Is in-house advertising wise?

Innocent Drinks is the latest brand to dispense with the services of an advertising agency in favour of creating its ads in house.

The smoothie maker is setting up an in-house creative team in the spring to manage all above- and below-the-line activity after axing Lowe (MW last week), although it says it will continue to work with agencies on a project basis.

Several other brands have moved their advertising in house in recent years, while some have never retained an agency, preferring to devise their campaigns themselves. A common theme among them is that they are almost entirely led by entrepreneurs - or have entrepreneurial cultures.

Stelios Haji-Ioannou’s easyJet created its own ads before it appointed Ogilvy Advertising to handle its pan-European account in 2006 (MW May 25, 2006). Dyson ended its relationship with Vallance Carruthers Coleman Priest at the end of last year (MW November 15 2007), while Amstrad founder Sir Alan Sugar is famously sceptical about the value of ad agencies.

Richard Reed, one of Innocent’s founders, says: “This is about playing to our strengths and developing our talent internally. The reality is the majority of what we call creative work has been done in house in the past.”

From bottle to ads

However, observers warn that it would be foolish of Innocent to ignore the input of agencies in the future. Andy Nairn, planning director at Miles Calcraft Briginshaw Duffy, says: “I think Innocent’s packaging has been a massive part of the brand’s success and has been more effective than its advertising. But I don’t think the assumption is right that moving advertising in house is a simple extension of what it has already been doing.”

Nairn believes that, at times, the Innocent brand dices with being “self-referential” and could benefit from the external eyes of an ad agency.

Others point out that Lowe’s relationship with Innocent was uneasy, with one source claiming that on at least one occasion the company rejected the agency’s ad and replaced it with one of its own.

Like Innocent, Dyson believes its decision to move its advertising in house is a natural extension of what it had been doing and will help bring the creative and engineering sides of the business closer together.

UK marketing director Adam Ros- tom says: “We have been developing our below-the-line advertising in house and this seems like a natural extension. Cost savings is obviously a factor, but internal resources are not free.”

Creating ads in house is also popular with media owners that have creative talent within their organisations. Channel 4’s in-house agency 4Creative, for example, pitches for the broadcaster’s briefs against its roster agencies.

Gap of reason

Brands are likely to look at success stories from the past, such as Gap’s Khaki campaign featuring celebrities dancing on a white background, as evidence of what can be achieved by internal teams.

EasyJet created its own ads for about ten years before appointing Ogilvy. Head of brand marketing, product and distribution Paul Simons says it now uses a hybrid system: “Production is done in house and if we need an ad for tomorrow, then we do it in house. But by employing an agency, you get help with strategy and high levels of creative input.”

Brandhouse business development director Mark Rae believes that external agencies have a more objective view of brands. He says: “The downside is that those in the company become so close to the brand that they can’t see the wood for the trees.”

John Reynolds