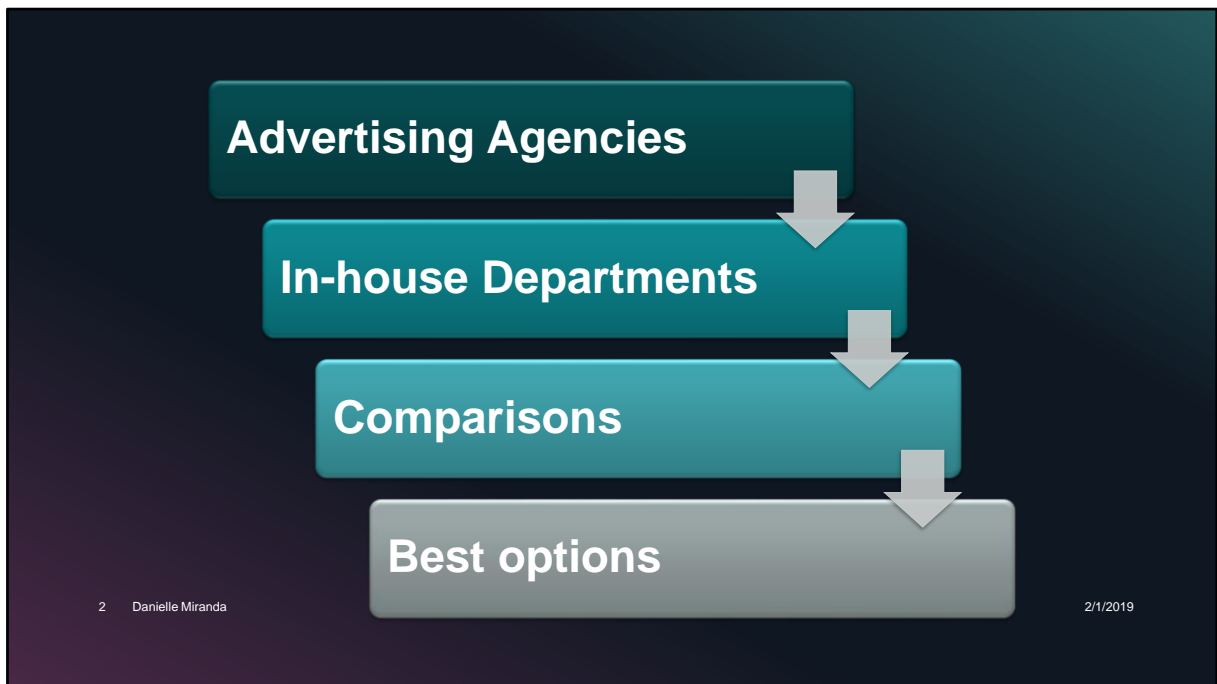


Advertising Agencies vs In-house Departments

Danielle Miranda

Hello everyone! My name is Danielle Miranda. I am a Marketing student at American River College, specializing in advertising and management. Today we are going to address a very popular topic for growing businesses. Here's a question, how many of you struggle with your businesses advertising needs?



We are going to discuss the two most common ways of gaining advertising, starting with advertising agencies. Then, we are going to move to in-house departments dedicated to advertising. Next, we will compare these two options by looking at their strengths and weaknesses. At the end, we will conclude with the best advertising solution for small businesses.

PLANNING FOR GROWTH

- Budget
- Needs
- Risk
- Turnaround
- Creativity

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It is important to recognize that finding the best solution can be hard. You need to know your business well enough to plan for your own growth. You will need to look at your requirements for budget, needs, risk, turnaround and creativity. One solution won't always be the answer. That's why looking at a breakdown of options will help familiarize yourself with what you can gain.



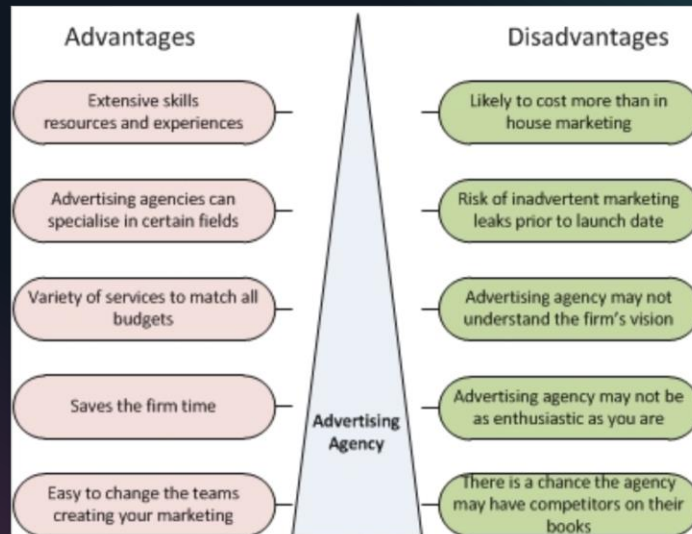
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So, where do we go from here? Let's start brainstorming. Take a moment to think of your own budget for advertising. How open are you to taking risks? Take a moment to make a brief list in your head of the advertising your company needs. [Purposeful 5 second pause]

ADVERTISING AGENCIES



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[Advantages and disadvantages of advertising agencies \(LearnMarketing.net\)](http://LearnMarketing.net)

One of your options for advertising is working with an agency. Advertising agencies come with extensive knowledge and resources. Their companies are also structured to adjust to their clients needs. However, working with agencies means there is more competition for the agencies time. They are also less likely to be well-versed in your industry.



The agency structure works well for clients. They are known to be flexible and adapt well to client needs. This is due to the system of checks and balances in place. They are broken into three main parts: professional, client-centered, and communication. These systems work together to maximize creative output for clients and protect their own employees.



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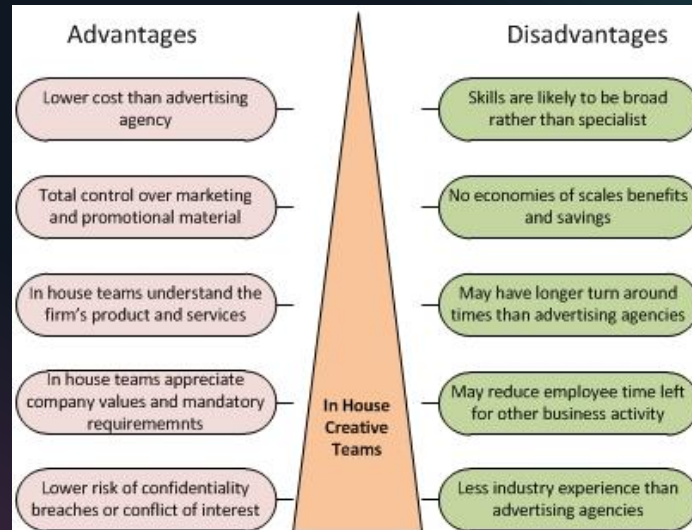
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Another great benefit is that you gain a partnership. If a company is looking for a long-term relationship, partnering with an agency will expand the business' network. While it can take longer to gain the dedication from an outside company, working with an agency provides a great foundation for growth through word-of-mouth marketing.



One of the largest drawbacks of using an agency is their high cost. While they do provide more services and specialized knowledge, that raises the price. Agencies want to provide the absolute best solutions. For companies not looking to take a lot a risk, that higher cost can be a deciding factor for not using an agency.

IN-HOUSE DEPARTMENTS

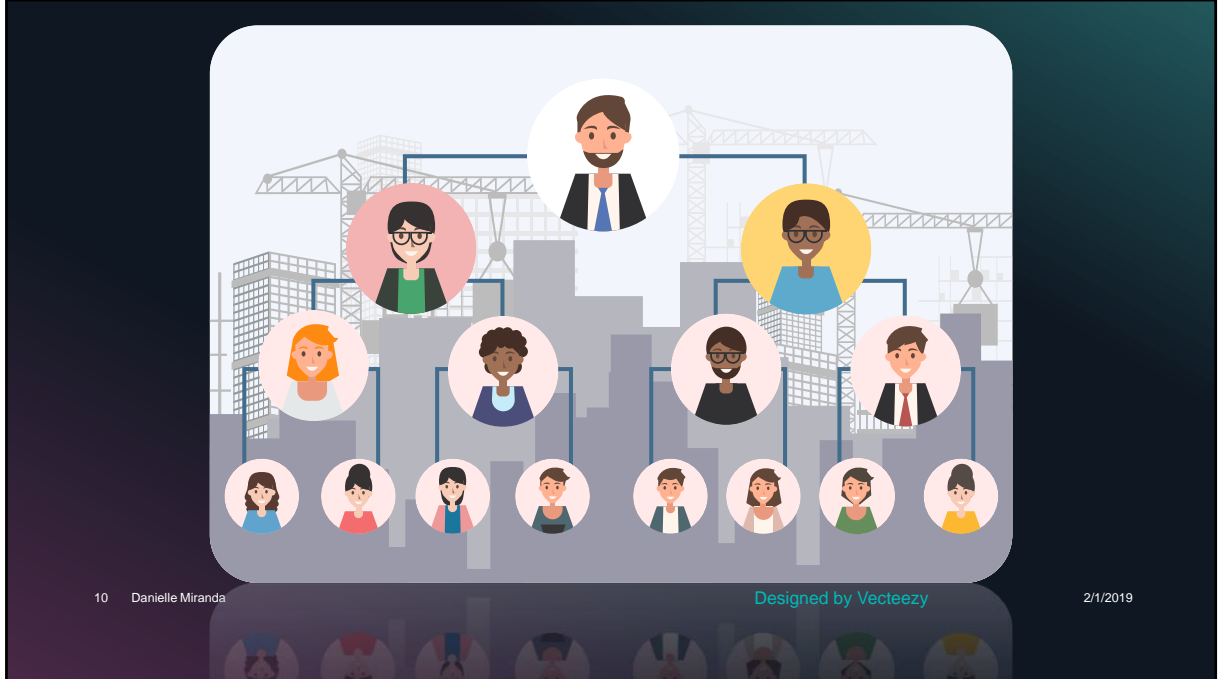


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[Advantages and disadvantages of in-house advertising departments \(LearnMarketing.net\)](http://LearnMarketing.net)

In-house departments cost less than advertising agencies. They also provide the company more control over their advertising. An advertising employee will also grow with the company and become specialized in the company's industry. However, in-house departments can take time to build and come with less resources.



One of the immediate signs of growth is hiring a new employee. Hiring an advertising employee begins the process of integrating the company's brand. When a business builds a strong advertising department it conveys its brand knowledge to other departments that will be formed in the future. It follows lines of communication much like the hierarchy of CEO to employees.



Building an in-house department also creates a foundation for teamwork. In-house personnel are dedicated to their work and company mission. When adjustments need to be made to the companies advertising the in-house team is more responsive. There is stronger employee loyalty since the payoff of a successful advertising campaign gets reflected in an increased paycheck.

Hire who you need

Less resources

Less advertising industry experience

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As a small business, a large advertising department may not be necessary. An in-house department may only be one employee. The drawback to this is the lack of resources that can be tapped into. Fewer advertising employees also means there is less advertising industry knowledge to draw from. A business may need to put out additional money to make up for this.

COMPARISON: BENEFITS

Advertising agencies

- Specialized, Flexible, More resources

In-house Departments

- More control, Team-building, Dedication

So, let's compare. Advertising agencies have a leg up in experience and resources. Their companies are also built to be flexible. In-house agencies give business' more control on the advertising they output. It also builds teamwork and employee dedication since these departments are integrated into the company. There are some solid benefits here.

COMPARISON: DRAWBACKS

Advertising agencies

- Less industry knowledge, More competition

In-house Departments

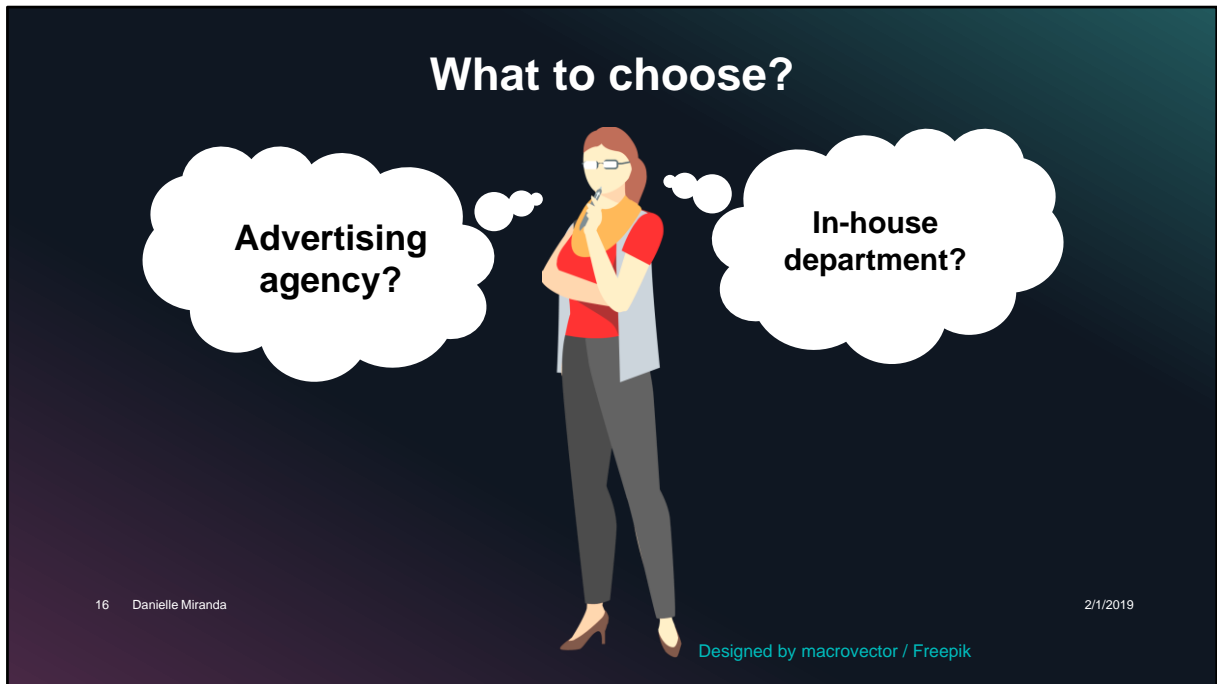
- Less experience, less objectivity

On the other hand, agencies don't have knowledge with their client's industry. They only gain this the more they work with a client. There is also more project competition with other agency clients. In-house departments have less experience in the advertising industry depending on department size. There is also a chance to be less objective.



What these two options have in common is their cost. I previously mentioned that in-house departments cost less. This is true until you add additional costs for missing resources. The concept of “time equals money”, applies here. Finding additional resources takes time, as does waiting for an agency to create the best solution for you.

What to choose?



So how do you decide what option best fits your company? I've concluded that if growth is the company goal, starting to build an in-house department is the way to go. The benefit of brand integration to future department outweighs the drawbacks. Small business' and individual sellers will reap immediate benefits from gaining a dedicated advertising employee.

SUMMARY

**Advertising
=
Growth**



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These breakdowns between agencies and in-house departments are a stepping stone to deciding how to advertise. Each carries its own benefits for budget, needs, risk, turnaround and creativity. No option is wrong, but some will be more beneficial to small business growth. Deciding how to approach that is only a small part of overall brand recognition.



Photo by Mae Mu on Unsplash



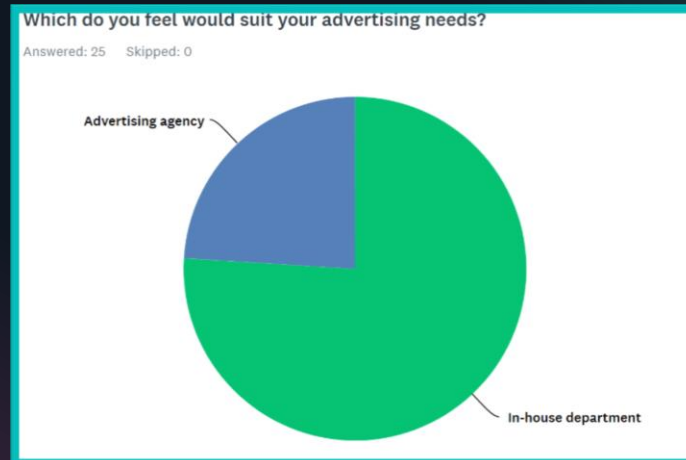
Photo by David Hurley on Unsplash

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Businesses like Starbucks and Coca Cola all needed to make a similar decision. They have been able to create dedicated in-house teams to push their advertising to the max. While small business' have a long way to go to reach the recognition these monster companies have, hiring in-house personnel is the chance to start expanding and growing to be a new type of company.

<https://www.surveymonkey.com/stories/SM-7X8TCGW7/>



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For research about this topic, you can go to my survey I conducted at the Survey Monkey link provided (<https://www.surveymonkey.com/stories/SM-7X8TCGW7/>). It goes into detail about what small business' and individual sellers prefer for advertising. It also analyzes common needs and expectations. It may be helpful for finding your own requirements for your business. As you can see, it also concludes in-house departments are the way to go.

THANK YOU!

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BUS310
Professor Kolleda



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If you are ready to take the next steps in company growth, don't be afraid to take risks. Your budget and turnaround needs fit into many solutions. In-house advertising is only one of them. While it takes time to create dedicated teams, even a single person can create great solutions and ongoing internal growth. The time is now to celebrate growth and find your next team member.

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