PLAYBOOK FOR AGENCIES

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 agencies are moving their media buying, and with it their programmatic media buying, in-house.

The ultimate goal is for agencies 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 vendor-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 agencies and brands, 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 vendor 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 agency clients through recommendations and strategy.

The bottom line for you: the answer to the in-housing question is not universal. How can your agency 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 agencies are re-evaluating their media-buying models.

FINDING YOUR MODEL
Which operating model is right for your agency.

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, only 18% percent of brands have brought programmatic media-buying in-house - leaving them to rely on agencies or point solutions providers to fill the gap. 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. Advertisers 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 outside relationships. Taking programmatic in-house gives agencies 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 outside media-buying partners and vendors 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 advertiser’s strategy—informed by 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 agencies 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 agency owns its technology stack and data, but a agency programmatic partner or vendor continues to have full control over planning and execution. This is often a first step for many agencies to gain more transparency into activities and ownership of data.

ACTIVITIES
• The programmatic partner or vendor argely maintains a traditional role in programmatic execution, but there is now a two or three-party relationship with governance over success.
• The agency has full, transparent access to data and analytics, and often the agency’s analytics team leverages that data directly to run analyses.
• Campaigns are either managed by the agency or the programmatic partner or vendor.
• The brand, agency and programmatic partner or vendor meet for quarterly business reviews in which they share 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 agency’s internal execution skills (if that is a goal for the agency).

Key Stat
35% of advertisers don’t currently intend to develop and in-house programmatic capability

Source: IAB, The State of Programmatic Media Buying
OVERVIEW
The agency’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 a programmatic partner or vendor for outsourced operations.

ACTIVITIES
- The programmatic partner or vendor maintains an operations role, providing strategy, execution, and insights.
- The programmatic partner or vendor either acts in a self-service coaching or managed service capacity. Generally, the agency wants to eventually manage campaigns directly, but may need technology talent as an interim solution while staffing changes and additions are being made.
- The programmatic partner or vendor acts in a managed service capacity for campaign management and has weekly performance meetings with the agency.
- Larger quarterly reviews and other sessions occur between the agency and the programmatic partner or vendor. The agency has separate operations-related meetings with brand clients.

DRAWBACKS
This is the ideal model for agencies that want the benefits of more in-house control but aren’t staffed for it. However, because the programmatic partner or vendor is narrowed to a pure operations role, staffing quality may drop over time as the partner or vendor focuses its strongest resources on clients seeking a broader set of capabilities.

Key Stat
94% of brands face executive scrutiny over media spend.

Source: Forrester, 2020
OVERVIEW
In this scenario, the agency takes full control of its addressable media technology stack, with the programmatic partner or vendor no longer playing a majority role in day-to-day execution. This model has historically been used by agencies with a fully-staffed in-house team.

ACTIVITIES
- The programmatic partner or vendor may still provide some services like creative strategy and development.
- The programmatic partner or vendor either acts in a self-service coaching capacity. Generally, the agency wants to manage campaigns directly, but may need technology talent as an interim solution or when staffing changes.
- Weekly performance meetings, along with larger quarterly and thought leadership meetings, occur between the agency and the programmatic partner or vendor.

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 Stats
80% of brands rank media accountability as important or very important when it comes to programmatic media investments.
Source: Forrester, 2020
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. Agencies 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 agencies. Agencies 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 agency solve these issues? Maybe so. The next problem is retention.
An agency may be especially vulnerable to turnover in its programmatic staff as the career path internally is less obvious than other roles. 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, mentorship, 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 marketing leaders. 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 agencies often need a ramp-up period prior to taking a hands-on role in programmatic execution. As a preferred reseller of MediaMath, Digilant can provide a phased approach.

Managed Service
Digilant manages campaign activation during the initial transition period to the self-service operating model.

Activities for Your Team:
• Beginner technology trainings
• Shadow sessions with Digilant services teams
• Deep dive into tactical playbook

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

Activities for Your Team:
• Advanced technology trainings
• Technology certification tests
• Ongoing reviews of performance and recommended optimizations.

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

Activities for Your Team:
• Ongoing topical deep-dive sessions
• Ongoing testing and performance analysis
• Frequent reviews with the Digilant team to maximize results

Digilant’s programmatic experts provide a variety of different engagement models using the MediaMath T1 platform. One of the most critical pieces to MediaMath’s partnership with Digilant is our shared commitment to excellence in data-driven marketing and delivering measuring return to clients. We are invested in making the scale and value of MediaMath’s platform available to more advertisers - in particular advertisers who have big goals and media budgets that need to work even harder.