



# The Continued Rise of the In-House Agency: 2023 Edition

MAY 2023



# TABLE OF CONTENTS

<b>BACKGROUND AND METHODOLOGY</b> .....	<b>4</b>
<b>EXECUTIVE SUMMARY</b> .....	<b>6</b>
<b>CONCLUSIONS</b> .....	<b>8</b>
<b>DETAILED FINDINGS</b> .....	<b>10</b>
<b>In-House Agency Penetration Is at an All-Time High</b> .....	<b>10</b>
<b>Many In-House Agencies Are New</b> .....	<b>11</b>
<b>In-House Agencies Provide Multiple Benefits</b> .....	<b>12</b>
<b>Cost Efficiencies Are Primary Benefit</b> .....	<b>13</b>
<b>Satisfaction with In-House Agencies Is High</b> .....	<b>14</b>
<b>Workloads Continue to Increase</b> .....	<b>15</b>
<b>Strategic Services Handled In-House</b> .....	<b>16</b>
<b>Creative Services for Digital Media Handled In-House</b> .....	<b>17</b>
<b>Creative Services for Traditional Media Handled In-House</b> .....	<b>18</b>
<b>Media Planning and/or Buying Services Handled In-House</b> .....	<b>19</b>
<b>Other Services Handled In-House</b> .....	<b>20</b>
<b>Most Companies Also Work with External Agencies</b> .....	<b>21</b>
<b>Workload: In-House vs. External Agencies</b> .....	<b>22</b>
<b>Two-Thirds Have Moved Business from External Agency(ies)</b> .....	<b>23</b>
<b>Capacity and Capabilities Drive Work to an External Agency</b> .....	<b>24</b>
<b>How External Agencies Can Limit the Shift of Work to In-House Agencies</b> .....	<b>25</b>
<b>One-Third Have Programmatic Capabilities In-House</b> .....	<b>26</b>
<b>Specific Programmatic Capabilities In-House</b> .....	<b>27</b>
<b>Benefits of In-House Programmatic Capabilities: Better, Faster, Cheaper</b> .....	<b>28</b>
<b>Only a Low Percentage of Those Without In-House Programmatic Capabilities     Are Considering It</b> .....	<b>29</b>
<b>In-House Agencies Come in All Sizes</b> .....	<b>30</b>
<b>Number of Full-Time Staff</b> .....	<b>31</b>
<b>Make-Up of Employees by FTE, PTE, Freelance</b> .....	<b>32</b>
<b>Creatives Dominate Make-Up of Employees by Function</b> .....	<b>33</b>
<b>Impact of the Pandemic on In-House Agency Staffing</b> .....	<b>34</b>

# TABLE OF CONTENTS

In-House Agency Budgets .....	35
Billing Method .....	36
Top KPIs .....	37
Evaluations .....	38
Changes Are Related to Growth.....	40
Biggest Challenges Related to Managing Growth .....	41
<b>APPENDIX</b> .....	<b>42</b>
Appendix: Detailed Charts .....	43
Appendix: Email Invitation .....	46
<b>ABOUT THE ANA</b> .....	<b>47</b>
<b>ADDITIONAL RESOURCES</b> .....	<b>47</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>48</b>

## BACKGROUND AND METHODOLOGY

Every five years since 2008, the ANA has surveyed our members on the topic of in-house agencies — 2008, 2013, 2018, and now 2023.

The research provides a unique and consistent benchmark on the evolution of in-house agencies and covers issues including:

- Usage of an in-house agency
- Specific services handled in-house
- Benefits and challenges
- Relationship with external agencies
- Staffing
- KPIs
- And more

For the purposes of this research, an “in-house agency” is defined as a department, group, or person that has responsibilities that typically are performed by an external advertising or other MarCom agency. (Furthermore, an internal PR function is not part of our definition of an in-house agency.)

This year the survey was fielded in February and March 2023. The survey went to the broad ANA membership of client-side marketers (i.e., not agencies or media companies) on ANA committees (representing a cross-section of ANA members) without prior knowledge of whether they have an in-house agency. The email invitation was identical to that used in prior years (please see the appendix).

See the survey instrument [here](#).

One hundred sixty-two respondents participated.

Demographics for respondents:

- 65 percent are “senior marketers” (director level and above); 35 percent are more “junior marketers” (manager level and below).
- 53 percent have over 20 years of experience working in marketing and/or advertising.
- 53 percent are business-to-consumer, 14 percent are business-to-business, and 33 percent are both.
- 58 percent work at organizations which had a 2022 annual U.S. media budget under \$100 million; 42 percent are at organizations which had a 2022 U.S. media budget of \$100 million or greater.

The quantitative research was followed up with in-depth qualitative discussions with 15 respondents and other in-house agency executives.



# BACKGROUND AND METHODOLOGY

This report builds upon the work of the CMO Growth Council, which was established by the ANA and Cannes Lions to focus on driving enterprise growth. The CMO Growth Council has identified four global growth priorities and a 12-point industry growth agenda. Marketing Organization and Agency Management is a key area of focus for the ANA Growth Agenda, under the Talent and Marketing Organization growth priority. In-house agencies and their interaction with external agency partners are a fit here.

## ANA Growth Agenda



## EXECUTIVE SUMMARY

1. In-house agency penetration is at an all-time high.
  - 82 percent of ANA members have an in-house agency in 2023, versus 78 percent in 2018, 58 percent in 2013, and 42 percent in 2008.
2. Workloads continue to increase. For 88 percent of respondents, the workload of their in-house agency has increased in the past year, including 67 percent for whom the workload has increased “a lot.” In the 2018 survey, 90 percent of respondents reported increased workload.
3. Top benefits of in-house agencies are:
  - Cost efficiencies
  - Better knowledge of brands
  - Institutional knowledge
  - Dedicated staff

The top four benefits are consistent and in the same order as in 2018.

4. When asked to identify a single primary benefit of having an in-house agency, cost efficiencies were top ranked by a wide margin (as was the case in 2018).
5. In-house agencies provide a range of creative services.
  - Various creative services for digital media are handled in-house. Email tops the list, closely followed by social media. The rank order in 2023 is almost identical to what it was in 2018.
  - Many different creative services for traditional media are handled in-house. The top four are often a point of entry for in-house agencies and are in the same rank order as they were in 2018.
    - Collateral/promotional
    - Brand identity (product naming, logos, etc.)
    - Internal company communications (including newsletters and presentations)
    - Videos for internal use such as sales meetings
6. Media planning and/or buying services are handled in-house, at least to some degree, by 54 percent of respondents, almost identical to prior years. All top offered media services are digital, with social media at the top of the list, as it was in prior studies.
7. Thirty-two percent of respondents have in-house programmatic capabilities (consistent with 30 percent in 2018). That suggests that the initial push among early adapters to bring programmatic capabilities in-house may have peaked. The top benefits are greater control, lower cost, greater transparency, and faster turnaround time.

## EXECUTIVE SUMMARY

8. Overall satisfaction with in-house agencies is high: 87 percent are satisfied, including 24 percent “completely satisfied.” Both metrics increased from 2018.
9. Ninety-two percent of respondents also work with an external agency(ies). For those respondents, an average of 61 percent of all the work for their company is done in-house. In 2018, 90 percent worked with an external agency(ies) and an average of 58 percent of all the work was done in-house.
10. Work goes to external agencies primary for bandwidth/capacity reasons (i.e., the in-house agency is too busy) or for capabilities that an external agency has that do not exist internally.
11. Over the past three years, 65 percent of respondents have moved some established business that used to be handled by their external agency(ies) to their in-house agency. The types of services most commonly moved have been:
  - Creative services for digital media: social media, search, and email
  - Creative services for traditional media: print collateral, direct mail, internal communications, out-of-home, and radio
  - Media services: social media and search, media strategy
12. When asked, “What can external agencies do to limit the shift of work to in-house agencies?” the most common response was focused on cost. Knowledge of the business and speed/nimbleness were also cited. This is fairly consistent with the aforementioned benefits of in-house agencies (per point 3 above).
13. The top KPI used to assess the effectiveness of in-house agencies is cost savings, but it decreased in importance from 2018 to 2023 (69 to 62 percent). The KPI of business performance increased significantly in importance from 2018 to 2023 (45 to 59 percent) — a good sign as that is an important KPI for external agencies.
14. The biggest challenges for in-house agencies are related to managing growth. Specifically, the top challenges are managing workflow (increased projects), scaling efficiently/managing resources, and project prioritization. Those were also the biggest challenges in 2018.
15. Top changes at in-house agencies in the past three years are also related to growth: expanded capabilities/services/project types and having more FTEs (the same as in 2018). The impact of the pandemic on the staffing of in-house agencies has been centered on work going remote, either partially or completely.

## CONCLUSIONS

### **1. In-house agencies should no longer be considered a “trend.” They have become firmly entrenched as part of the holistic marketing ecosystem and are now a “mainstay.”**

- 82 percent of ANA members have an in-house agency in 2023 (up from 78 percent in 2018). We predict penetration will eventually peak at 85 to 90 percent.
- There is amazing consistency between the 2023 and 2018 survey results, including in services offered, benefits, challenges, and the relationship between in-house and external agencies — further confirmation that in-house agencies have become firmly entrenched.

### **2. In-house agencies are increasingly being held to some of the same standards as external agencies.**

- When asked, “What KPIs do you use to assess the effectiveness of your in-house agency?” the importance of business performance rose dramatically (from 45 percent in 2018 to 59 percent in 2023) and is now ranked second and only slightly behind cost savings (62 percent in 2023, down from 69 percent).
- 70 percent of respondents conduct evaluations of their in-house agency to assess performance and identify potential issues; this includes 55 percent who do so annually or more frequently, which is up significantly from 2018 (43 percent).

However, when asked about the benefits of having an in-house agency, creative expertise ranked lower on the list of options provided, behind more traditional benefits such as cost efficiencies, better knowledge of brands, and speed/nimbleness.

### **3. Data – specifically the desire to own, control, and protect first-party data – is a driver of bringing work in-house.**

- Full ownership of marketing data/analysis was noted by 34 percent of respondents as a benefit of having an in-house agency.
- In our qualitative discussions, the importance of data ownership was brought up in multiple interviews and was of particular interest to members in regulated industries (e.g., financial, health care, pharma), given the critical importance of managing and protecting customer data.
- Advertisers need to have a data management strategy that provides them control and oversight of their data. More specifically, advertisers should take ownership of data with the unhindered ability to store, access, and use those data sets. Taking ownership of the data would also ensure that advertisers are not paying for data that should already belong to them.
- Third-party cookie deprecation increases the importance of marketers having a data strategy to collect first-party data directly from their customers. With such data, marketers can analyze how customers interact with their brands and provide personalized experiences to help retain existing customers and create new customer relationships.

## CONCLUSIONS

### 4. Media is the final frontier for in-house agencies.

- The point of entry for in-house agencies is often creative services for traditional media (e.g., collateral/promotional materials, internal company communications) followed by creative services for digital media (e.g., email, social media, website development/design). Media usually comes later, if at all.
- 54 percent of in-house agencies handle some media planning/buying services. That is consistent with the 2018 and 2013 studies. Meanwhile, over 90 percent of respondents handle some creative in-house. Only about one-third have some in-house programmatic capabilities (consistent with 2018).
- Those who have considered bringing media in-house but have not yet done so told us in qualitative discussions that is because media is “too complex.”

### 5. External agencies still have important roles, but have been disintermediated to some degree.

- 92 percent of respondents also work with one or more external agencies.
- Work goes to external agencies primarily for bandwidth/capacity reasons (i.e., the in-house agency is too busy) or for capabilities that an external agency has that do not exist internally. In addition, external agencies are the place marketers often turn to for “big ideas” and larger tentpole campaigns.
- However, there has been some level of disintermediation over the past three years: 65 percent of respondents have moved some established business that used to be handled by their external agency to their in-house agency.
- To limit the shift of work to in-house agencies, marketers cite cost, knowledge of the business, and speed/nimbleness as areas for improvement for agencies.

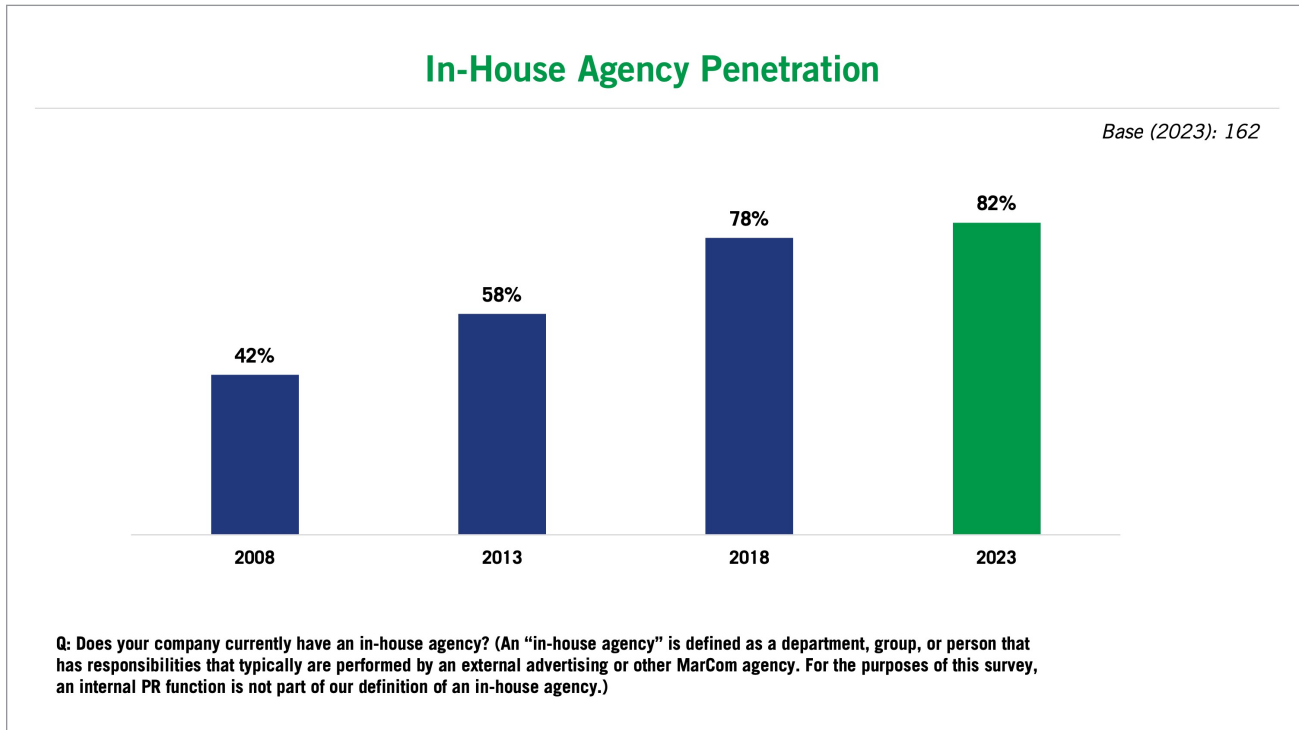
### 6. It's all about talent.

- Historically, in-house agencies have been about being “cheaper” and “faster” but not necessarily “better” than external agencies. That perception of not being better has been driven by the quality of in-house talent.
- Today, the work done by in-house agencies is no longer confined to “low-hanging fruit” such as collateral/promotional materials and internal videos. In-house agencies are doing much more.
- Just like external agencies, the quality of talent will drive the success of in-house agencies.
- The biggest challenges for in-house agencies have talent implications. Those challenges are managing workflow (increased projects) and scaling efficiently/managing resources.
- The pandemic had a positive impact on the staffing of in-house agencies. Work and talent have gone remote, either partially or completely, providing greater access to talent without geographic boundaries. Competition for that talent has also increased.

# DETAILED FINDINGS

## In-House Agency Penetration Is at an All-Time High

In 2023, 82 percent of companies now have an in-house agency. That is an all-time high.

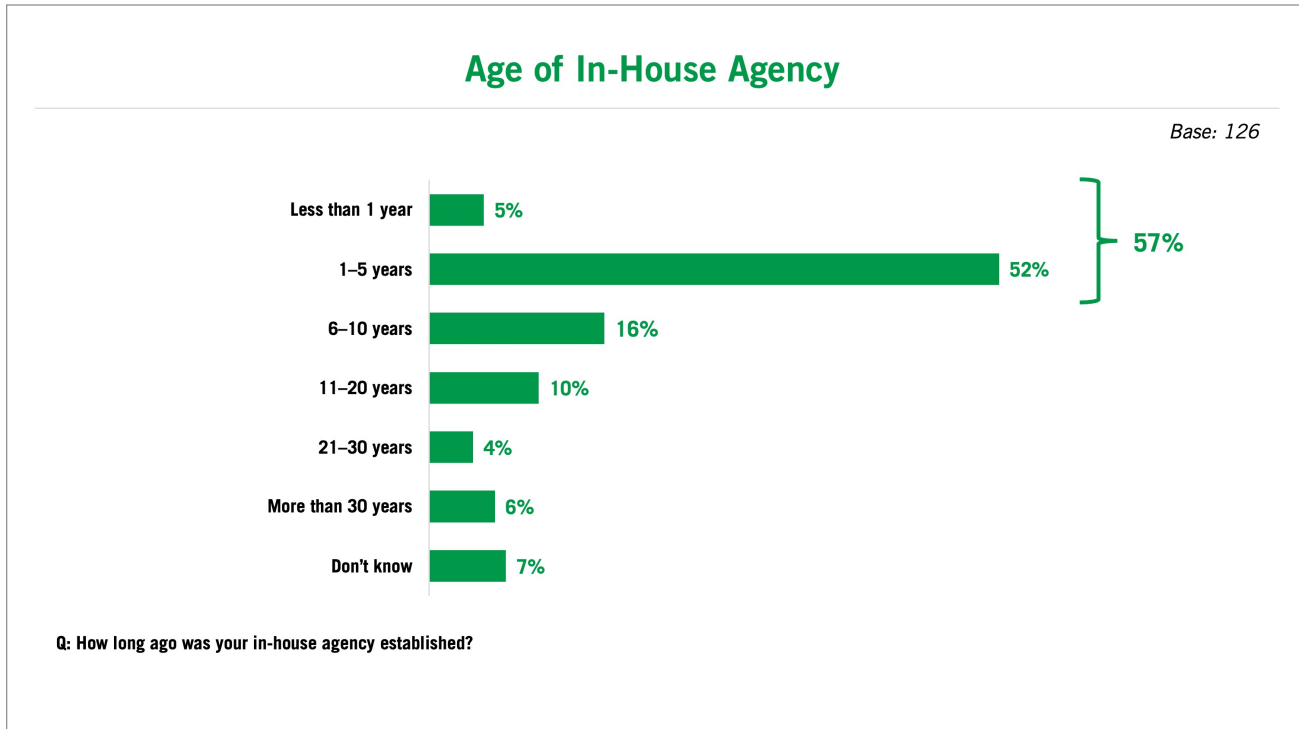


For the 18 percent of respondents whose companies currently do not have an in-house agency, 4 percent are considering opening one, 3 percent used to have an in-house agency but have since discontinued, and 11 percent never had one and are not considering opening one.

## DETAILED FINDINGS

### Many In-House Agencies Are New

For 57 percent of respondents, their in-house agency was established within the past five years. In our 2018 survey, the in-house agency was established within the past five years for 44 percent of respondents.

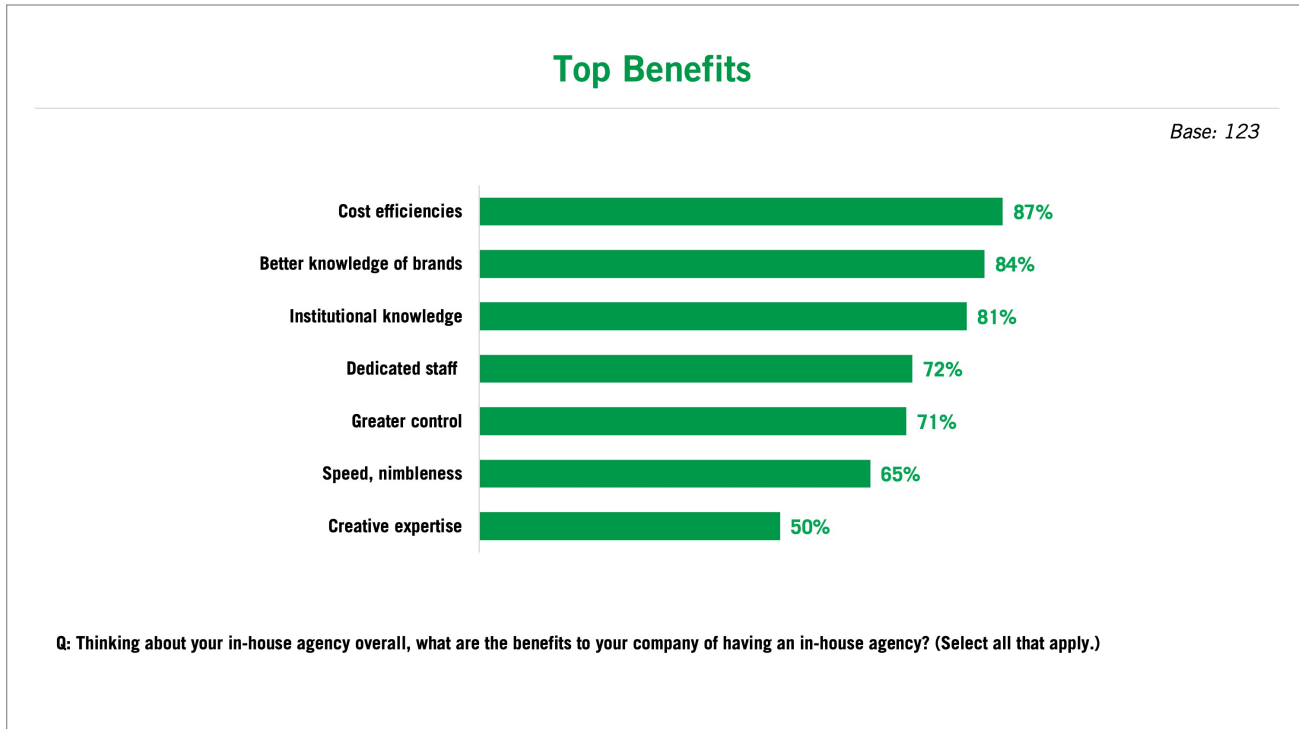


It's interesting that 57 percent of respondents work for organizations that have established their in-house agencies in the past five years, yet in-house agency penetration increased from 78 percent to 82 percent over that time. With so many in-house agencies being new, we might have expected overall penetration to increase even more. This disconnect is likely due to different marketers being in the respondent base in the 2018 and 2023 surveys. What is important to note is that there is a clear trend in the growth of in-house agencies. The ANA predicts that penetration will eventually peak at 85 to 90 percent.

## DETAILED FINDINGS

### In-House Agencies Provide Multiple Benefits

In-house agencies provide multiple benefits, with cost efficiencies and having better knowledge of brands being the top two. There was little change from 2018, as the top four benefits are consistent and in the same order.



In the question above, respondents were asked to select all the benefits that apply from a list of 14 options. See the appendix for a full ranking of all the potential benefits.

**“At The Wonderful Company, the creation of a full-service communications agency has certainly resulted in cost efficiencies. But more importantly, it has maximized collaboration and strategic synergy. As collective efforts are aligned toward common goals, we can be more consistent and execute faster. As long as you consciously avoid ‘group think,’ the benefits are exponential.”**

**– MICHAEL PERDIGAO**  
President, The Wonderful Agency

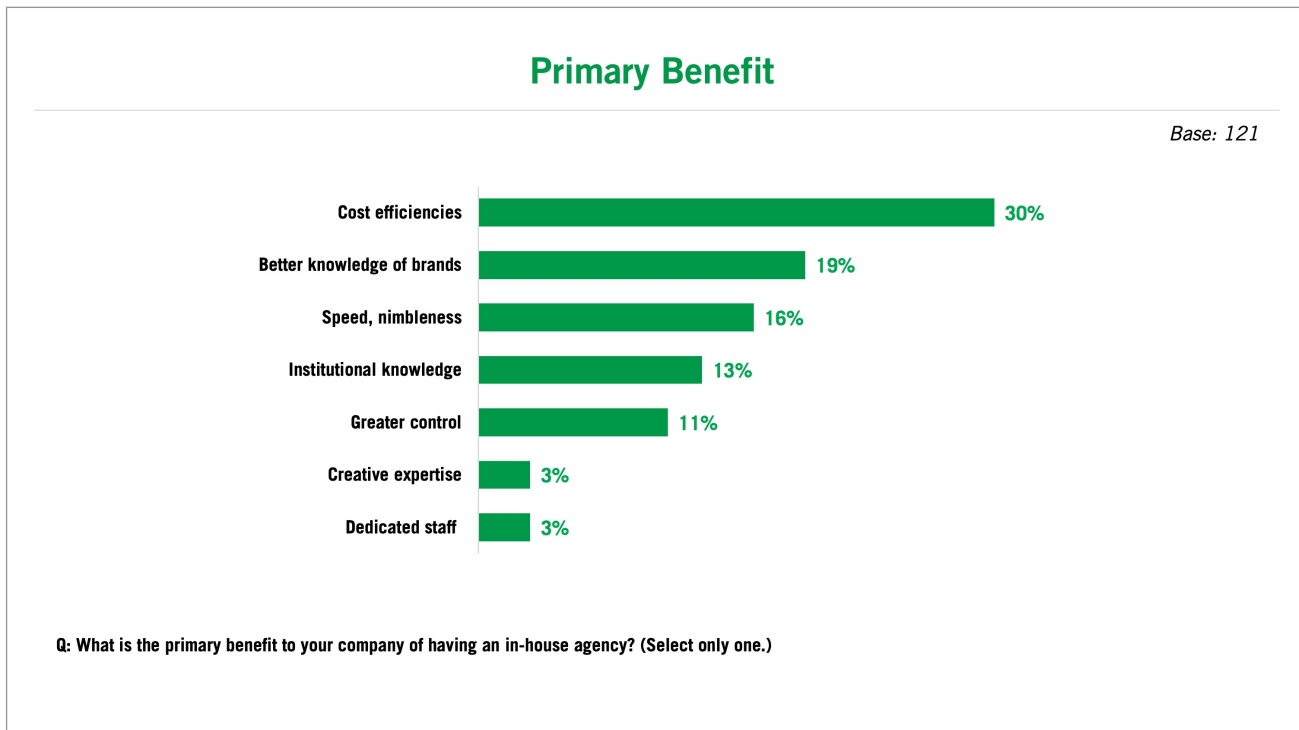
**theWonderfulcompany™**



## DETAILED FINDINGS

### Cost Efficiencies Are Primary Benefit

Cost efficiencies are ranked as the primary benefit of having an in-house agency (when respondents were asked to select just a single benefit). Again, there was little change from 2018, as the top four primary benefits are consistent and in the same order. Cost efficiencies were also the top-cited primary benefit in the 2013 and 2008 surveys.



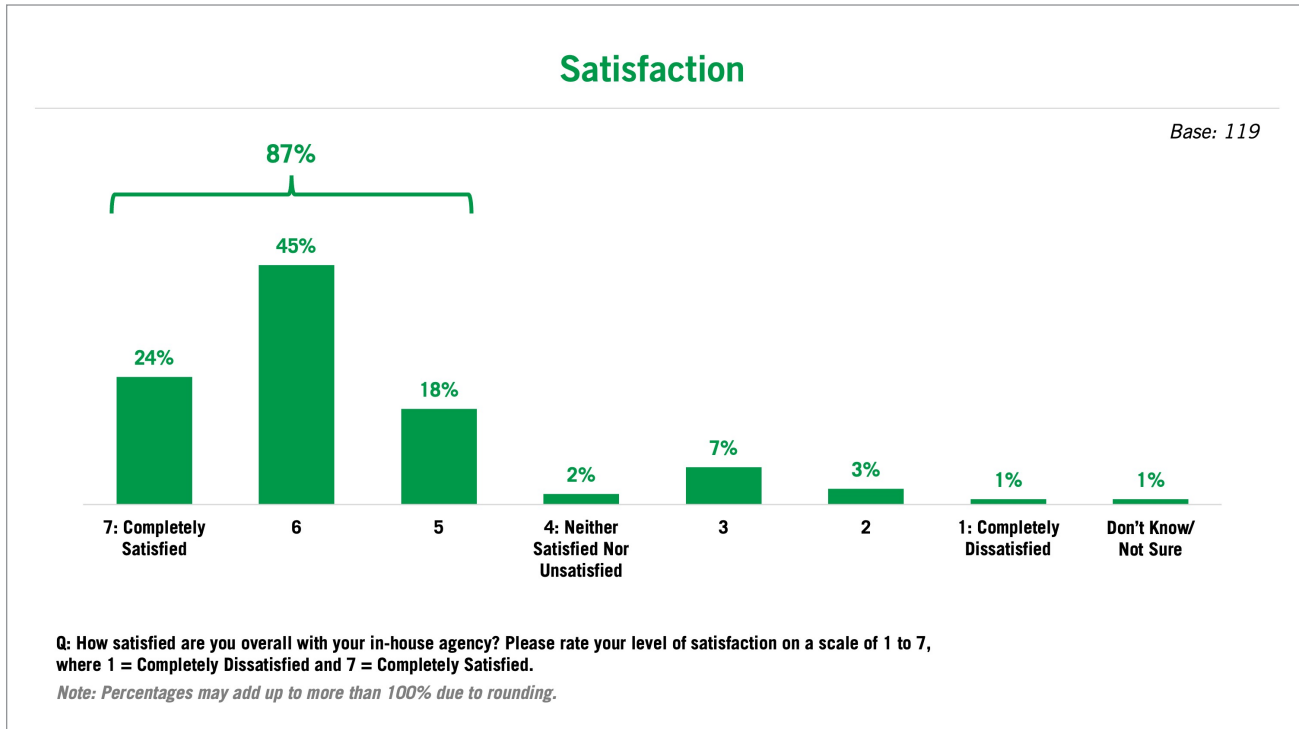
**“In-house agencies are more knowledgeable about the business needs. They can react quickly and produce work that is more cost-efficient than outsourcing and on-boarding agencies.”**

**– DARRELL CREDEUR**  
Creative Director  
**align**

## DETAILED FINDINGS

### Satisfaction with In-House Agencies Is High

Respondents are highly satisfied with their in-house agencies — 87 percent are satisfied, and 24 percent are completely satisfied. That is an increase from 2018, when 79 percent were satisfied, and 20 percent completely satisfied.



“In a complex business, with complex products, in a complex industry, we’ve found that moving creative resources in-house has been a no-brainer. After struggling for years to find external agencies that ‘get it,’ we’ve been able to produce a higher quantity of higher quality work at a lower cost by hiring just a few more permanent people.”

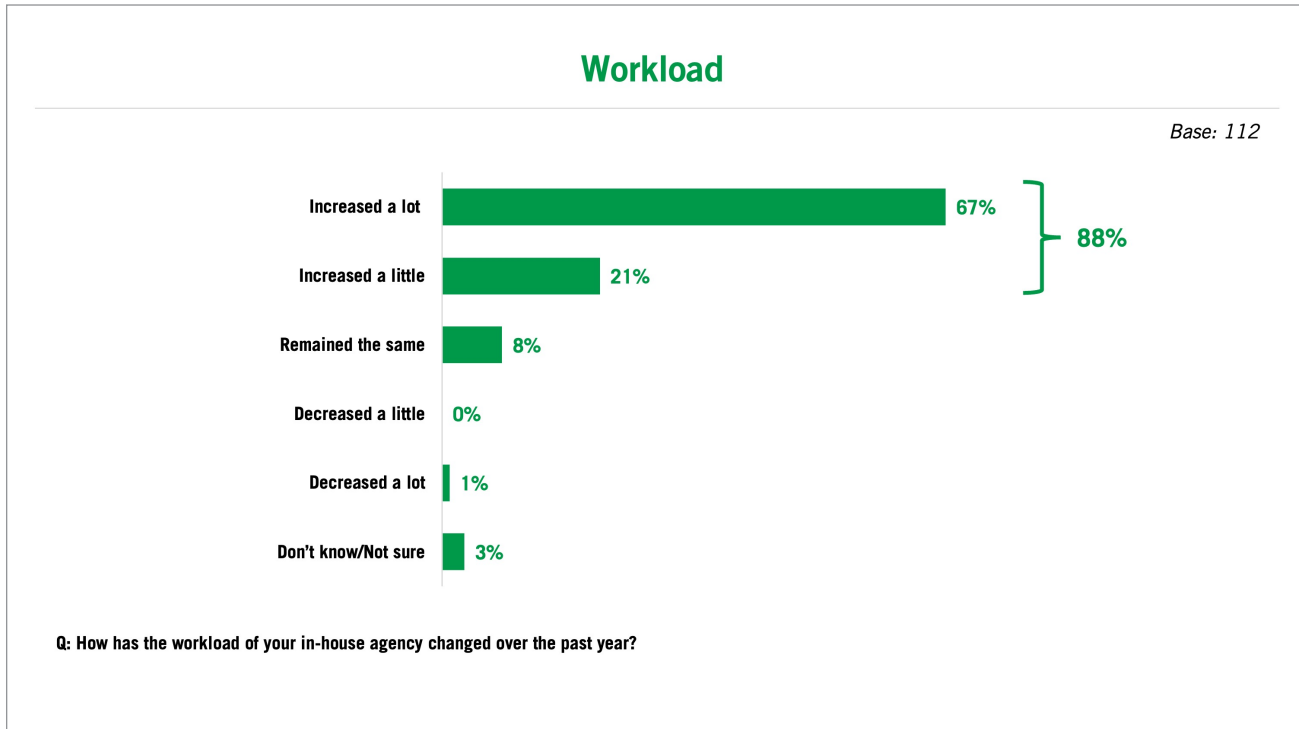
– LEE PROCIDA  
Director of Content



## DETAILED FINDINGS

### Workloads Continue to Increase

In-house agency staffers are busy. For 88 percent of respondents, the workload of their in-house agency has increased in the past year, including 67 percent for whom the workload has increased “a lot.” In the 2018 survey, 90 percent of respondents reported increased workload.



## DETAILED FINDINGS

### Strategic Services Handled In-House

Creative strategy is the strategic service that is most likely to be handled in-house, and by a wide margin: 76 percent of respondents. For 8 percent of respondents, there is no strategy done in-house. There is little difference in results between the 2023 and 2018 reports. The top four strategic services that are handled in-house are the same, as is the rank order.

#### Strategic Services Handled In-House

Base (2023): 115

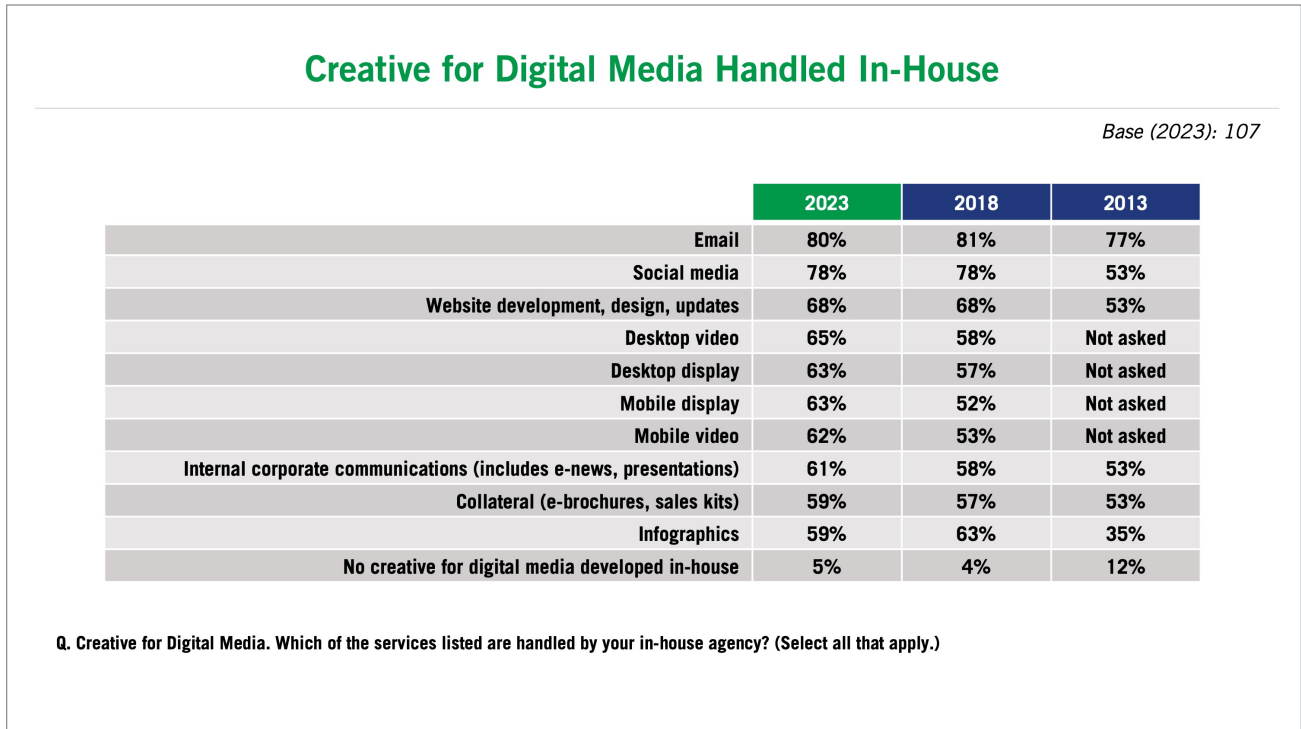
	2023	2018	2013
Creative strategy	76%	76%	60%
Brand/corporate platform strategy	52%	52%	48%
Marketing/product strategy	44%	51%	56%
Media strategy	30%	36%	22%
Programmatic strategy	26%	24%	Not asked
Sales/channel strategy	23%	27%	20%
No strategy done in-house	8%	12%	13%

Q. Strategy. Which of the services listed are handled by your in-house agency? (Select all that apply.)

## DETAILED FINDINGS

### Creative Services for Digital Media Handled In-House

Various creative services for digital media are handled in-house. Email tops the list (as it did in 2018 and 2013), closely followed by social media. The rank order in 2023 is almost identical to what it was in 2018.



In the question above, respondents were asked to note the use of creative services for digital media handled in-house from a list of 20 options. See the appendix for a full ranking.

## DETAILED FINDINGS

### Creative Services for Traditional Media Handled In-House

Many different creative services for traditional media are handled in-house. The top four:

1. Collateral/promotional
2. Brand identity (product naming, logos, etc.)
3. Internal company communications (including newsletters and presentations)
4. Videos for internal use such as sales meetings

These are also in the exact same rank order as 2018, and close to 2013. Work on these services is often a point of entry for in-house agencies.

<b>Creative for Traditional Media Handled In-House</b>			
	<i>Base (2023): 110</i>		
	2023	2018	2013
<b>Collateral/promotional materials</b>	83%	83%	91%
<b>Brand identity (product naming, logos, etc.)</b>	72%	68%	70%
<b>Internal company communications (includes newsletters, presentations)</b>	72%	68%	69%
<b>Videos for internal use such as sales meetings</b>	71%	69%	68%
<b>Trade show/event materials</b>	58%	68%	73%
<b>Out-of-home advertising</b>	52%	37%	39%
<b>Magazine advertising</b>	48%	51%	60%
<b>Direct-to-channel/retailer communications</b>	47%	46%	43%
<b>Direct mail</b>	45%	53%	72%
<b>No creative for traditional media developed in-house</b>	8%	11%	3%

**Q. Creative for "Traditional" Media. Which of the services listed are handled by your in-house agency? (Select all that apply.)**

In the question above, respondents were asked to note the use of the creative services for traditional media handled in-house from a list of 16 options. See the appendix for a full ranking.

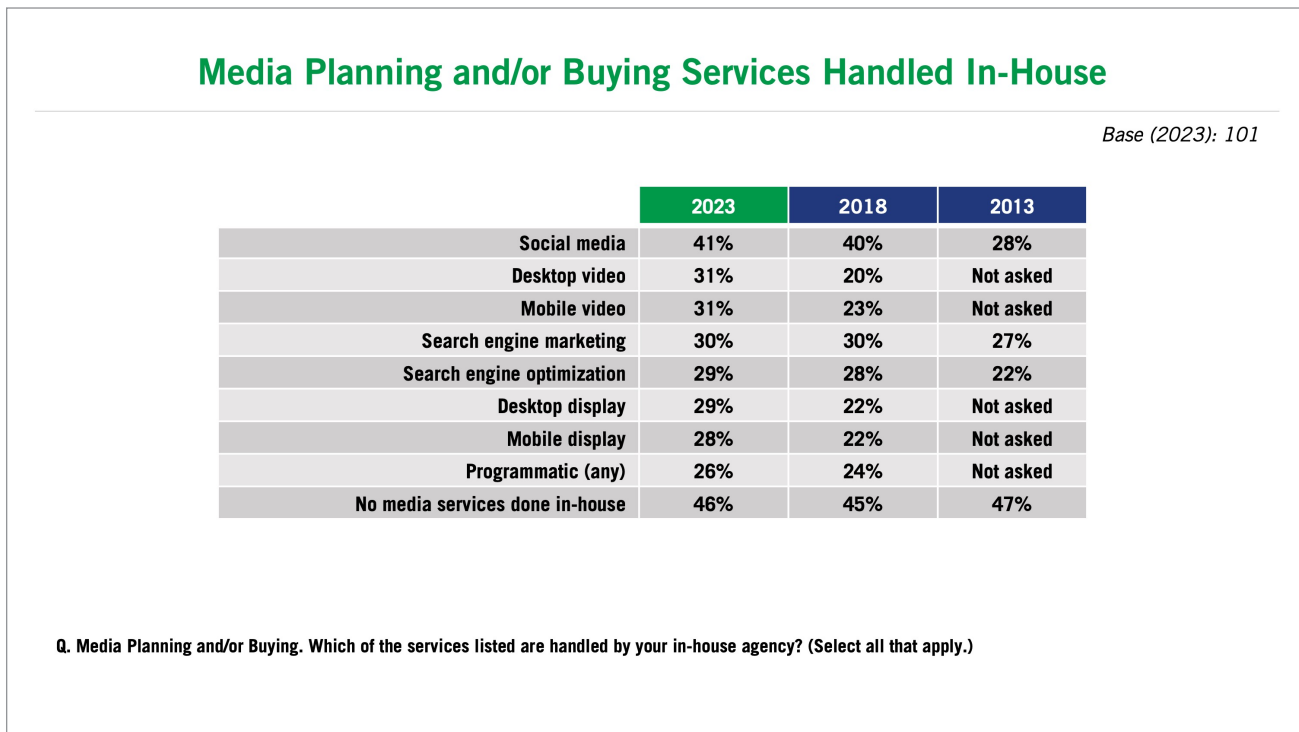
# DETAILED FINDINGS

## Media Planning and/or Buying Services Handled In-House

Media planning and/or buying services are handled in-house, at least to some degree, by 54 percent of respondents, almost identical to prior years. Meanwhile, for 46 percent of respondents, there are no media services done in-house.

That is lower than penetration of in-house agencies handling creative for traditional media (92 percent) and creative for digital media (95 percent).

All top offered media services are digital, with social media at the top of the list, as it was in prior studies.



In the question above, respondents were asked to note the use of media planning and/or buying services handled in-house from a list of 14 options. See the appendix for a full ranking.

# DETAILED FINDINGS

## Other Services Handled In-House

There are other types of services offered by in-house agencies. Content marketing is offered by 60 percent of in-house agencies and data/marketing analytics by 55 percent. These are in the same rank order in 2023 and 2018.

**Other Services Handled In-House**

*Base (2023): 80*

	2023	2018	2013
<b>Content marketing</b>	60%	75%	34%
<b>Data/marketing analytics</b>	55%	59%	42%
<b>Influencer marketing</b>	44%	39%	Not asked
<b>Experiential marketing</b>	39%	38%	Not asked
<b>Commercial production</b>	35%	22%	Not asked

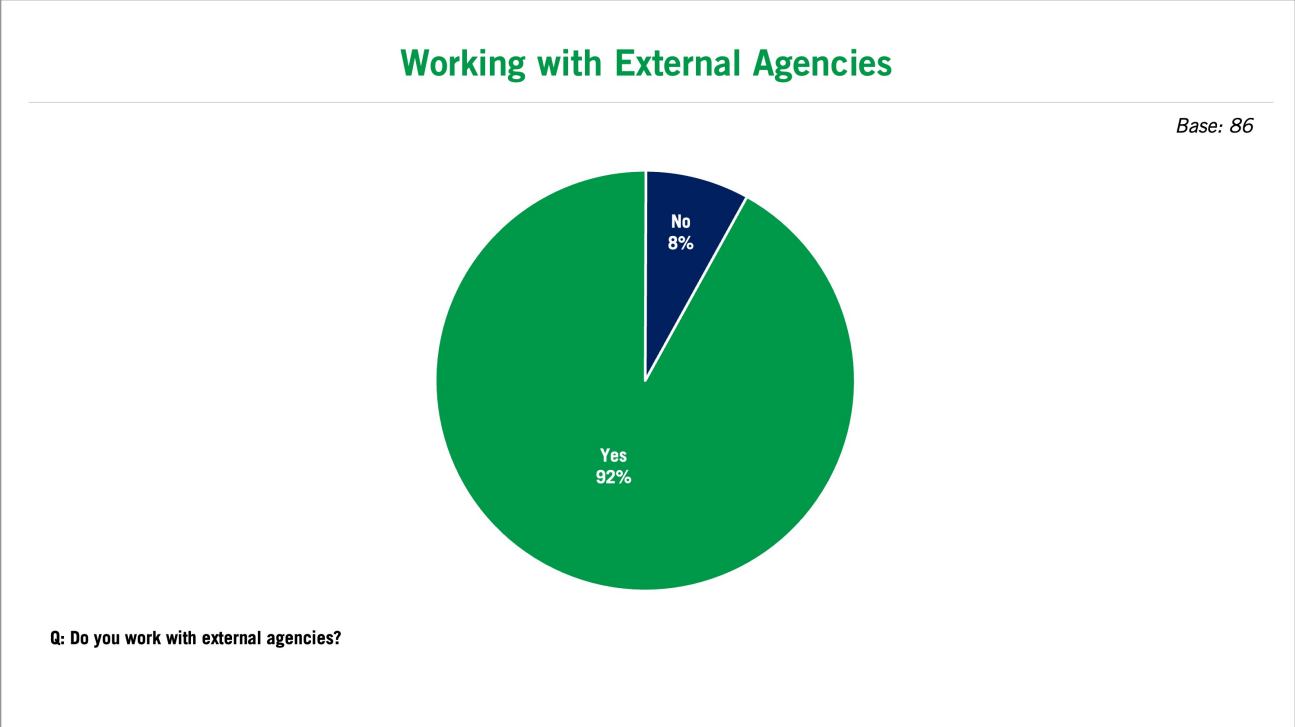
**Q. Other. Which of the services listed below are handled by your in-house agency? (Select all that apply.)**



# DETAILED FINDINGS

## Most Companies Also Work with External Agencies

Ninety-two percent of respondents also work with external agencies (consistent with the 90 percent in the 2018 report).

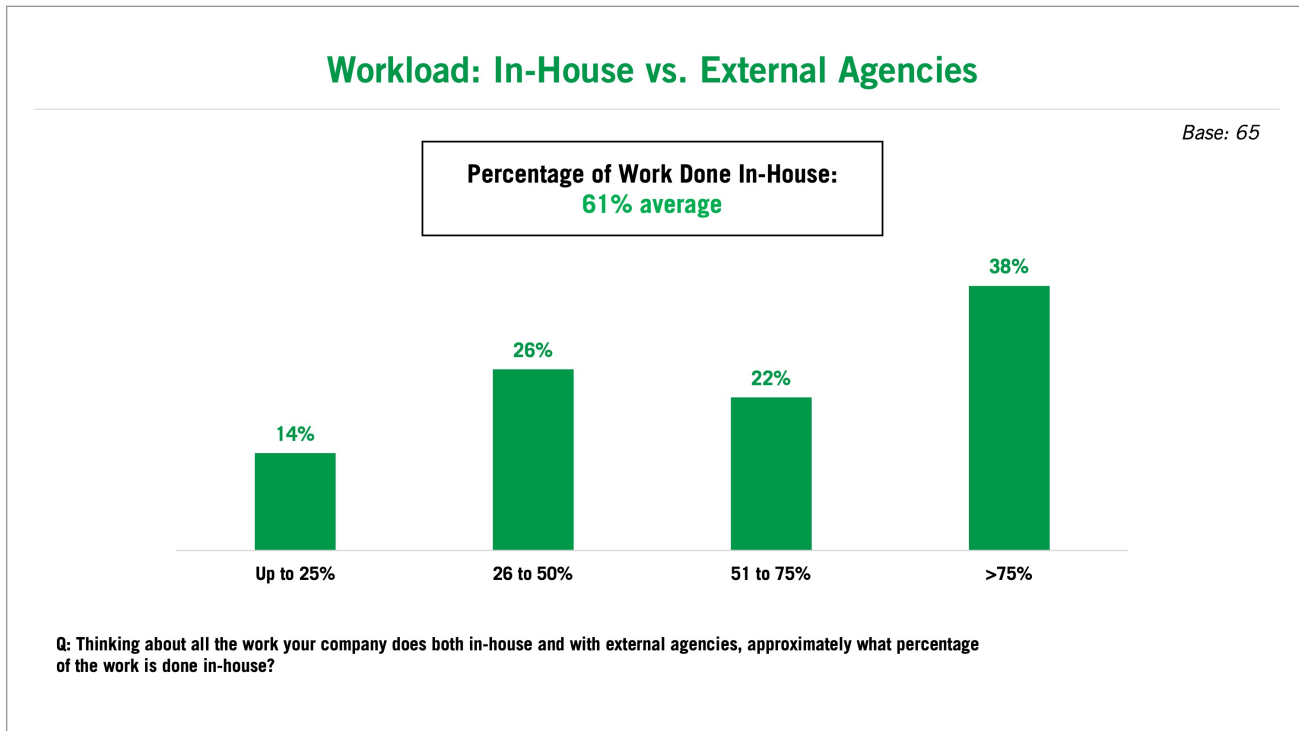


## DETAILED FINDINGS

### Workload: In-House vs. External Agencies

The survey asked respondents, “Thinking about all the work your company does both in-house and with external agencies, approximately what percentage of the work is done in-house?” There was a range of responses here; on average, 61 percent of the work is being done in-house. This is consistent with the 2018 report where 58 percent of the work was done in-house.

This is one of the more interesting findings of the survey. For companies that have both in-house and external agencies, the in-house agency is handling more of the work in most cases.

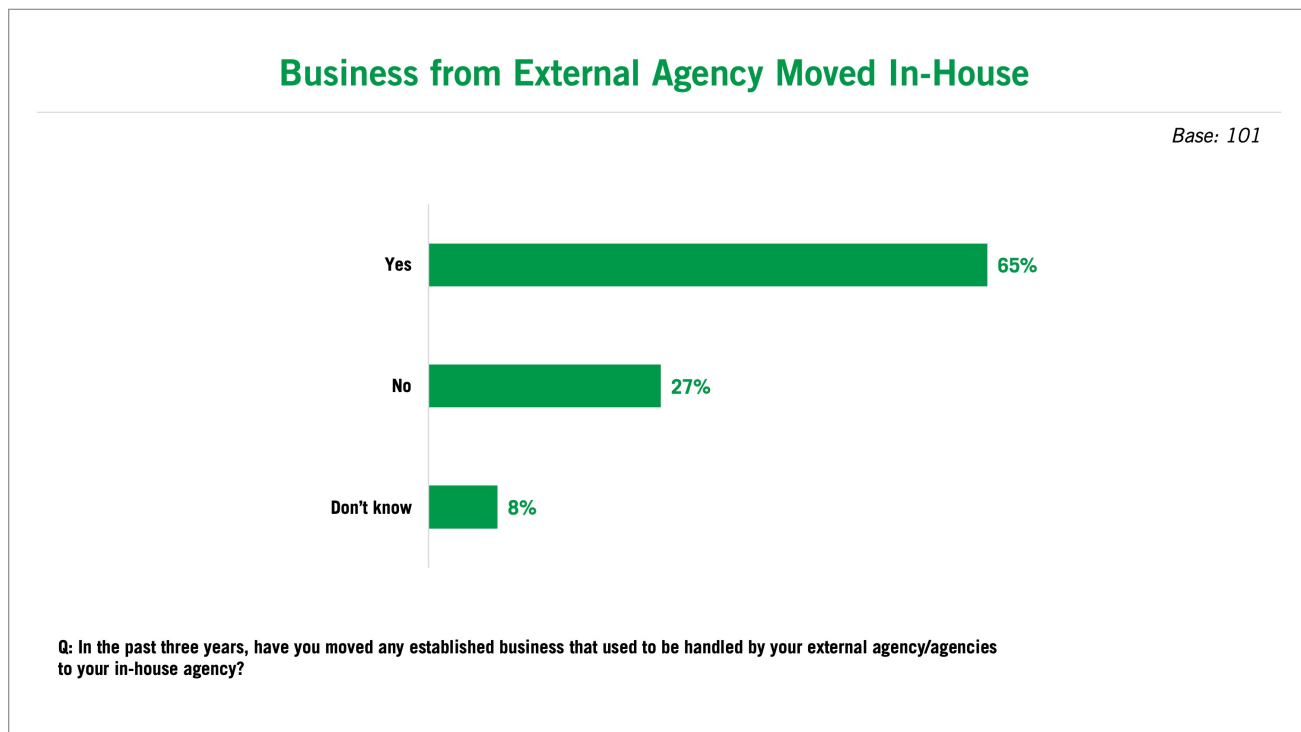


## DETAILED FINDINGS

### Two-Thirds Have Moved Business from External Agency(ies)

In the past three years, 65 percent of respondents have moved some established business that used to be handled by an external agency to the in-house agency. This is slightly down from the previous survey.

- In 2018 when we asked the same question, 70 percent said they had done so (with 24 percent answering “no” and 7 percent “don’t know”).
- In 2013 when we asked the same question, 56 percent said they had done so (with 37 percent answering “no” and 7 percent “don’t know”).



We asked via an open-ended question, “If you have moved established business that used to be handled by your external agency/agencies to your in-house agency, what specifically did you move?” There was a wide range of responses, with the more common responses being:

- Creative services for digital media: social media, search, and email
- Creative services for traditional media: print collateral, direct mail, internal communications, out-of-home, and radio
- Media services: social media and search, media strategy

The movement of creative services varies, with some taking smaller, low-touch projects in-house and others moving “all creative development,” “all types of initiatives,” and/or “all production” in-house.

## DETAILED FINDINGS

### Capacity and Capabilities Drive Work to an External Agency

An open-ended question asked, “How do you determine what work goes to an external agency?”

The most two common responses were:

- Capacity/bandwidth of the in-house agency
- Capabilities
  - “We seek an external agency for things where we are not subject matter experts.”
  - “When there is an expertise that doesn’t exist internally.”
  - “Our in-house agency has done a good job explaining what their core competencies are. At the onset of a project, we identify if it’s a competency they possess. If it’s not, we go external.”

Other relevant responses for determining what work goes to an external agency:

- “Large tentpole”
- “Big ideas”
- “Big marquee campaigns”
- “External agencies handle media planning/buying and high-value production (TV commercials).”

## DETAILED FINDINGS

### How External Agencies Can Limit the Shift of Work to In-House Agencies

We asked, “What can external agencies do to limit the shift of work to in-house agencies?”

The most common response was focused on cost, cited by approximately 40 percent who answered:

- “Lower their prices”
- “Cheaper rates”
- “Cost less”
- “Costs for external agencies are getting higher and higher”

Yet it was clear that some responses lacked knowledge of how agencies really work.

- “The level of service and attentiveness needs to remain the same or similar no matter the spend.”

Another common response was related to knowledge of the business.

- “Better understand business needs.”
- “Biggest thing external shops need to demonstrate is the ability to understand our complex business.”
- “Have more exposure to the actual business and grow their own version of institutional knowledge.”

Also, speed/nimbleness was cited multiple times.

- “Agile service”
- “Be nimble, especially on tight turnaround, small budget projects.”
- “As the need for more content continues to grow, agencies will need to find a way to move quicker.”

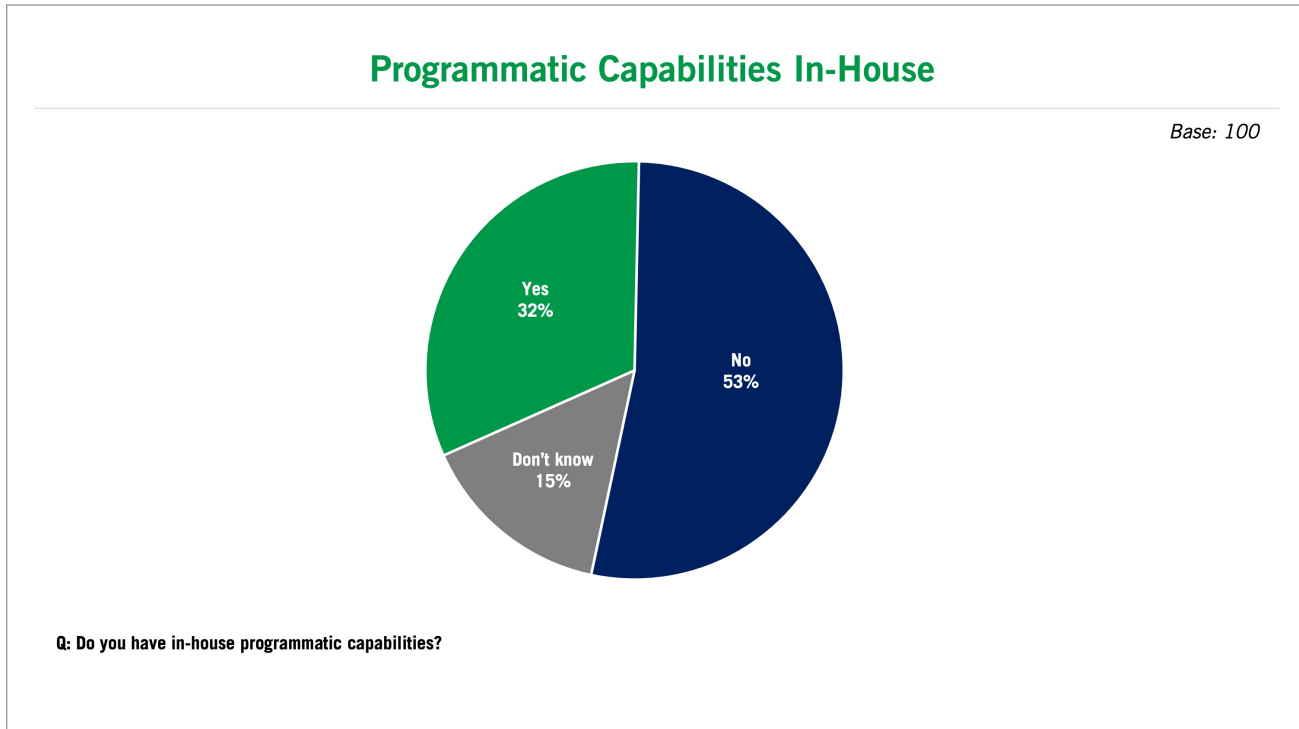
Finally, there were some more thoughtful responses:

- “Being on the forefront of new channels and/or possessing emerging skills will continue to set our external agencies apart.”
- “Continue to focus on top-tier creative work and complex media problems that are too hard to bring in-house.”

## DETAILED FINDINGS

### One-Third Have Programmatic Capabilities In-House

In 2023, 32 percent of respondents have in-house programmatic capabilities (consistent with the 30 percent in our previous in-house agency report in 2018). The initial move to in-house programmatic capabilities was among early adapters, and that has now peaked.



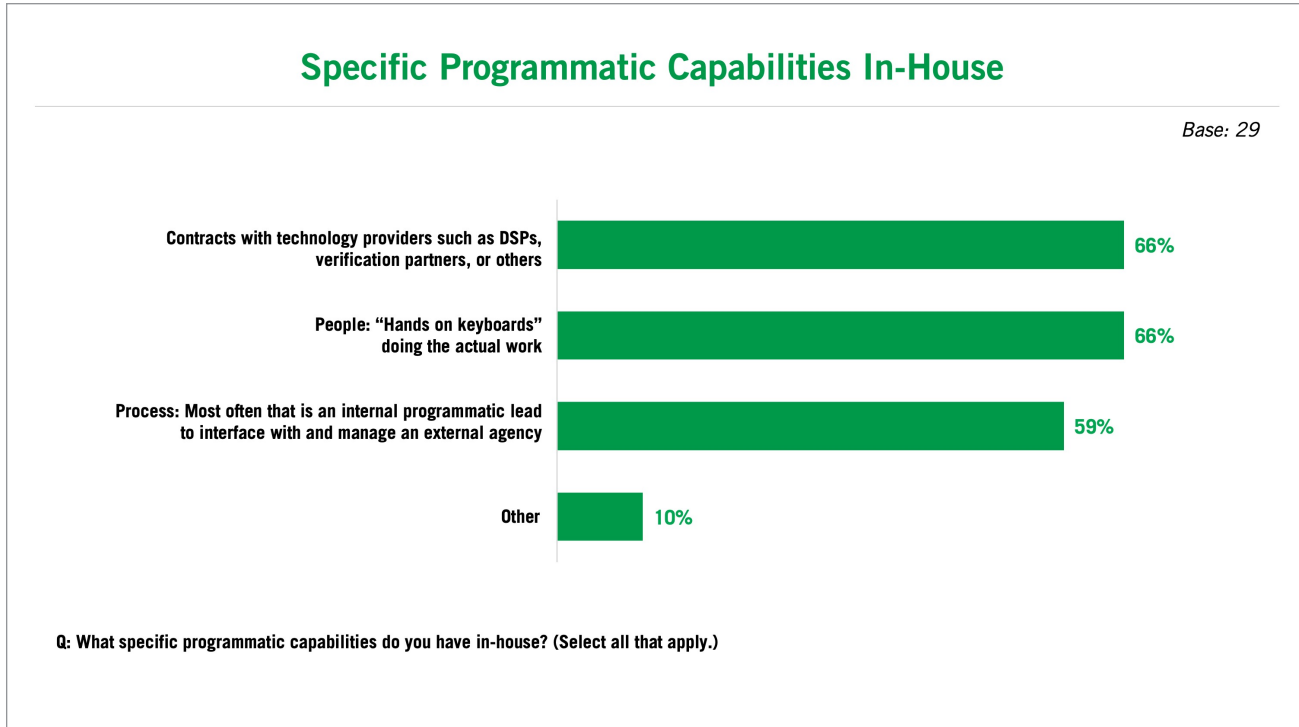
**“TaxAct brought programmatic display and video buying in-house in 2022. While we expected to see some cost efficiency from the move, we were astonished at the increased acquisition volume and scale of savings we were able to achieve by simplifying our approach. Our second year underscored the value proposition, but also highlighted that the talent of your in-house traders is what drives those results.”**

**- AMY BARTLE**  
Head of Media  
**TaxAct**

## DETAILED FINDINGS

### Specific Programmatic Capabilities In-House

Among those who have in-house programmatic capabilities, two-thirds have direct contracts with technology providers or people in-house and slightly less have processes in-house.

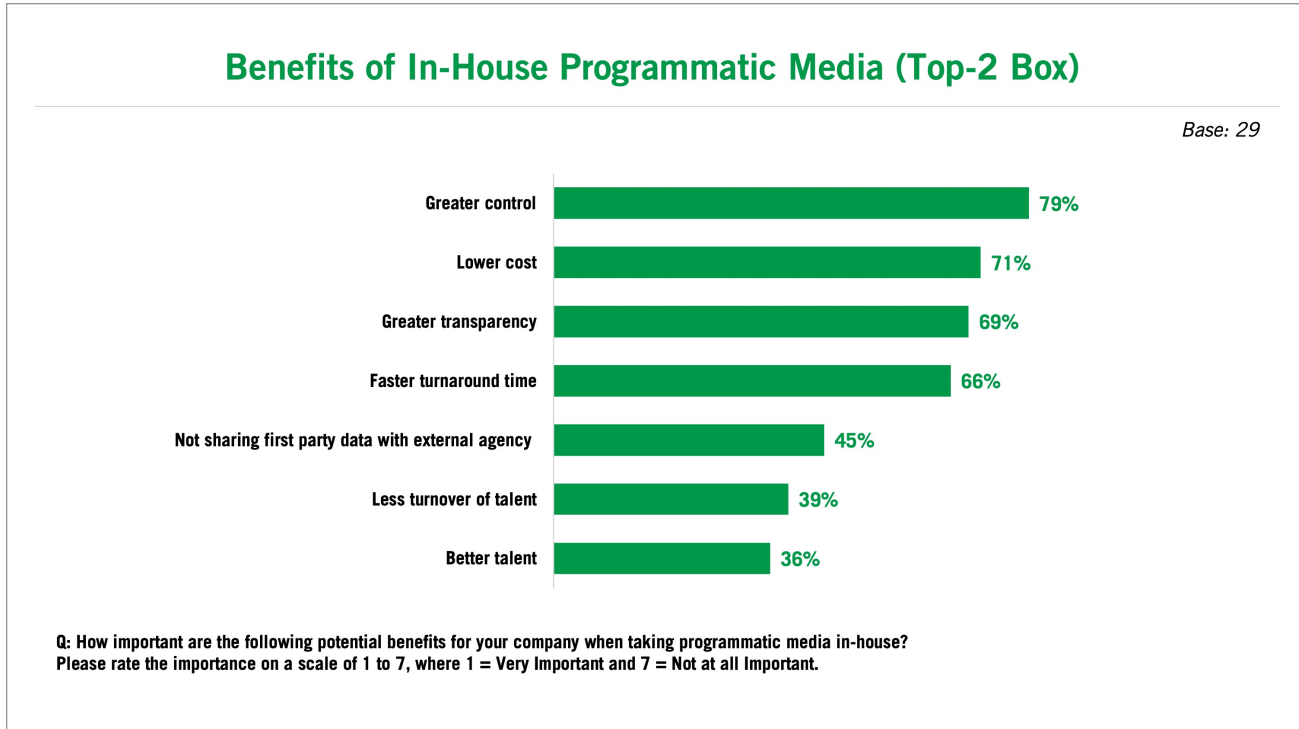


- Having direct contracts with technology providers allows for greater control and usually lower costs. Furthermore, the resulting data management and ownership allows brands to leverage their first-party data to provide greater insight into customers and connect to a data strategy across the organization.
- Some companies also prefer to have the people doing the actual work be in-house, commonly referred to as “hands on keyboards,” which is a much deeper commitment. This provides enhanced speed and even greater control and transparency. With such direct access to their programmatic media, marketers can keep track of their campaigns in real time and make adjustments on the fly, such as creative changes, targeting optimizations, and budget and bid adjustments.
- Those with processes in-house typically have an internal programmatic lead who manages the relationship with the agency.

## DETAILED FINDINGS

### Benefits of In-House Programmatic Capabilities: Better, Faster, Cheaper

The top benefits of bringing programmatic capabilities in-house are greater control, lower cost, greater transparency, and faster turnaround time.



The various benefits of in-house programmatic capabilities are each focused on “better,” “faster,” or “cheaper.”

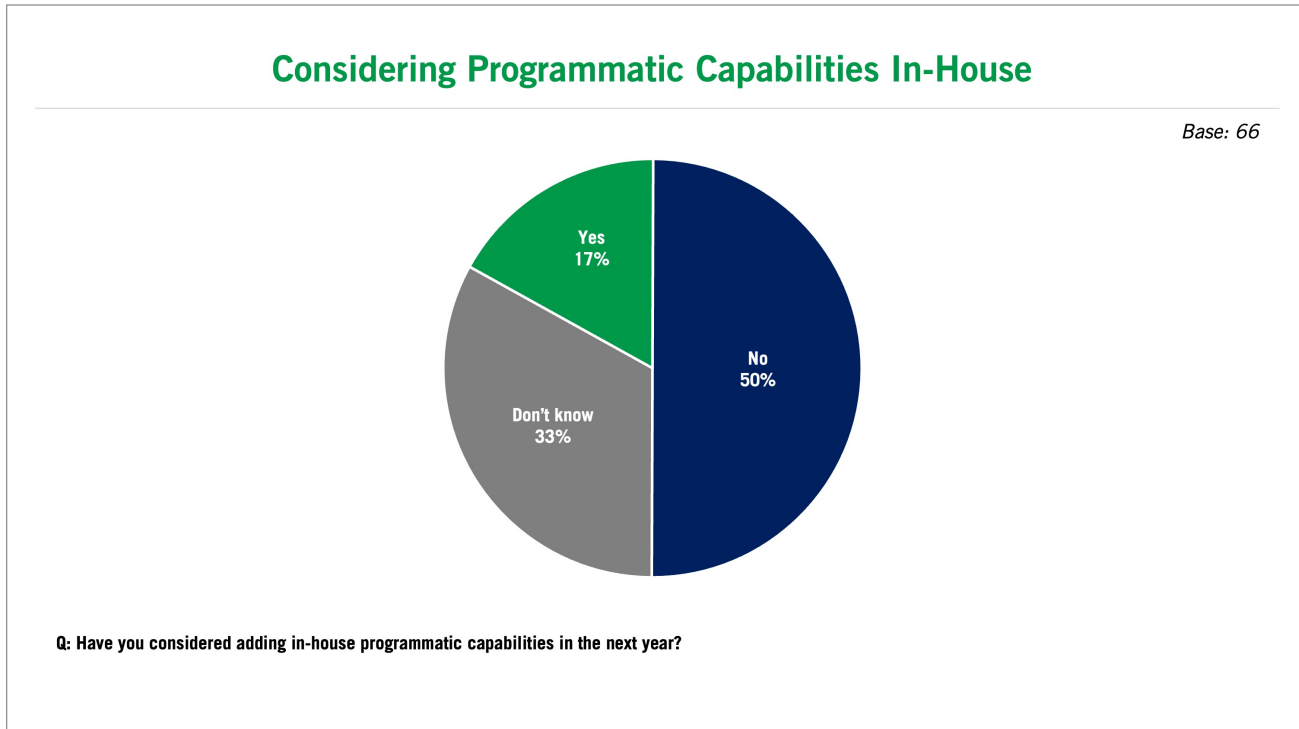
- Better: Greater control, greater transparency, not sharing first-party data with external agency(ies), less turnover of talent, better talent
- Faster: Faster turnaround time
- Cheaper: Lower cost



## DETAILED FINDINGS

### Only a Low Percentage of Those Without In-House Programmatic Capabilities Are Considering It

The 68 percent of respondents who don't have in-house programmatic capabilities were asked if they have considered such capabilities for the next year. Only a low percentage of those respondents are (17 percent).

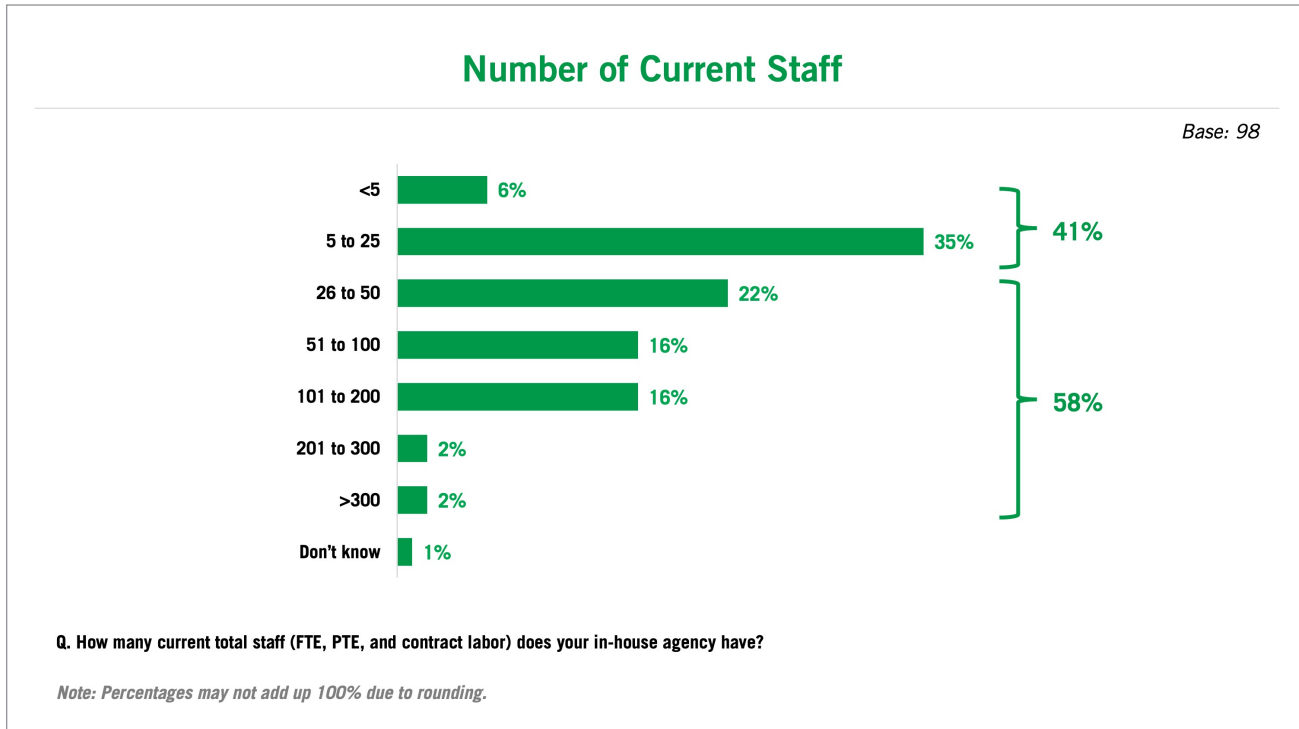


It's hypothesized that many marketers are still not aware of the benefits of bringing at least some aspect of their programmatic media activities in-house. For example, in-house programmatic capabilities often start with having direct contracts with technology providers. Again, the resulting data management and ownership allows brands to leverage their first-party data to provide greater insight into customers and connect to a data strategy across the organization.

## DETAILED FINDINGS

### In-House Agencies Come in All Sizes

In-house agencies continue to come in all sizes. Forty-one percent of in-house agencies have staffs of 25 people or less, including full-time, part-time, and contract labor. Meanwhile, 58 percent have total staff greater than 25 people.



“The evolution and growth of the in-house agency model has been a true benefit to the marketing industry. Not only has it encouraged external agency partners to ‘up their game’ and determine how to serve their clients better, but it has also required marketers to collaborate better to raise the level of the work and its results. Finally, it provides a new avenue of career opportunities for agency professionals who normally would have followed a career path on the traditional agency side.”

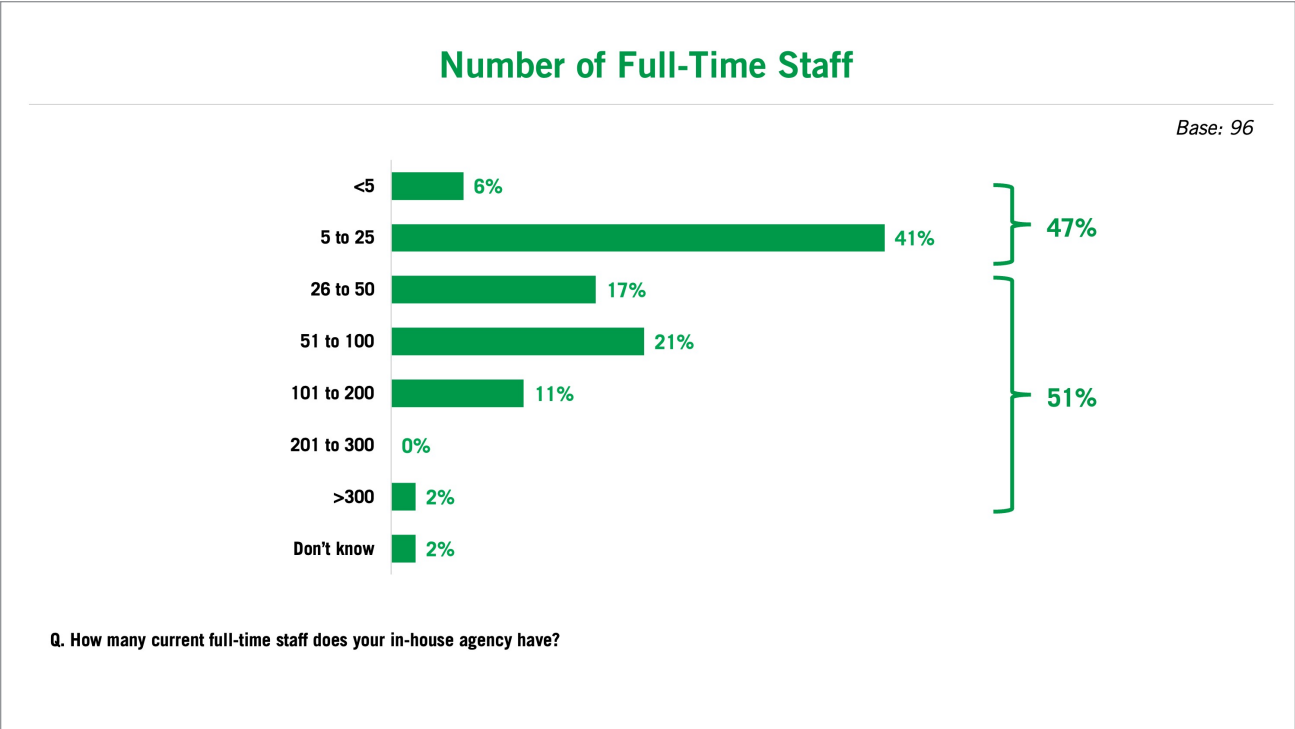
– **PETER VIENTO**  
Head of Creative, Global Marketing



# DETAILED FINDINGS

## Number of Full-Time Staff

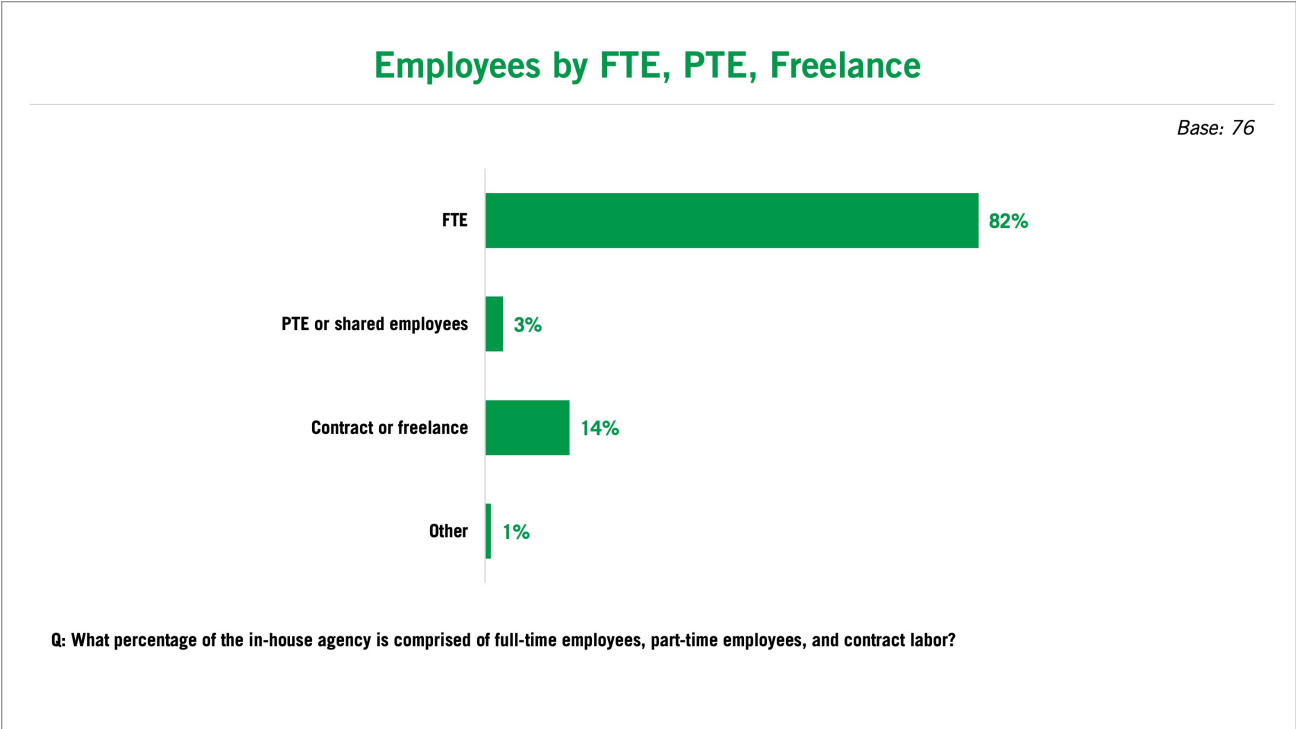
Looking just at full-time staff, 47 percent of in-house agencies have 25 people or less and 51 percent have full-time staff greater than 25 people. Meanwhile, 2 percent don't know.



# DETAILED FINDINGS

## Make-Up of Employees by FTE, PTE, Freelance

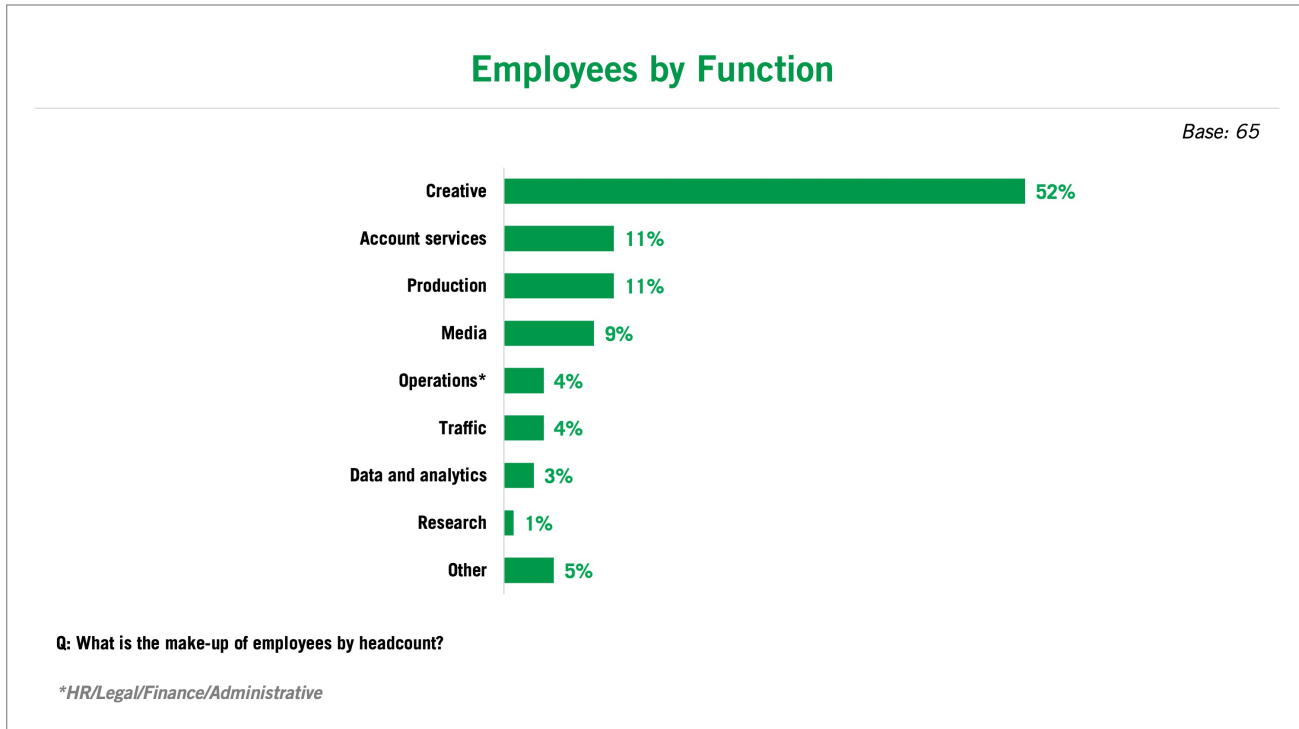
Full-time employees comprise 82 percent of in-house agency staff, while contract or freelance employees make up 14 percent.



## DETAILED FINDINGS

### Creatives Dominate Make-Up of Employees by Function

Most of those employed by an in-house agency fall into the creative category (52 percent), followed by account management (11percent) and production (11 percent). That is the same order as in 2018, with very similar percentages.



Creative (52 percent) and production (11 percent) comprise almost two-thirds of staffers at in-house agencies. Although a public benchmark does not exist for external agencies, in-house agencies typically have a greater percentage of staffers doing creative work than external agencies. That is because in-house agencies are often used more for execution and less for strategic planning, so staffing is tilted more toward creative and production and less toward functions such as account services and operations.

## DETAILED FINDINGS

### Impact of the Pandemic on In-House Agency Staffing

An open-ended question asked, “What has been the impact of the pandemic on the staffing of your in-house agency (if any)?” The most frequent and obvious response is like most of corporate America: work has gone remote, either partially or completely. This has had benefits to in-house agencies specific to talent:

- “We were able to hire more experienced people as we considered remote workers as an option.”
- “Added more remote employees, been able to attract former agency people.”
- “Added remote employees outside our home market which was not an option pre-pandemic.”

Yet there are also challenges with talent:

- “Very hard to hire people.”
- “Harder to retain talent.”
- “Higher turnover for different opportunities provided by remote work capabilities.”

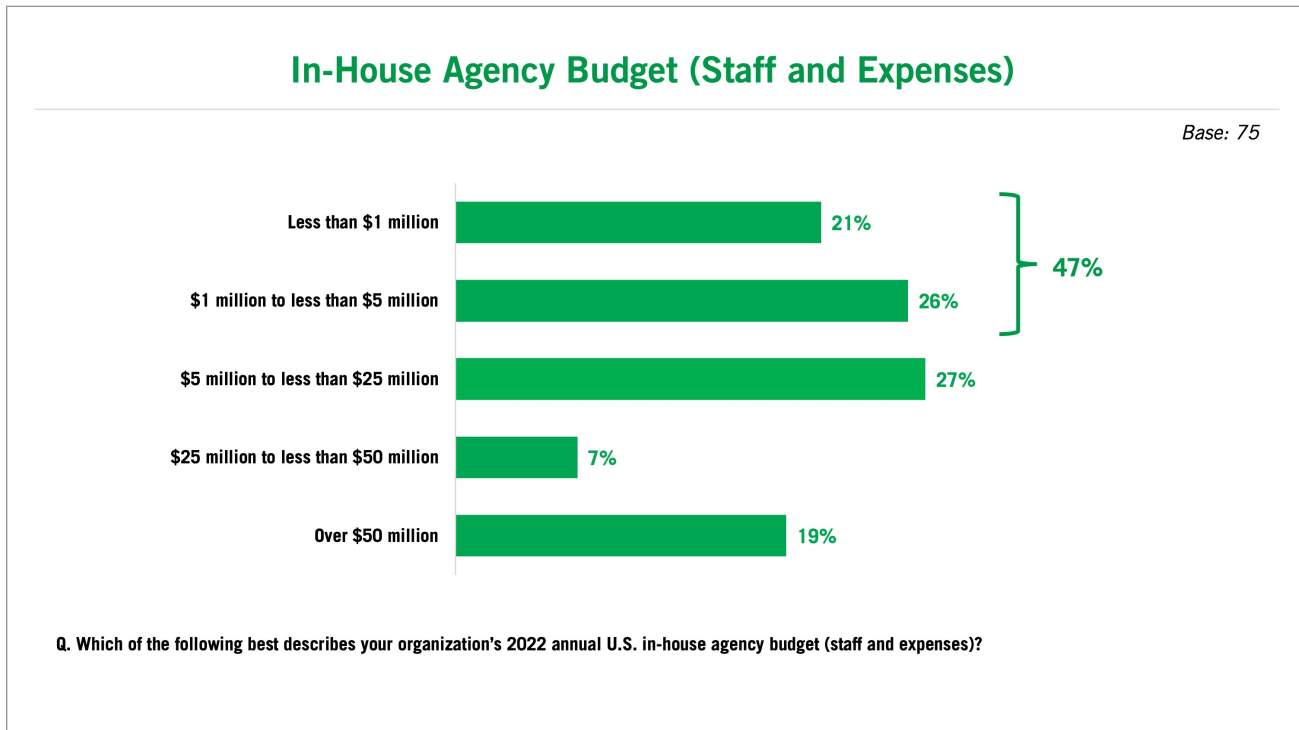
However, per the open-ended comments, respondents were more than twice as likely to increase staffing than decrease. Among those who decreased, those decreases were among full-time staff who were replaced by contractors and freelancers to provide a more flexible work model.

## DETAILED FINDINGS

### In-House Agency Budgets

The annual U.S. in-house agency budgets for 2022 — meaning staff and expenses — varied greatly.

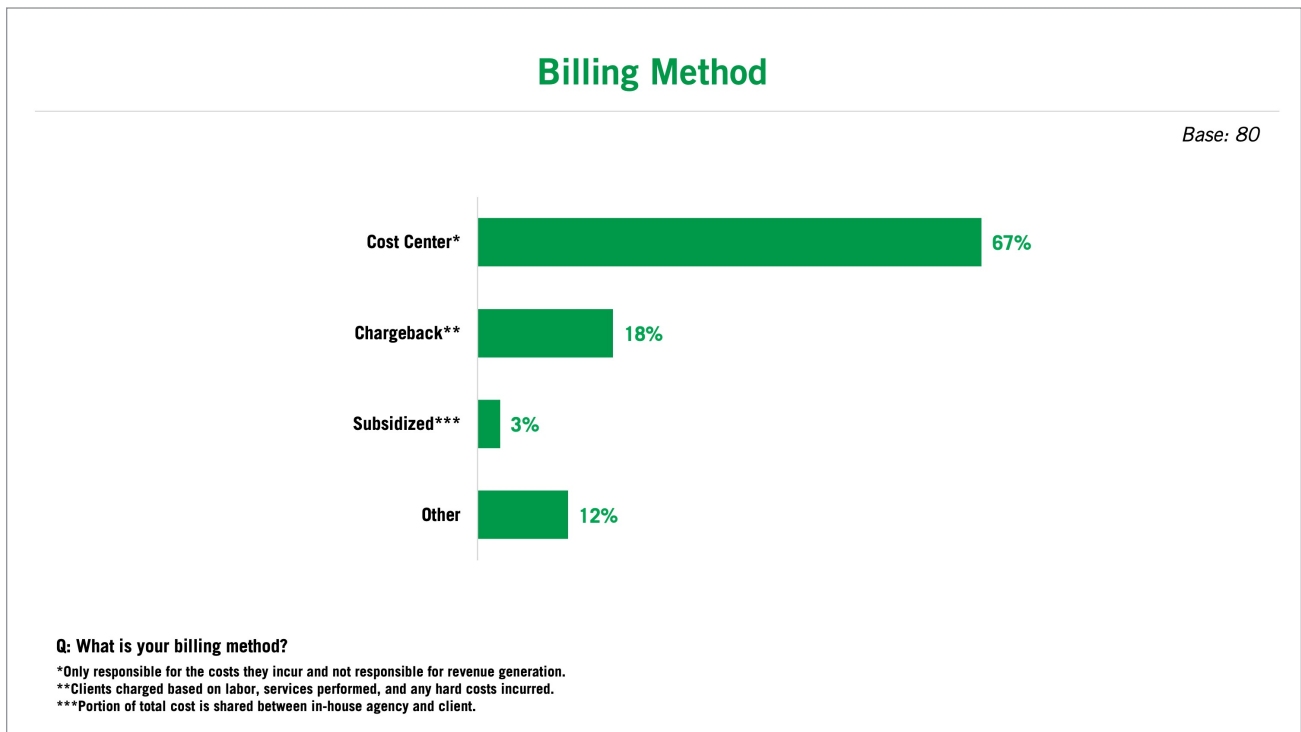
- For 47 percent of respondents, the in-house agency budget is under \$5 million.
- For 19 percent, it's over \$50 million.



# DETAILED FINDINGS

## Billing Method

The most common billing method for in-house agencies is to treat the agency as a cost center — i.e., the in-house agency is only responsible for the costs they incur and not revenue generation. Chargeback billing is used to a secondary degree (i.e., clients are charged based on labor, services worked, and any hard costs incurred). But compared with the 2018 study, treating the agency as a cost center has increased (from 52 percent to 67 percent), while chargeback billing has decreased (28 percent to 18 percent).



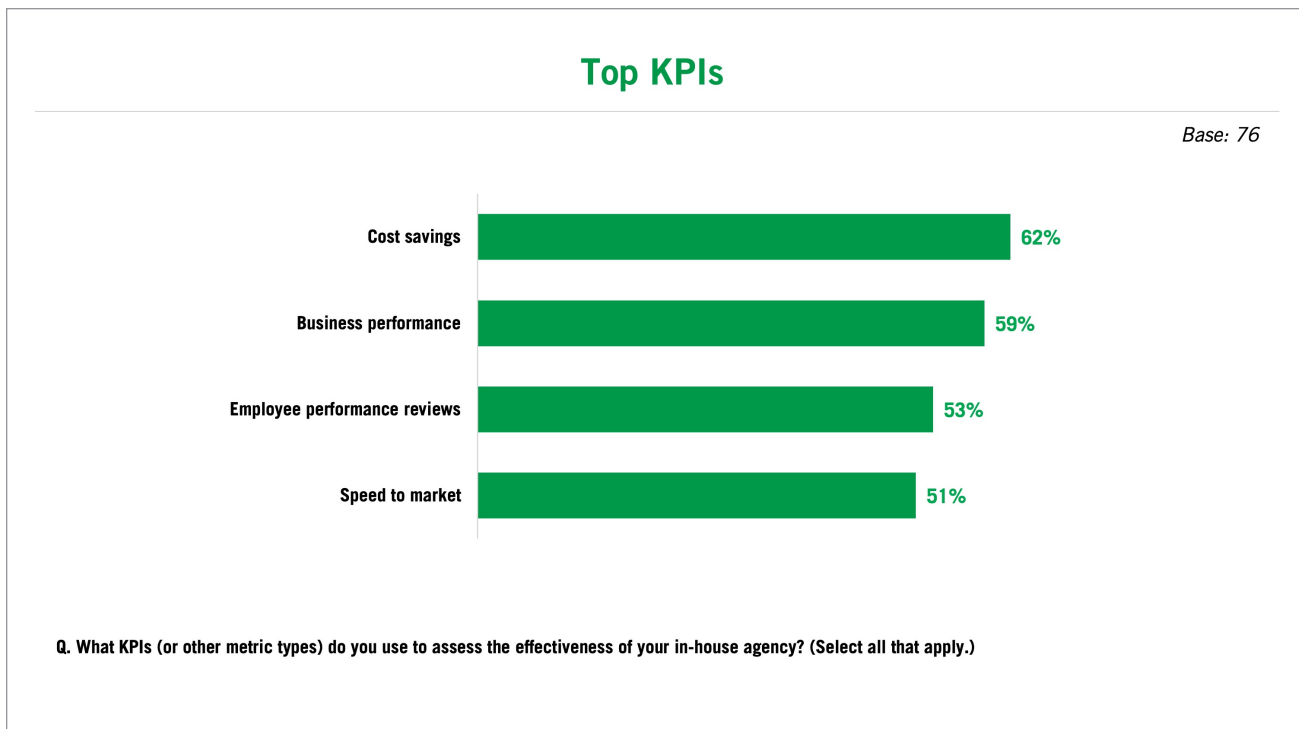


## DETAILED FINDINGS

### Top KPIs

The top KPI used to assess the effectiveness of in-house agencies is cost savings. That decreased in importance from 2018 (69 percent) to 2023 (62 percent).

The KPI of business performance increased significantly in importance from 2018 (45 percent) to 2013 (59 percent) — a good sign as that is an important KPI for external agencies.



In the question above, respondents were asked to select all the KPIs that apply from a list of 14 options. See the appendix for a full ranking of all the potential KPIs.

**“Given that business performance is one of the top KPIs, it’s surprising that there isn’t a stronger emphasis on creative expertise. There should be. It’s a critical ingredient. Speed to market, knowledge of the brand, and cost efficiencies should be prerequisites of a good in-house model. But the area for greatest potential — or meaningful improvement — for a successful in-house agency is in its ability to build talent and creative capabilities that have a positive impact on brand growth and differentiation.”**

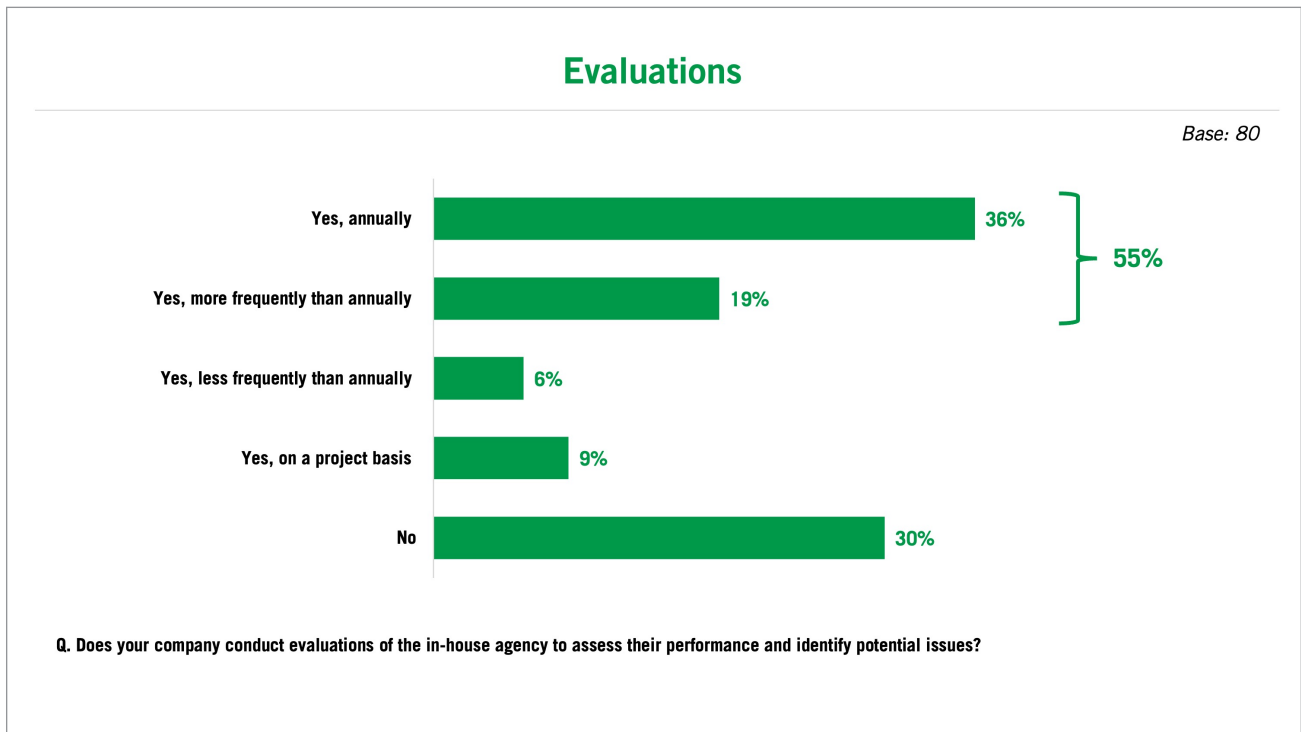
**– ANDREW MCKECHNIE**  
Chief Creative Officer, In-House Agency Builder

Formerly **verizon** 

# DETAILED FINDINGS

## Evaluations

Seventy percent of respondents conduct evaluations of their in-house agency to assess their performance and identify potential issues (almost identical to the 69 percent doing so in 2018). This includes 55 percent who do so annually or more frequently, which is up significantly from 2018 (43 percent). That increase in evaluation frequency is a positive sign.



Although there is no directly comparable benchmark for evaluations of external agencies, the ANA/4A's report [The Business Case for Relationship Management](#), from October 2020, does provide a useful data point.

A relationship management program is a platform for discussing the value exchange between a client-side marketer and an agency — not just at a single point in time, but on an ongoing basis, with a focus on continuous improvement. It is a process by which all key aspects of the client/agency relationship are identified, periodically reviewed, and openly discussed, with the intent to clarify expectations, raise issues, define success, and optimize the working relationship.

## DETAILED FINDINGS

### Evaluations

According to this report, 66 percent of marketers have a formal relationship management program in place.

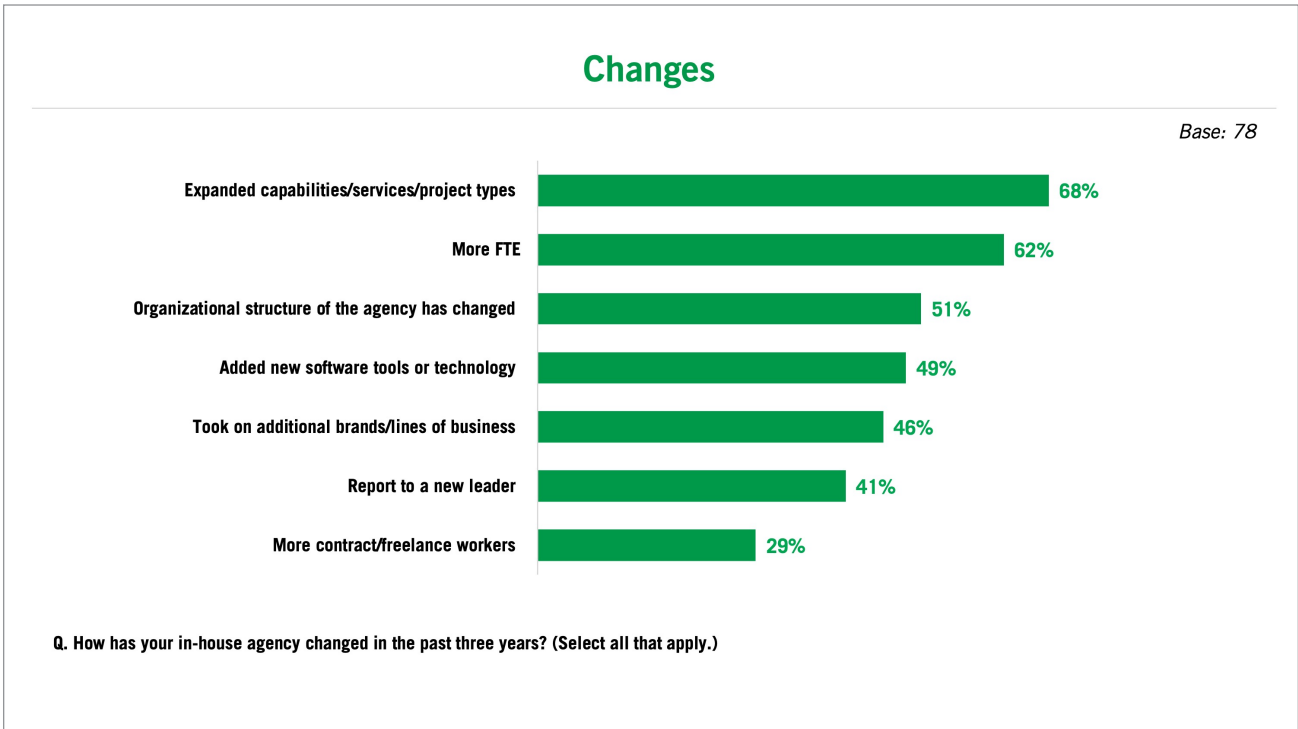
Among those with a formal relationship management program (who should be considered best-in-class marketers), 88 percent conduct annual evaluations. Note that we do not have this benchmark for all marketers, but certainly that frequency would be less than 88 percent.

The fact that 70 percent of marketers conduct evaluations of their in-house agencies and 55 percent do so annually or more frequently — while 88 percent of marketers with a formal relationship management program conduct annual evaluations — suggests that in-house agencies are at least in the ballpark for their evaluation frequency. And as noted above, the frequency conducting evaluations of in-house agencies at least annually has increased. Bottom line: all in-house agencies should be evaluated at least annually.

# DETAILED FINDINGS

## Changes Are Related to Growth

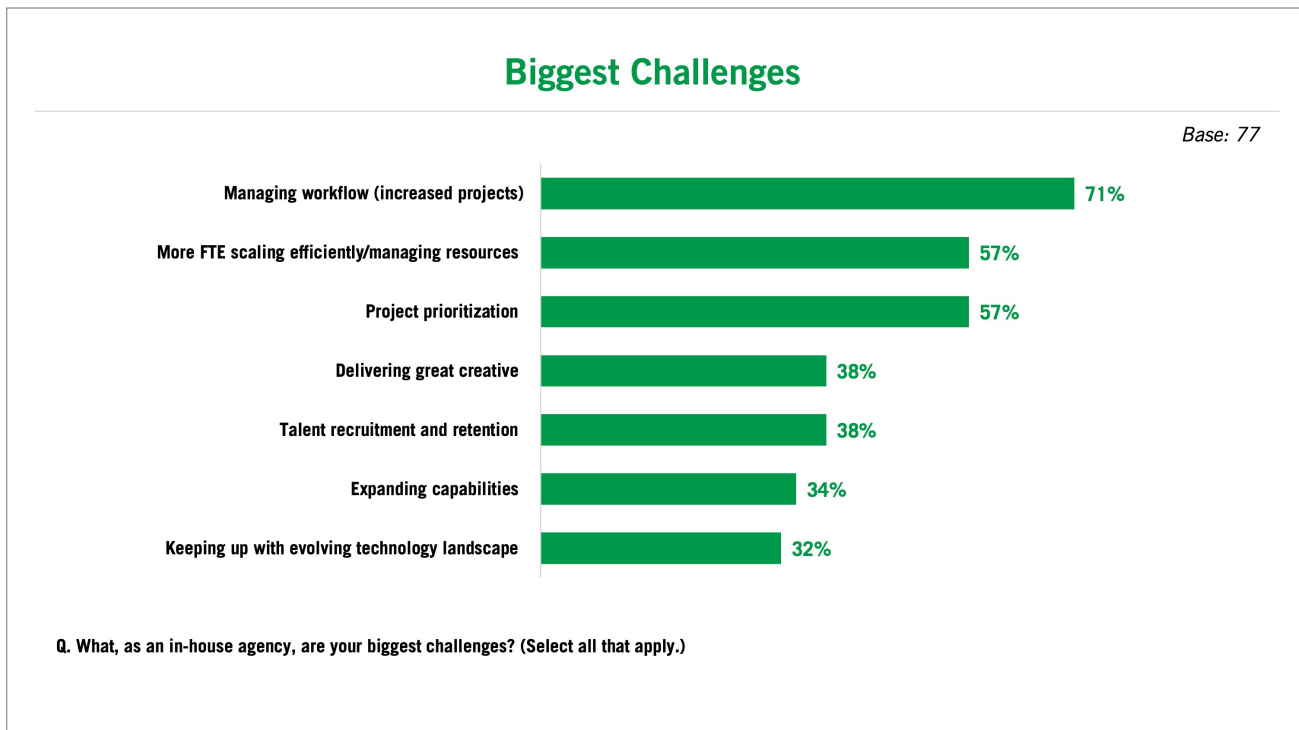
We asked about changes at the in-house agency in the past three years. As we saw in 2018, top changes are related to growth — specifically, expanded capabilities/services/project types and having more FTEs.



## DETAILED FINDINGS

### Biggest Challenges Related to Managing Growth

The biggest challenges for in-house agencies are related to managing growth. Specifically, the top challenges are managing workflow (increased projects), scaling efficiently/managing resources, and project prioritization. Those were also the biggest challenges in 2018.



“The data reflects a larger focus from the industry on what’s urgent rather than on what’s important. Managing resources to handle work volume is an everyday struggle of any creative organization. In the long term, in-house agency leaders should prioritize talent retention and innovation to consistently deliver great work and remain relevant in the market.”

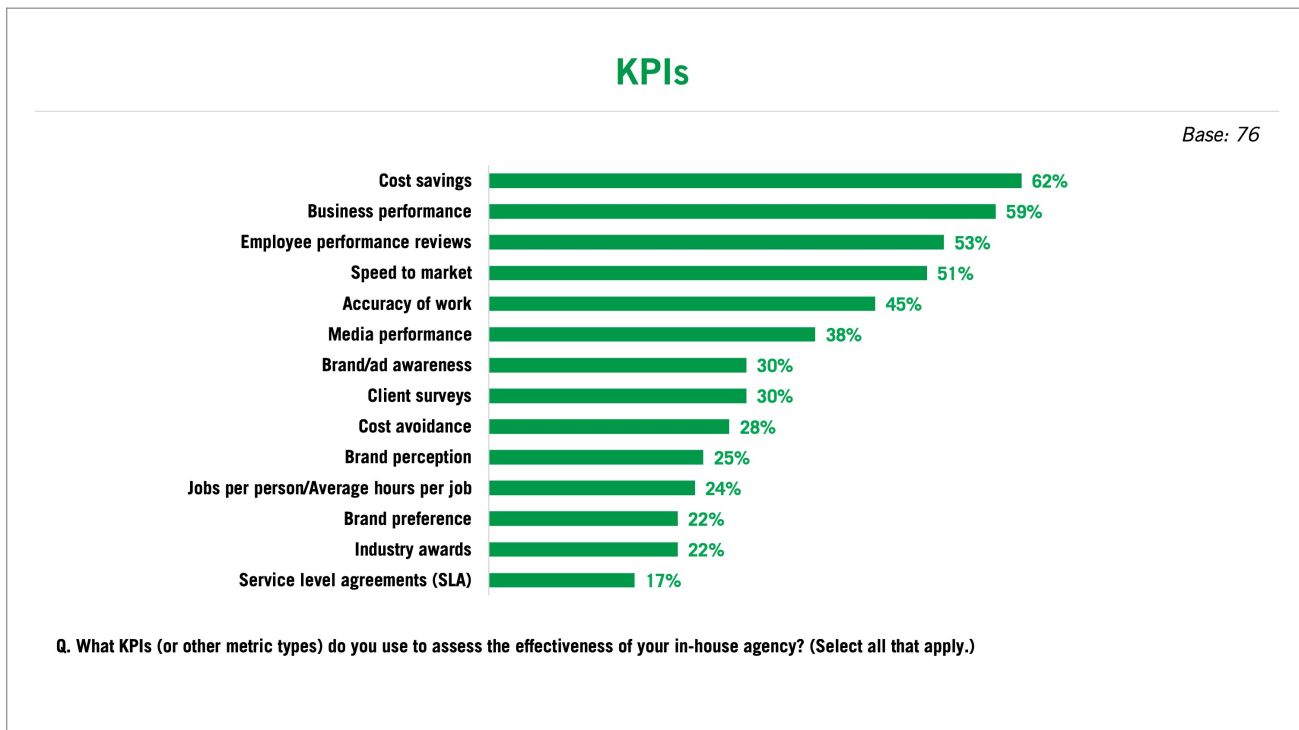
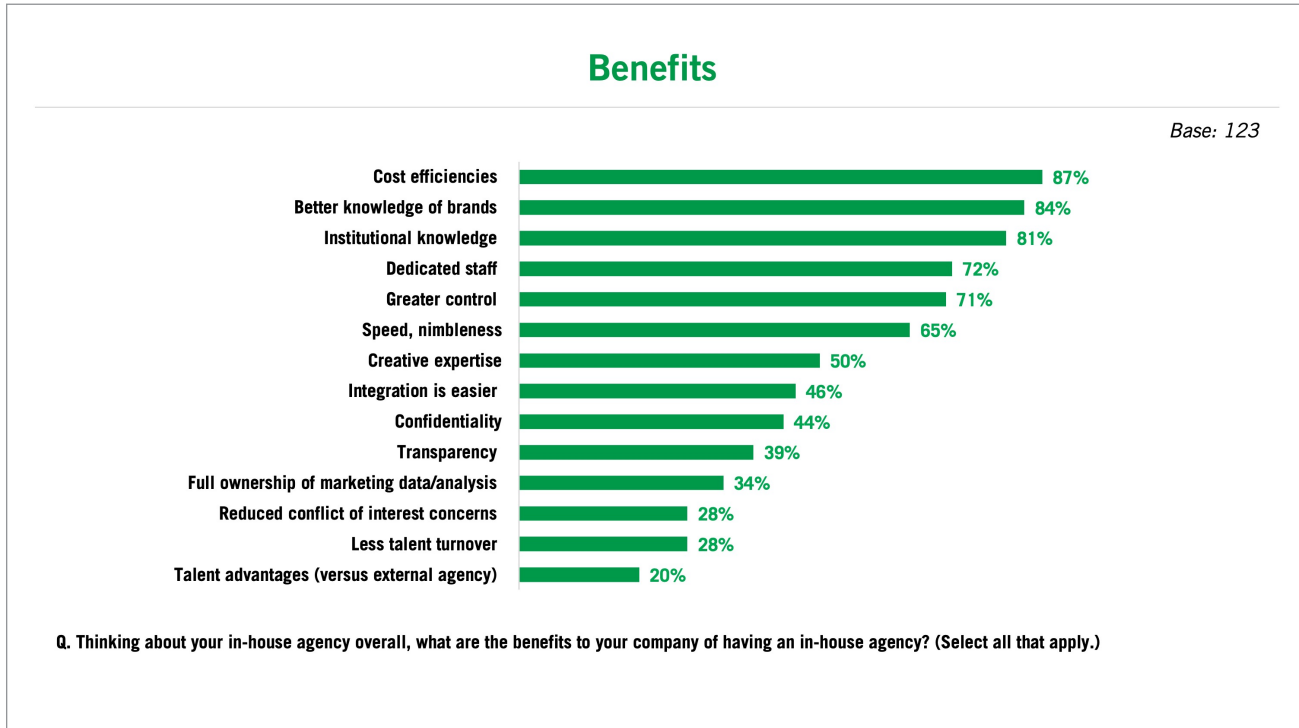
– **WARREN MARENCO CHASE**  
Vice President, Managing Director, Copper Giants



# APPENDIX

# APPENDIX

## Appendix: Detailed Charts



# APPENDIX

## Appendix: Detailed Charts

### Creative for Digital Media Handled In-House

Base (2023): 107

	2023	2018	2013
Email	80%	81%	77%
Social media	78%	78%	53%
Website development, design, updates	68%	68%	53%
Desktop video	65%	58%	Not asked
Desktop display	63%	57%	Not asked
Mobile display	63%	52%	Not asked
Mobile video	62%	53%	Not asked
Internal corporate communications (includes e-news, presentations)	61%	58%	53%
Collateral (e-brochures, sales kits)	59%	57%	53%
Infographics	59%	63%	35%
Out-of-home	39%	25%	20%
Search engine optimization	39%	39%	37%
Flash	38%	39%	44%
Search engine marketing	38%	37%	35%
Publications (e-newsletters/magazines)	38%	45%	42%
Blogs	32%	38%	25%
Retail digital point-of-purchase displays	26%	22%	18%
Webinars	22%	26%	15%
App development	20%	27%	26%
Gaming	2%	5%	5%
No creative for digital media developed in-house	5%	4%	12%

Q. Creative for Digital Media. Which of the services listed are handled by your in-house agency? (Select all that apply.)

### Creative for Traditional Media Handled In-House

Base (2023): 110

	2023	2018	2013
Collateral/promotional materials	83%	83%	91%
Brand identity (product naming, logos, etc.)	72%	68%	70%
Internal company communications (includes newsletters, presentations)	72%	68%	69%
Videos for internal use such as sales meetings	71%	69%	68%
Trade show/event materials	58%	68%	73%
Out-of-home advertising	52%	37%	39%
Magazine advertising	48%	51%	60%
Direct-to-channel/retailer communications	47%	46%	43%
Direct mail	45%	53%	72%
Newspaper advertising	35%	37%	48%
Retail point-of-purchase materials	35%	33%	37%
Television advertising	35%	22%	27%
Radio advertising	34%	27%	27%
Packaging	32%	39%	35%
FSIs or other consumer promotional materials	30%	36%	48%
Retail circulars or similar materials	15%	22%	36%
No creative for traditional media developed in-house	8%	11%	3%

Q. Creative for "Traditional" Media. Which of the services listed are handled by your in-house agency? (Select all that apply.)



# APPENDIX

## Appendix: Detailed Charts

### Media Planning and/or Buying Services Handled In-House

Base (2023): 101

	2023	2018	2013
Social media	41%	40%	28%
Desktop video	31%	20%	Not asked
Mobile video	31%	23%	Not asked
Search engine marketing	30%	30%	27%
Search engine optimization	29%	28%	22%
Desktop display	29%	22%	Not asked
Mobile display	28%	22%	Not asked
Programmatic (any)	26%	24%	Not asked
Magazines	17%	19%	32%
Radio	17%	16%	21%
Newspaper	14%	14%	26%
Out-of-home	13%	14%	22%
Television	13%	15%	21%
Gaming	8%	1%	3%
No media services done in-house	46%	45%	47%

Q. Media Planning and/or Buying. Which of the services listed are handled by your in-house agency? (Select all that apply.)

## APPENDIX

### Appendix: Email Invitation

#### Subject: ANA Survey on Usage (or not) of an In-House Agency

The ANA has gotten numerous requests in the recent past about the usage (or not) of in-house agencies. We have decided that the membership would benefit from a quantitative survey on this topic. We would appreciate you taking the time to answer this survey. If you do not have an in-house agency, your response would be appreciated as well (you would just be answering one or two questions) as we are trying to determine the incidence of ANA members with in-house agencies.

The survey covers issues including the following:

- Usage of an in-house agency
- Specific services handled in-house
- Staffing/Reporting structure
- Advantages and disadvantages
- Relationship with external agencies
- And more

An “in-house agency” is defined as a department, group, or person that has responsibilities that typically are performed by an external advertising or other MarCom agency. (For the purposes of this survey, an internal PR function is not part of our definition of an in-house agency.)

The survey will take 10 minutes or less to complete and your responses will be kept completely confidential.

Please note that you received this email because you are a member of an ANA committee.

Click [here](#) to begin the survey.

Bill Duggan  
Group EVP  
ANA

## ABOUT THE ANA

The mission of the [\*\*ANA \(Association of National Advertisers\)\*\*](#) is to drive growth for marketing professionals, brands and businesses, the industry, and humanity. The ANA serves the marketing needs of 20,000 brands by leveraging the 12-point ANA Growth Agenda, which has been endorsed by the Global CMO Growth Council. The ANA's membership consists of U.S. and international companies, including client-side marketers, nonprofits, fundraisers, and marketing solutions providers (data science and technology companies, ad agencies, publishers, media companies, suppliers, and vendors). The ANA creates Marketing Growth Champions by serving, educating, and advocating for more than 50,000 industry members that collectively invest more than \$400 billion in marketing and advertising annually.

## ADDITIONAL RESOURCES

### [\*\*In-House Agency Fact Book\*\*](#)

The ANA In-House Agency Fact Book is comprised of some of the best in-house agencies in the world. It highlights the structure, capabilities, and operations of in-house agencies at ANA client-side member companies. The fact book serves as a reference point for other in-house agencies and those looking to learn more or start their own in-house agency. This resource is updated on a regular basis.

### [\*\*ANA In-House Excellence Awards\*\*](#)

The ANA In-House Excellence Awards were established in 2021 to showcase the incredible creativity and innovation of in-house marketing teams across multiple categories. Award winners feature the most creative, strategic, and growth-driving marketing and advertising. Past award-winning case studies are available in the ANA content library.

## ACKNOWLEDGEMENTS

The project leader on this initiative was Bill Duggan, Group EVP at the ANA ([bduggan@ana.net](mailto:bduggan@ana.net)).

Other ANA staffers who contributed to this report were Latha Sarathy, Chief Research Officer; Greg Wright, SVP; Peter Kenigsberg, Director; and Melanie Rojas, Coordinator.

This report was designed by Amy Zeng, Manager of Creative Services at the ANA.

© Copyright 2023 by the Association of National Advertisers, Inc. All rights reserved.



# The Continued Rise of the In-House Agency: 2023 Edition

MAY 2023

