



PLAYBOOK

# The Path To In-Housing: 3 Models for Managing the Evolution of Your Programmatic Media Buying



# INTRODUCTION

## TAKING IT IN-HOUSE

The pressure is mounting in digital advertising to make ad dollars go further and for stakeholders to have greater control and transparency. A quick scan of the news will reveal that more and more brands are moving their marketing, and with it their programmatic media buying, in-house.

The ultimate goals of flipping the traditional media agency and technology partner models is for brands to cut out any unnecessary middleman and hidden fees, to make way for a direct line to consumers.

Almost everywhere you look the term “programmatic in-housing” is cropping up. Programmatic in-housing describes the transition from outside partner-led programmatic media buying to taking on full control using internal resources. The aspirational results? Greater transparency, costs savings, and performance.

As an omni-channel media company that serves both brands and agencies, we take transparency seriously and understand the barriers to entry that make in-housing tough to accomplish.

More control *can* lead to better performance, but it isn’t always the case.

The operational complexity of media buying has historically made the scaled and specialized workforce of a managed-service media partner or agency a requirement. Risks of moving your media buying in-house that are often ignored are the loss of veteran specialists working behind the scenes and the potential loss of institutional knowledge. External partners see more scenarios across more brands and industries and pass these insights on to clients through recommendations and strategy.

The bottom line for you: the answer to the in-housing question is not universal. How can your brand ensure any change in your operating model drives better outcomes and enables more valuable insights? In the pages to follow, we will cover:

## DRIVING FORCES OF CHANGE

Why brands are re-evaluating their media-buying models.

## FINDING YOUR MODEL

Which operating model is right for your brand.

## MAKING YOUR TRANSITION WORK

Where to find help if a change in model is in order.

# DRIVING FORCES OF CHANGE

According to the IAB, in-housing is becoming the favored model for advertisers, but few have completely shifted away from outside partners. In a recent ANA study, 78 percent of respondents reported that they have an in-house agency. Of those with in-house agency services, 90% still rely out some outside partners and only 30% have successfully built out programmatic media buying capabilities. Brands making the shift to bring programmatic in-house are primarily doing so to gaining ownership of their technology contracts and taking a more active role in campaign strategy, while still leveraging external media buying teams for execution. In industry surveys, researchers have tried to determine what is driving the trend towards in-housing. However, these surveys often miss important macro factors that have been catalysts for brands taking control. From our conversations with marketers, there are three overarching drivers:

## 1 CHANGING DYNAMICS

A lack of transparency is media buyers' greatest concerns when it comes to programmatic advertising according to a recent Digiday [survey](#). The concern over transparency contributes to overall lack of trust in agency and partner relationships. Taking programmatic in-house gives brands a direct look at what's driving performance, why, and what what cost.

## 2 EFFICIENCY IN EXECUTION VIA AUTOMATION

Part of the historic need for agencies was the heavy lifting required to get a campaign in-market. Those steps—from channel mix to determining deals, partners and tactics to building and executing campaigns have become increasingly less burdensome as programmatic technology has continued to automate advertising. But, a number of critical activities and challenges still exist including buying power, subject matter expertise, and platform know-how.

## 3 STRATEGIC ALIGNMENT

The more steps and pass-offs in the campaign activation process, the more likely the advertiser's strategic intent for the campaign becomes diluted. Making the issue worse, there has long been a knowledge gap between marketing and media teams resulting in already poor translation of marketing strategy to how the brand reaches a consumer. By being closer to actual execution, the brand's strategy—informed by its research and consumer insights—can more directly play through to decisioning.

Keep these in mind as your team thinks through potential models of operation. You know your organization's DNA, expertise and appetite for long-term projects better than anyone. In cases where talent is not in place or, simply, there aren't enough hours in the day to tackle these areas, external services are a requirement to execute media.

# Finding The Right Model

Different brands will be best suited to different operating models both because of feasibility and organizational goals. Discover your type on the following pages.



# MANAGED SERVICE MODEL

## OVERVIEW

The brand owns its technology stack and data, but the agency or technology partner continues to have full control over planning and execution. This is often a first step for many brands to gain more transparency into activities and ownership of data.

## ACTIVITIES

- The agency or technology partner largely maintains a traditional role in programmatic execution, but there is now a two or three-party relationship with governance over success.
- The brand has full, transparent access to data and analytics, and often the brand's analytics team leverages that data directly to run analyses.
- Campaigns are either managed by the agency or the technology provider.
- The brand, agency and technology provider meet for quarterly business reviews in which they share performance results and discuss testing for the next quarter.

## DRAWBACKS

While this model provides the benefits of data ownership and more transparency to the brand, it does not help raise the brand's internal execution skills (if that is a goal for the brand).

### Key Stat

35%

of brands don't currently intend to develop and in-house programmatic capability

Source: IAB, The State of Programmatic Media Buying

## GUIDED SERVICE MODEL

### OVERVIEW

The brand's overall goal is to bring strategy and execution in-house, but it does not necessarily have the staff to be self-sufficient, so it relies on its agency for outsourced operations.

### ACTIVITIES

- The agency or technology provider maintains an operations role, providing campaign strategy, execution, and insights. channel planning, budgeting and processing assistance.
- The technology/platform provider either acts in a self-service coaching or managed service capacity (including campaign management, ad operations and analytics). Generally, the brand wants to eventually manage campaigns directly, but may need technology talent as an interim solution while staffing changes and additions are being made.
- The technology provider acts in a managed service capacity for campaign management and has weekly performance meetings with the brand.
- Larger quarterly reviews and other sessions occur between the brand and the technology provider. The agency has separate operations-related meetings with the brand.

### DRAWBACKS

This is the ideal model for brands that want the benefits of more in-house control but aren't staffed for it.

However, because the agency is narrowed to a pure operations role, staffing quality may drop over time as the agency focuses its strongest resources on clients seeking a broader set of capabilities.

### Key Stat

47%

of brands have partially moved programmatic functions in-house.

Source: IAB, The State of Programmatic Media Buying

## SELF-SUFFICIENT MODEL

### OVERVIEW

In this scenario, the brand takes full control of its addressable media technology stack, with the media agency no longer playing a majority role in day-to-day execution. This model has historically been used by brands with a fully-staffed in-house team.

### ACTIVITIES

- The media agency may still provide some services like creative strategy and development.
- The brand works directly with programmatic technology/platform providers on campaign operations, strategy, execution and insights.
- The technology/platform provider either acts in a self-service coaching or managed service capacity (including campaign management, ad operations and analytics). Generally, the brand wants to manage campaigns directly, but may need technology talent as an interim solution or when staffing on the brand side changes.
- Weekly performance meetings, along with larger quarterly and thought leadership meetings, occur between the brand and the technology provider.

### DRAWBACKS

This requires fully staffing a team on the brand's side, which can be risky without the right people and processes in place to operate the technology. There is also the risk of not looking at the media mix holistically if you are only taking a sliver of your overall media buying in-house.

### Key Stat

18%

of brands report that they have in-house all programmatic buying functions.

Source: IAB, The State of Programmatic Media Buying

# THE CHALLENGE WITH TALENT

Any form of in-housing comes with its challenges, and IAB's [report](#) provides a full inventory: organizational and time commitment, rearchitecting contracts, operations and training and talent recruitment. Brands can surmount these areas, with the potential exception of acquiring and retaining talent. The fast growth of the industry over an extended period means high-quality talent remains sparse, and making hires is difficult for nearly every organization. That can be especially true for a brand. Brands need to be able to conquer:

## GEOGRAPHY:

Where your offices are located could be the barrier to acquiring talent. Programmatic talent is largely concentrated in particular cities around the world. It can be difficult to find high-quality, experienced individuals that are willing to move or work remote.

## SIZE:

You may only need a handful of people from an operational standpoint to manage programmatic internally. But, that size might be insufficient for succession planning and creating an environment of collaboration and innovation.

Can your brand solve these issues? Maybe so. The next problem is retention.

A brand may be especially vulnerable to turnover in its programmatic staff as the career path internally is less obvious than working for a media agency or technology provider. Look for candidates who want to use their knowledge base as an entry point and are excited about emerging channels and platforms beyond programmatic alone. For the more curious candidate, the promise of knowledge expansion will be compelling.

The promise needs to be met. Ensure that a program is in place to grow the knowledge base of your programmatic talent and provide opportunities to develop individuals' careers through lateral moves into the broader marketing team. Cross-functional training, mentorships, shadowing and career planning are all good tangible first steps.



# MAKING YOUR TRANSITION WORK

Leading companies—those that top their competition in revenue and market share growth, were shown in a Bain analysis to have better understanding of and visibility into their marketing and advertising technology. A large contributor lies in the fact that technology decisions are more likely to sit directly with the marketing at leading companies. If your organization is not there yet, it can be difficult to figure out the first few steps. Many will bring in new talent that has done it before.



External resources can also lend a hand. The ‘big’ consulting firms, along with some more specialized companies like Digilant, offer services for building a technology stack (e.g., running evaluations, advising on integrations, etc.). In evaluating components of the stack, place equal weight on the quality of the technology and talent available to your organization. The latter is key for successful onboarding/launch, education of your team and the broader organization and coaching on an ongoing basis. These service functions include training curriculum, diagnostic analytics, campaign management, ad operations, technical integrations and custom development.

If you are looking to in-house any part of the process, we find that brands often need a ramp-up period prior to taking a hands-on role in advertising execution. Your technology provider’s team can provide a phased approach. See the below example.

## MANAGED SERVICE

An outside agency or vendor manages campaign activation during the initial transition period to the operating model.

### Activities of Your Team:

- Conducts beginner technology trainings
- Shadows the services teams
- Develops your tactical playbook

## GUIDED SERVICE

Your team takes on a portion of campaigns, with heavy involvement from the technology provider’s teams.

### Activities of Your Team:

- Holds advanced technology trainings
- Conducts technology certification tests
- Discusses and approves decisions via the technology team

## SELF-SERVICE

Your team takes primary ownership of activation, with the technology provider’s team acting as an advisor.

### Activities of Your Team:

- Conducts ongoing topical deep-dive sessions
- Executes testing and collateralizes results
- Holds frequent reviews with the technology provider’s team to maximize results

When you evaluate a potential technology provider, its team should provide a phased plan based on a diagnosis of your specific current state and long-term goals, along with prescriptive advice about the mix of service, training and coaching required to be successful.

# LET'S TALK!

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Digilant is an omni-channel digital partner built to take advertisers from now to next. We do this with omni-channel digital advertising strategies that are data-driven, actionable, and effective. Part of ispDigital, Digilant is made up of 100+ data-driven media minds and advertising technologists spread across US offices in Boston, New York, Chicago, San Francisco, Dallas, Denver, Los Angeles, Washington D.C., and Atlanta. By combining big ideas with executional scale we are well-equipped to champion consumer insights, campaign analysis, and media initiatives that propel brands and agencies forward. Visit us at [digilant.com](http://digilant.com) to learn more.