

# In-house or external ad agency for Nigerian brands

If you think your brand - whether product or corporate - needs a marketing communications agency to manage its media and communication demands, think very seriously about it for a long time. Then don't do it. If you have another serious think, and decide you really might need one, you have to decide exactly what you want and what you really want them to do and why.

By [Desmond Ekeh](#) 22 Sep 2009

## Shuffling agencies

One fact that most communication analysts noticed during the market entry of Globacom, Nigeria's first indigenous private GSM company, was the movement of the company's PR and advertising accounts amongst three or four different agencies in the space of eight months. This roller-coaster ended only when the organisation resolved to set up a full-fledged in-house agency to handle its marketing communications activities.

Even before Glo took this step, Promasidor (then Wonder Foods Nigeria Ltd) was one of the early big players that followed this option. Until the organisation's decision to collapse the control of all its communication activities into one office in South Africa where the company's head office was located, the account was the cash cow of one of the foremost advertising agencies based somewhere in Ikeja, Lagos.

However, the agency, initially jolted by Promasidor's radical decision had to adjust adequately to survive in the market. To tackle this challenge of "cultural synchronisation", Promasidor resolved to use only animations in its advert materials. This, the company felt, will enhance effective communication across various cultures and the environment that they operate. This, it is also believed, will reduce the cost of hiring models for ad shoots.

Also, recently, a leading indigenous Pay TV outfit, HiTV decided not to renew its contract with a top Lagos-based PR agency for whatever reason, but instead, established an in-house facility headed by a seasoned journalist, from Nigeria's flagship publication, to handle its media jobs.

De United Foods, manufacturer of indomie noodles is also on the verge of joining the train of in-house agency users. Lately, the organisation has relieved its agency from handling its communication business. The brand has put machinery in motion for an in-house agency system to manage its marketing communication activities.

Indeed, consideration for an in-house agency is not a purely Nigerian thing. Career-Builders - South Africa largest job site and dedicated super bowl advertiser is jettisoning its communication agency by bringing its accounts in-house.

## Going in-house

According to report from a research agency, (businesscommunication), "The pressures of the recession and widespread cutbacks of ad budgets, is forcing many major marketers to go so far as to pull accounts house".

It quoted a recent survey by the Association of National Advertisers where industry experts forecast that the back half of 2009 could see more big marketers follow in Career-Builders' footsteps.

In the words of Casey Burnett, consultant and director of West Coast operations for Roth Associates, "We see more accounts in 2009 move in-house to either save costs or maintain control."

Industry players, communication practitioners and analysts spoken to by BrandIntelligence gave several reasons why they think this is the case. An analysis of these reasons could be itemised as follows:

1. Cost
2. Brand message alignment
3. Quick response market demands
4. Ownership and control of brand ideas
5. Low staff turnover

According to them, some of the companies think that the use of in-house facilities to handle functions such as collateral development and video production will help them to save cost, and to align their brand messages. Global brands that work with several marketing partners in far-flung places run the risk of a fractured brand message, they assert. Hyundai's desire for a consistent brand image worldwide and control to remain with its South Korean parent is said to be the reason the carmaker recently ditched its highly regarded US agency - Goodby, Silverstein and Partners.

Another point analysts note is that, most of these companies want to enhance a speedy response in the market. For them, nobody understands the marketer's business better than the brand owner. Try as they might, ad agencies, they think, often aren't as familiar with the ins and outs of complex businesses like airlines, banks and health insurance, not to mention that in crisis, an in-house shop can respond with lightning rapidity through different media.

The companies are also said to claim that they keep the marketing functions tied to the brand owner. This means that working via an in-house agency could mean more involvement in the marketing process from the highest levels of the company. Moreover, they believe that using an in-house agency lowers turnover. Ad agencies to them are known to have revolving doors that can take a toll on the client-agency relationship. In contrast, in-house agencies are known for keeping their departments stable; the average annual turnover rate of staff at an agency is less than 5%, they claim.

### **Not as sweet as it sounds**

Meanwhile other industry respondents feel otherwise. "As sweet as these claims and positions may sound the reality of the matter is usually the case," said a practitioner in a Lagos-based ad agency with over 10 years experience. "To cut costs, you have to already have a strong in-house capability, which does not come easy. Setting out to build one from scratch could mean steep overhead costs that - particularly during these tough times - could unnecessarily strain on your company's resources."

Other analysts believe that, to tap their expertise, agencies have a leg up by being out in the marketplace and in touch with a rapidly changing business environment. Their scope of experience is a lot wider compared with an in-house agency. To get an outsider's perspective, they add, having an outside agency can prevent your company from being too limited in focus and options, and can also be motivating. Nancy Hill, president-CEO of the 4A's, puts it like this: "An agency works with a marketer much like a trainer works with an athlete."

with an athlete, pushing her to perform better. It's true you could do it alone, but your results will vary.”

To get access to top talent, any recruiter will tell you that getting top creative types to focus solely on one client's business is a hard sell; they desire the variety of daily challenges offered by the opportunity to craft campaigns for a big retailer one day and a pharmaceutical giant the next. They rarely remain in an in-house agency.

In most cases in Nigeria, apart from the issue of cost, speedy response, and aligning brand message, the area of poor relationship contributes greatly to the high turnover of account movement and current pencha for in-house agency.

## **Challenges in the Nigerian ad industry**

Highlighting the challenges in Nigerian advertising, seasoned advertising practitioner, Chris Doghudje pointed out the areas of poor briefs, delayed approvals of proposal and advertisers desire to run a master servant relationship with agencies as key areas that create frictions that throw up the option of an in-house agency. Many brand owners in Nigeria tend to see agency executives as servants, so they summon the lot to meetings without bothering to fix appointments in advance. They can give an agency less than three days to come up with a proposal and sit on them for three weeks only to state casually that the proposals do not meet their expectations. Some will reject the proposals and call for up to ten revisions only to turn round later to approve the very first sets of proposals. A client that is unnecessarily demanding and less reasonable can tempt even the most even-tempered agency executive.

Being able to navigate through circumstances like the one highlighted above without damaging a relationship with a client, which can raise the need for an in-house agency in the client's mind, requires perspective, focus and patience.

It is important for brand owners to think through their communication needs before deciding whether to create an in-house agency or hire an external consultant. No doubt, there are advantages in setting up and using in-house agency staff, but the drawbacks must also be considered. Most often, the in-house people hardly act beyond the companies' environment, behaving like other staffs would. It requires a lot of fluidity, creativity and dynamism, which may not necessarily blossom in a formal business set up. In fact, experience has shown that, it requires a different set of emotional intelligence to manage creative and talented people. With recent developments in business communication, it may be difficult to actually totally do without an external agency, especially in time of crises.

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