

# Advertisers Seek Closer Relationships With Fewer Suppliers, Finds New ISBA/OLIVER Study

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Nearly two thirds (62%) of advertisers are shifting towards stronger relationships with fewer suppliers as the move towards on-site and in-house solutions gains momentum, according to the first-ever UK study on advertisers'™ use of in-house and on-site agencies.

The research, conducted by ISBA in association with on-site specialist OLIVER and through independent market research consultancy Future Thinking, found that just under half of brands now have, or are considering establishing, an on-site (45%) or in-house (44%) capability. This shift in the UK is being driven mostly by the need for closer collaboration, deep sector knowledge, data confidentiality and transparency, as content needs increase across all channels.

The findings show external agencies are losing ground with advertisers for lack of speed, with over two thirds (68%) of marketers expressing frustration with the time it takes external agencies to make decisions or turn around briefs. This dropped to 8% for on-site and 20% for in-house agencies.

Marketers were the key decision makers in hiring agencies, with procurement having a background role (43% said that procurement was either not very or not at all influential).

Among the key advantages respondents identified for selecting an on-site agency were the desire for speed and agility (86%), improved cost efficiencies (68%), collaboration (64%), and operational control (54%) that comes with working in the same building, as well as the institutional knowledge (21%) and strategic capabilities (21%) that agencies offer.

Meanwhile, for in-house, respondents cited improved brand expertise (61%), collaboration (52%), operational control (55%), and creative expertise (33%) as the main advantages.

As one respondent noted: "The traditional agency model is too slow and too far removed. We need the agency to be part of the team and to drive efficiencies to get from brief to publish far faster."

Despite the trend towards in-house or on-site however, marketers are still using these capabilities mainly in a tactical function. 54% use on-site agencies on a project-by-project basis.

Debbie Morrison, director of consultancy and best practice at ISBA said: "Agility is increasingly a big issue for clients, especially in relation to digital activities, so it is no surprise that we are seeing a rise in these types of activities being handled in-house and particularly with on-site agencies. Adapting to the new demands that marketers have should be a key priority for agencies as they encounter an increasingly competitive market."

Sharon Whale, CEO, OLIVER UK, commented: "Amid increasing demand for closer collaboration, faster turnaround and more effective integration of the agency into a company's™ processes, it's™ clear now that the traditional external agency model cannot meet all of these needs. Having a unique model of working on-site, which enables you to get to know the ins and outs of the company, is becoming ever more valuable as marketers expectations continue to grow."

Emily Abbott, director of Communicate at Future Thinking, added: "The shift to in-house and on-site agencies that has been underway in the US is now finally being echoed this side of the pond, with huge implications for agencies and marketers alike. This study, the first of its kind in the UK, gives us a unique glimpse into the changing nature of the industry and how the needs of marketers have evolved in recent years."

The study canvassed ISBA members over a two-month period between December 2016 and February 2017. It included responses from 85 senior ISBA members. In terms of UK advertising expenditure, half of the companies that responded spend more than £30million annually and over a third of respondents spend more than £50million. The report follows a series of ANA studies in the United States, where 58% of advertisers were shifting towards in-house or on-site in 2013 (according to evidence from the ANA).