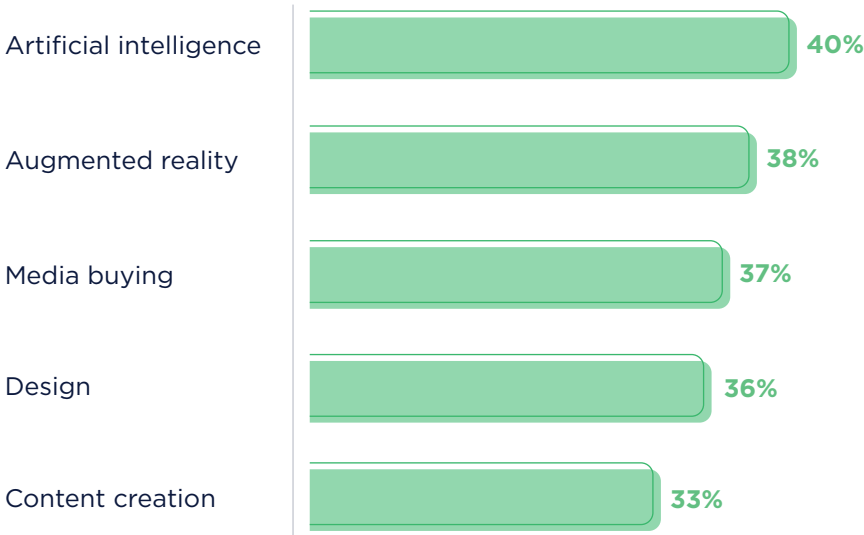
The top five skills sets brands **have already brought** in-house are:

Sample size: 201



The top five skills sets brands **are planning to bring** in-house are:

Sample size: 201



Building your in-house team

When choosing which discipline to bring in-house, cost will be a key consideration for marketers. When asked if moving media buying in-house is achievable within the next 12 months for the brand, Lucia Petrášová, head of marketing communications at O2 Slovakia says: "An in-house media buying model would be possible for us in terms of professional capacity, but we have to consider high initial investments – the purchase of the software and high annual data fees needed for planning and buying of TV campaigns."

It's also a question of efficiency. She says: "Cooperation with an international network media house also provides us with a possibility to use several optimising models to achieve maximum efficiency in media buying and, of course, the advantage of higher group volume discounts is very relevant."

But some companies see in-housing as a necessity for agile, digital marketing processes. Christian Thrane, chief marketing

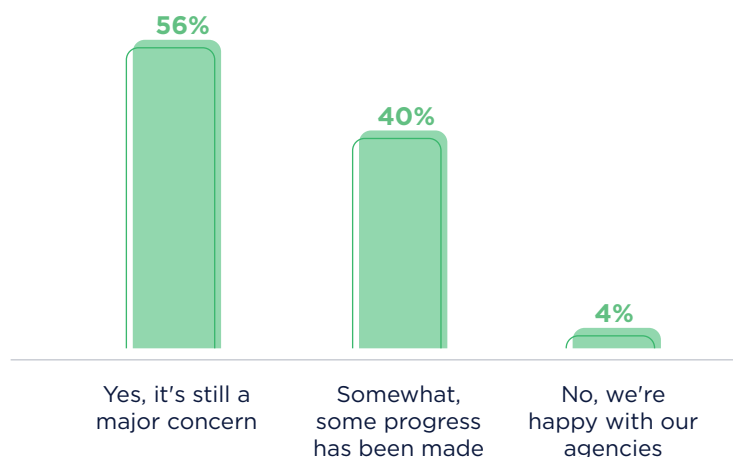
officer at Telenor, says: "We insourced digital creative copy and most of our media buying as part of an end-to-end move to agile marketing, where we have cross-functional teams building and optimising campaigns. This has been done to increase our ability to control and continuously optimise our customer relationship. We see this as an important step towards a more digital operating model."

Agency relationships

Transparency in media agencies is still an issue for brands, as only four percent of brands are happy with today's situation. Last year, 87 percent of respondents were concerned with the transparency level within media agencies, and when asked this year, 56 percent of brands say "yes, transparency is still a major concern". Some progress has been made – 40 percent say they are only "somewhat" concerned. However, with brands listing transparency as a key benefit of in-housing, agencies are having to react and adapt to hybrid in-housing models.

Are you concerned with the transparency level within media agencies?

Sample size: 201



Functional expertise

Ensuring teams have the right specialists to answer a brief is one way agencies are adapting. Pulse is the on-site full-service agency for News UK who are a British newspaper publisher for mass consumed publications which include The Times, The Sunday Times and The Sun. Pulse agency cover all aspects of marketing and advertising for News UK brands, from media

planning and buying through to creative and strategy, design and digital. It has invested in specialists within its 75-strong team to ensure they can field all briefs.

Russell Ramsay, executive creative director at Pulse says: “We have expert retouching within our design team, with best in class design talent that ensures

that even though we turn around work incredibly quickly, we never compromise on craft. We have also expanded our digital creative talent recently.” However, Pulse is also in a fortunate position, as the agency was built through a partnership between News UK, The&Partnership and WPP, so the teams can lean on a wider network of agencies.

34% are using digital transformation agencies regularly, on a monthly basis.

Foca at Getty Images doesn't believe that in-housing should be the focus of a decision to work with agencies to a greater or lesser extent, because every business has to start with an assessment of their business model, gaps to performance, and where they need to legitimately build functional expertise.

He says: “As an example, if the focus of your business is e-commerce, it likely does not make sense to outsource merchandising and e-commerce management, UX design and testing. I couldn't imagine

Amazon or Wayfair outsourcing these areas. Every business model and situation is unique. Agencies play a critical role in providing new ideas and talent to a challenge, managing risk and supplementing functional expertise.”

The data also supports a new age of digital transformation agencies and specialist consultancy firms that are now helping brands through their in-house journey — 34 percent are using digital transformation agencies regularly, on a monthly basis.



Telenor is one of the largest mobile telecommunications companies worldwide, with operations in 29 countries.

The organisation has now implemented a major in-house investment allocating a large part of the company's creative production within the company before creating an in-house agency, merging several creative departments into a large agency with more than 20 employees.

What were the biggest reasons and benefits to in-house?

You need to understand and be in control. Too much outsourcing leaves you without good control of your customer experience and customer engagement. Digital marketing is increasingly also your customer engagement. Same skills and systems.

What do you perceive to be the biggest barrier to in-housing?

Capabilities and the leadership to see the increasing need to move towards taking more control of customer journeys.

What was the biggest teething problem when you moved your team in-house?

Many — the combination of skills, the need to get systems in place to deliver on digital personalisation and the access to back-end functionality to bring use cases to life.

Have you up-skilled in any particular areas recently, as your in-house set up evolves?

[There's been] significant up-skilling and key recruitments across analytics, media, and creative.

Has in-housing impacted the way you use data in marketing and creative?

We increasingly personalise marketing and customer journeys depending on the amount of information we have access to in different journeys.

How do you measure ROI from your in-house efforts?

We have seen good performance on marketing and media efficiency and increased digital sales as some of the measures of ROI. We see in-housing as an integrated part of how we operate. Our marketing efficiency is measured on the same KPIs as our total operation with external support. KPIs for creativity would be a combination of ad-recall, ad-liking and campaign efficiency. We do not look at in-house as an internal agency.



In-house creativity and ROI

Now that in-housing is arguably a necessity in modern marketing, it's important to analyse the return brands are seeing and its effect on creativity. Our research shows that 58 percent of brands are seeing ROI from in-housing.

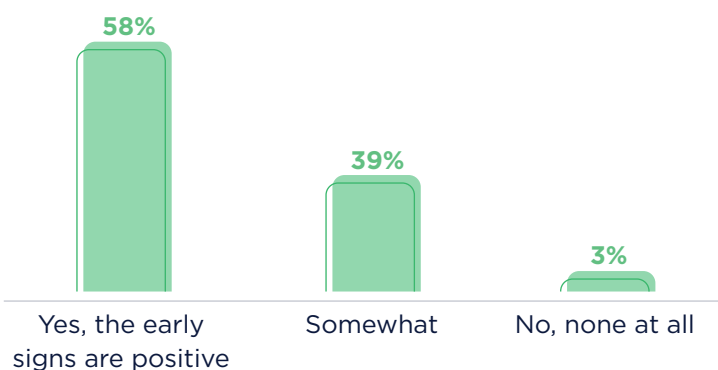
While many are seeing ROI from their in-housing efforts, in particular over a third of all respondents (37 percent) say in-housing gives them a competitive advantage because they can react more quickly to marketing trends and 32 percent say they have greater control over data. Speed and access to data is proving to be a booster for ROI.

We know that being relevant and reactive is the best way to communicate with our audiences, so having all this expertise right next to us in the office is invaluable.

— **Lynne Fraser**
head of brand and campaigns, The Times and The Sunday Times

Marketers have seen an increase in ROI since in-housing

Sample size: 201



Ramsay at Pulse says that “in-house or on-site” is “often taken as a byword for cheaper or quicker – or both.” The in-house agency believes that it can deliver value at speed without compromising on craft and this is evident in the awards it has won over the last three years, including Cannes Lions, D&AD Pencils, Creative Circle awards and Kinsale Sharks.

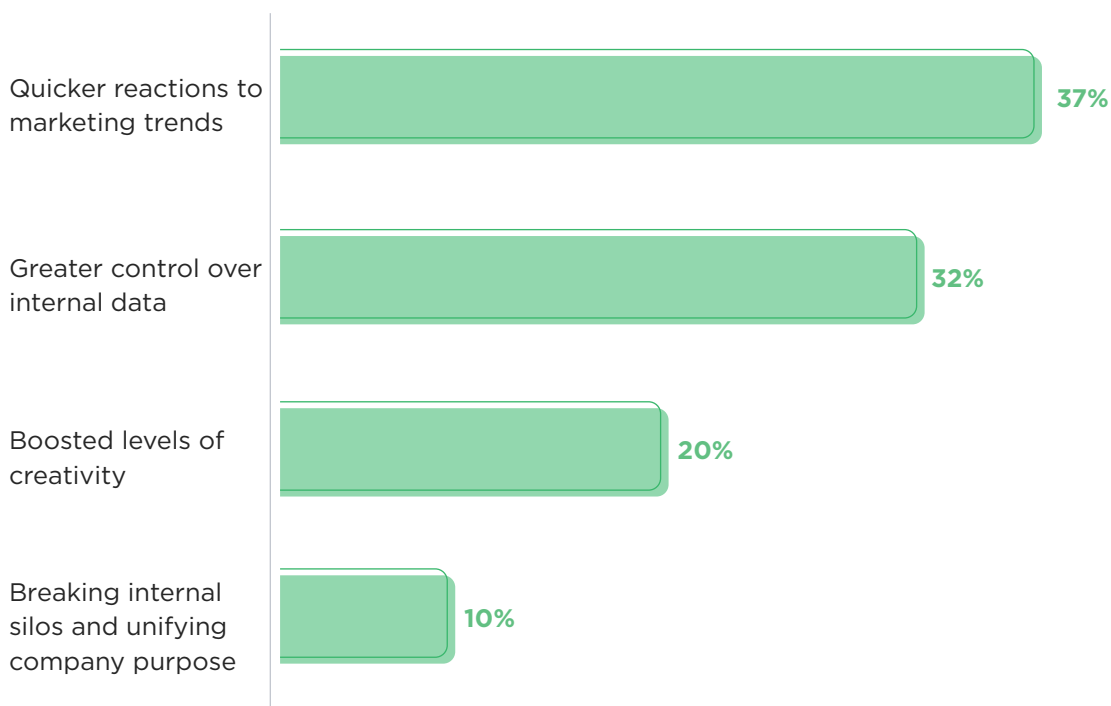
Lynne Fraser, head of brand and campaigns at The Times and The Sunday Times, works with News UK’s in-house agency Pulse and thinks the benefit is the ability to be more — and more effectively — reactive. She says: “Because we work in such a fast-paced environment we need [Pulse] on-site to help understand the pressures and expectations that we face so they can react

accordingly. This could be as simple as managing daily reactive press, radio and social assets in response to the news agenda or it could be developing a through-the-line campaign across TV, OOH, digital and other channels.”

Speed and control from in-housing gives marketers a competitive advantage

Which of the following gives you a competitive advantage when in-housing?

Sample size: 201



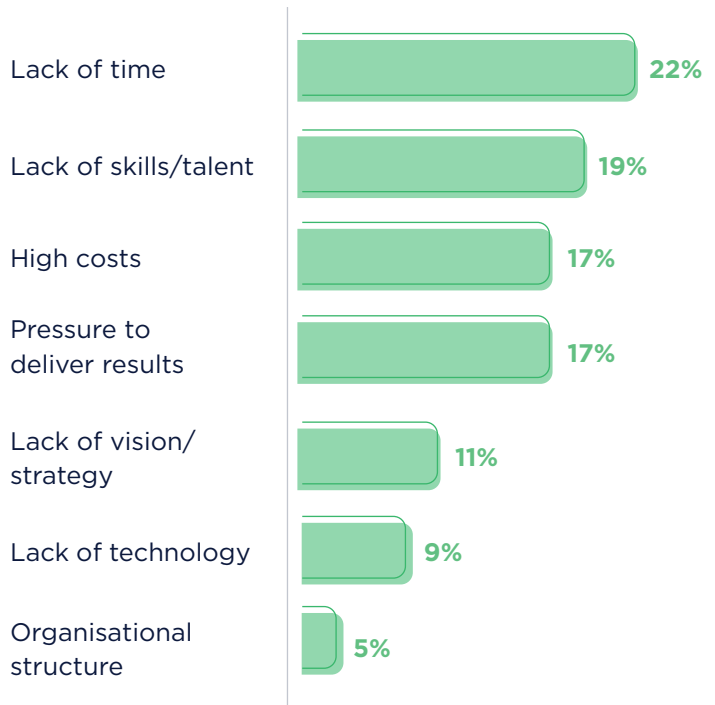
Fraser also notes that the in-house agency evolves with the brands it covers. She says: “We need an agile team of experts dedicated to us who can jump on a new project as soon as the opportunity arises. It’s also of benefit to have them living and breathing our brands so they can better identify opportunities and

put them forward in a reactive fashion. We can pop over to each other within the hour rather than within weeks. The model is already evolving to the changing business needs. As the business changes, the agency changes with us in real time. It is a truly collaborative relationship and process.”

Creativity and KPIs

Which of the following do you think are impediments to creativity within marketing teams?

Sample size: 221



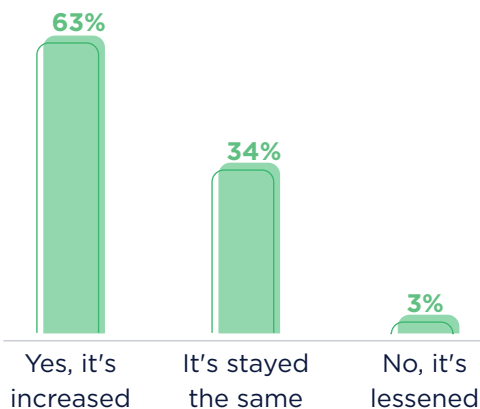
Last year, the core three blockers of creativity within existing marketing teams were time, costs and skills, and the trend repeats itself in this year's data.

Creativity and its correlation with ROI is at the forefront of making the decision to in-house.

However, these creativity blockers should ease as marketers move more functions in-house, as the data shows in-housing has boosted creativity within teams, many of whom have KPIs in place to measure their creative outputs.

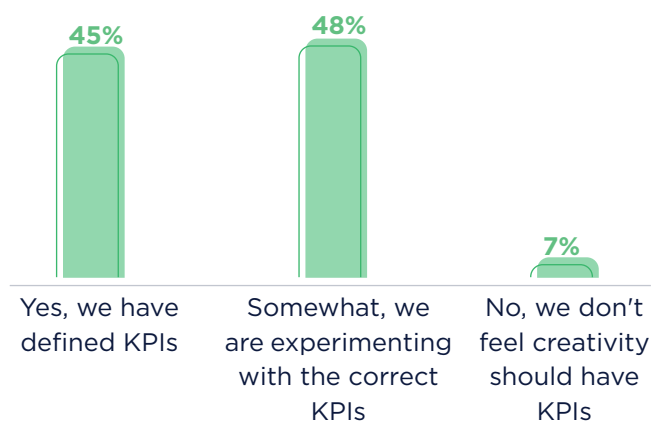
Has the level of creativity strengthened since moving in-house?

Sample size: 201



Do you have KPIs in place for creativity in your in-house team?

Sample size: 201



Creativity and ROI

On a positive note for in-housing efforts, the data shows a strong correlation between increased ROI from in-housing digital marketing and boosted creativity levels, defined KPIs and the use of technology.

Despite the differing experiences of the process of in-housing, from 'a walk in the park' to 'a real struggle' the majority of these respondents still see increased ROI and increased levels of creativity.

Unsurprisingly, 65 percent of those who say in-housing is "a walk in the park, very straightforward" have seen an increase in ROI on digital marketing since bringing it in-house and 67 percent say levels of creativity have strengthened.

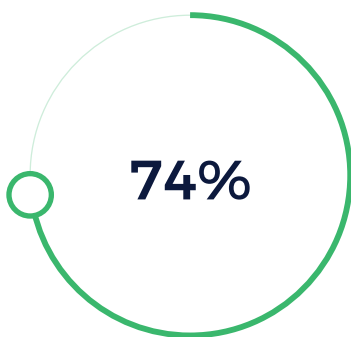
However, those that have struggled are also reaping benefits, making in-housing worth the work either way. Fifty-two percent of those who say in-housing is "not without

its challenges, but worth it" have seen increased ROI from their efforts, and 61 percent say creativity levels have strengthened.

Fifty-six percent of those who say in-housing is "a real struggle, to be honest" are seeing increased ROI and 62 percent have seen creativity levels strengthen.

Of those who have seen an increase in ROI on digital marketing since in-housing

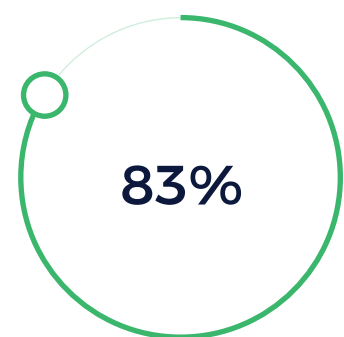
Sample size: 127



say the level of creativity has strengthened



have defined KPIs in place for creativity



have a creative management platform in place

The role of data

In regards to the impact of technology, again data comes up, as 41 percent of brands say they are using data in a better way and 26 percent of brands say they are using data more than ever before. Tech also results in greater collaboration for a third (34 percent).

On the ability to control data since in-housing, Migu Snäll, art director at If Creative Agency says: “Absolutely, it’s significantly easier to control the traffic right

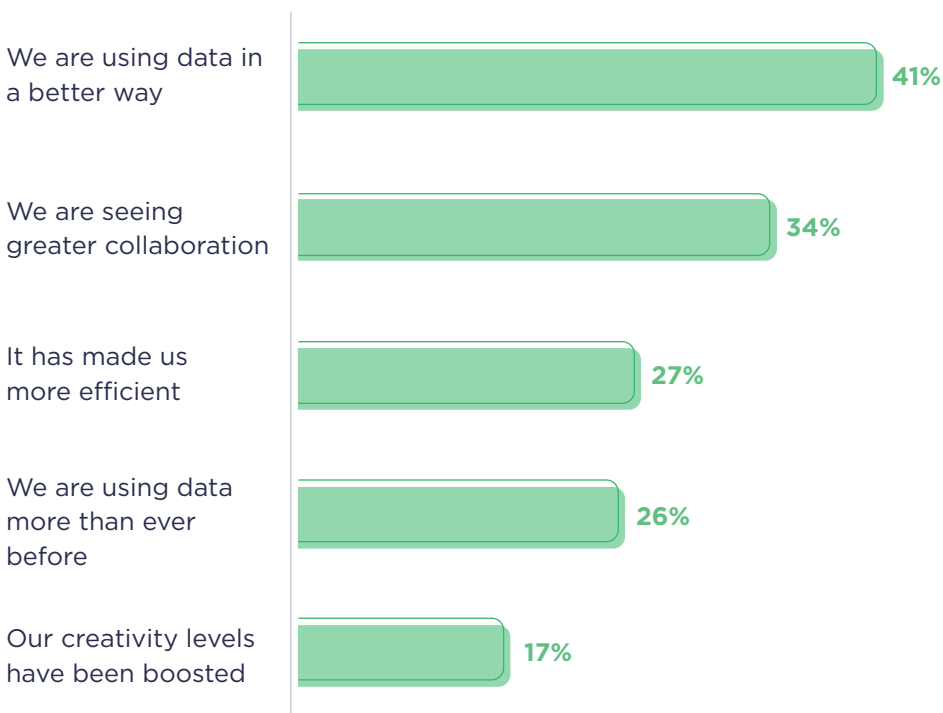
from the middle of the junction than out far from the side of the road.”

Marketers have an abundance of tools and technology available to gain efficiency and control over their digital marketing. Only three percent of brands say a lack of appropriate ad tech tools is a barrier to in-housing, while 27 percent say using technology within their in-house team has made them more efficient.

When asked whether in-housing impacted the way the brand uses data in marketing and creative, Foca at Getty Images says: “Absolutely. The addition of the marketing data science team has changed the way that we think about our business, from sales through our marketing functions. And, yes, we have first-party data, and we use it very carefully and in a manner that is consistent with our privacy policy and legal guidance.”

Which of the following describes the biggest impact of using technology within your in-house team

Sample size: 201



gettyimages

Getty Images is among the world's leading creators and distributors of award-winning still imagery and additional media, serving business customers in more than 100 countries.

Gene Foca, Getty Images CMO for the past three years has worked on bringing more functional expertise to its marketing team, growing the size of the marketing team and organising the structure to eliminate single points of failure and protect revenue and growth. He found that once the brand did this, it had very little need to outsource everyday work.

Why do you think your current in-house setup works for you and will it evolve?

Marketing is accomplished throughout the organisation, not by one group of people. We will be growing marketing investment significantly in 2020, which will allow us to serve our customers better. We're always assessing how we can do things better, and we will continue to do so.

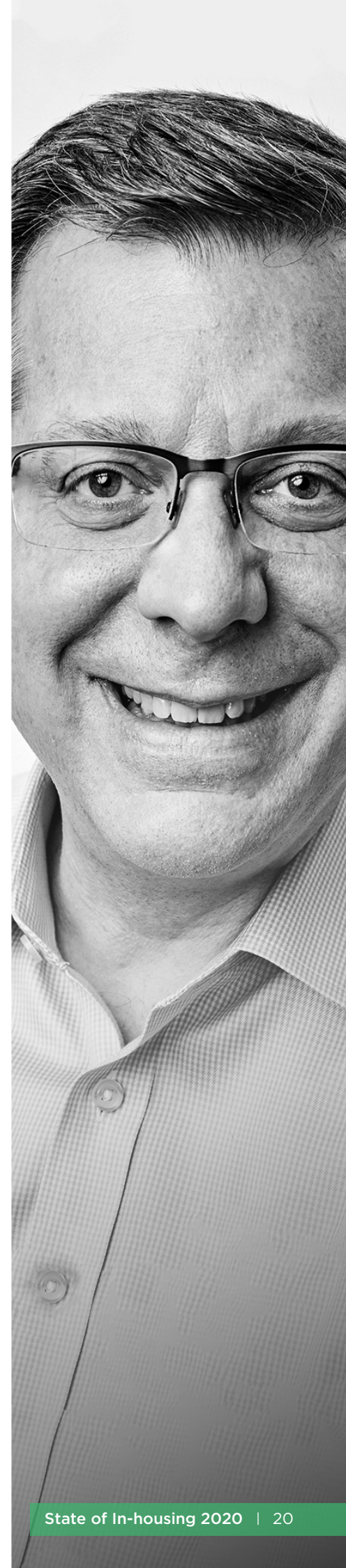
What were the biggest "teething problems" when creating your in-house team?

In terms of some initial challenges, I'd say getting the entire team to leave their biases behind and be driven by best practices, an experienced critical eye, facts, data and results took a bit of time. Opinion should drive very little, and it's challenging to get everyone to think in a more analytical way. Some think that marketing is a gut-level decision, but it's not. It's the discipline to use information to make

intelligent decisions on behalf of your customer, at the right time and in the right manner. Decisions related to product, pricing, offer simplification, and creative messaging are very much decisions that can and should be made with information to support.

Do you feel that you are seeing ROI from moving in-house?

Without a doubt. But, it's not that we're seeing strong ROI because we moved in-house. We're seeing strong ROI because we've steadily, systematically improved most areas, we're holding people accountable, we're measuring performance and we're working collaboratively and inclusively. Those are the things that are driving ROI. We see ROI when we work with external partners as well, by applying the same expectations, rigor, KPIs and standards.



Final note

In-housing will continue to evolve, but an exciting and interesting part of our study this year has shown developing models, skills and agency relationships. Brands are taking control of their digital marketing in a number of innovative ways, with creativity and its correlation with ROI at the forefront of making the decision to in-house. Technology and data are clear enablers for creativity and as the adoption of tools has boosted efficiency, time is no longer a limiting factor.

In-housing is an on-going process rather than a one-off exercise. In 2018, 63 percent of respondents said in-housing was a passing trend. This year, 54 percent say

in-housing is a buzzword and 46 percent say in-housing is a way of life. It's a positive sign: it may be the word itself that is buzzword-esque — not the inner workings of in-housing.

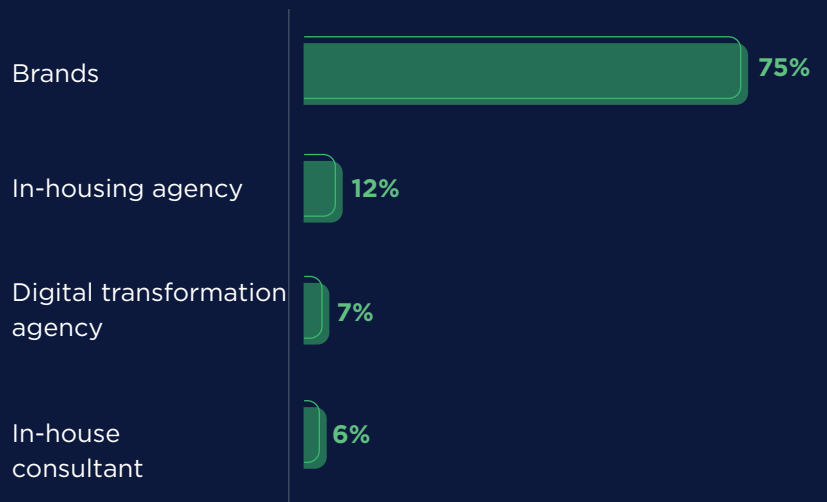
For media agencies, transparency is still on the agenda, and this concern is linked to a shift in how agencies are positioning themselves to support brands. Many capabilities have already moved in-house and there is a desire to bring more complex skill sets, such as media buying, in-house, spurred on by a greater access to data. We are keen to watch this trendline grow over the next 12 months.

Methodology

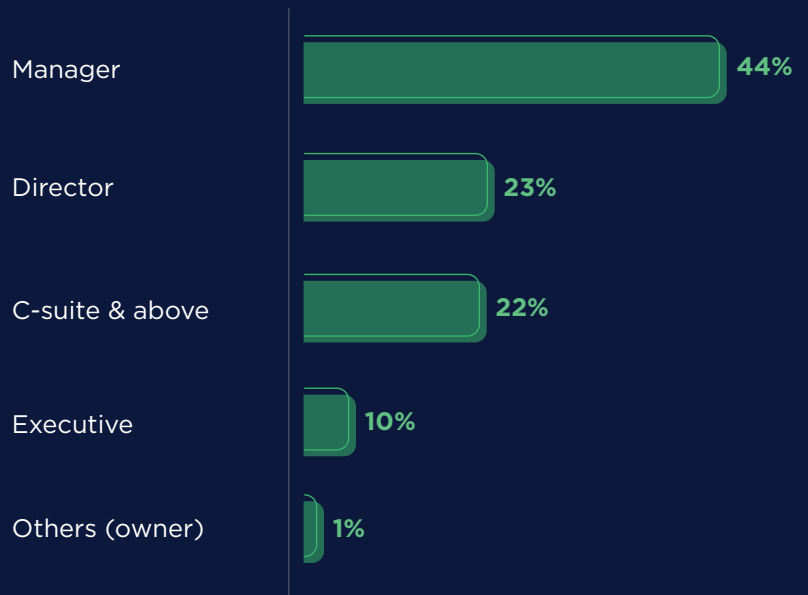
To create this state of in-housing report, Digiday surveyed 200 brands from Europe and conducted qualitative interviews in October 2019 with the following industry experts:

- **Lucia Petrášová**
head of marketing communications at O2 Slovakia
- **Simon Buglione**
managing director, brand and creative at Sky
- **Russell Ramsay**
executive creative director at Pulse
- **Lynne Fraser**
head of brand and campaigns at The Times and The Sunday Times
- **Gene Foca**
chief marketing officer at Getty Images
- **Migu Snäll**
art director at If Creative Agency
- **Christian Thrane**
chief marketing officer at Telenor

The survey sample was made up of the following:



Respondents in the following positions:





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