Tech Recipes.

GUIDE TO IN-HOUSING

Defining the evolution of digital marketing

2020

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TECH RECIPES: AN INTRODUCTION FROM OUR FOUNDER

In-housing enables programmatic media buying automation, but that automation doesn't mean simplification. Brands still need operating models that hold themselves, and all their affiliates accountable.

In-housing digital marketing has been the biggest trend in marketing since 2018. The increased control, transparency and agility has dramatically improved ROI for those striving for digital excellence.

This trend is due to lack of third-party accountability. Sadly, agencies don't always practice daily optimization resulting in performance loss. Programmatic requires ongoing maintenance, proactivity and creative thinking to make the best use of brand investment.

In-housing is no longer an afterthought. It's now part of any brands consideration set. While strategy, measurement and data are usually the first to transition, creative and activation are fast followers.

Tech Recipes is the only company with agency, brand and publisher expertise allowing for total brand transparency. With our proprietary knowledge of brand infrastructure optimization, we can boost ROI by up to 2X.

As the leading company in-housing, we create products that pay for themselves based on the value they create. When considering in-housing, consider Tech Recipes first!

Brian Chap

Brian Chap
CEO at Tech Recipes.

OUR VISION IS FOR ALL BRANDS TO ACHIEVE DIGITAL MARKETING INDEPENDENCE.

WE WORK WITH THE BEST MINDS TO CREATE GROUNDBREAKING MARKETING CAMPAIGNS, DRIVE GROWTH AND INCREASE CUSTOMER SATISFACTION.

TECH RECIPES: THE NEXT EVOLUTION OF DIGITAL MARKETING FOR BRANDS

In-housing is the process by which a brand removes their advertising agency and staffs an internal digital planning and buying practice. In-housing creates the opportunity for incremental savings of 20-30% while boosting your return on your investment by 2X.

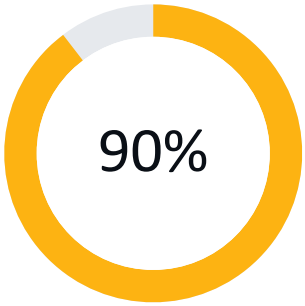
It's about claiming ownership of marketing activity and capitalizing on brand knowledge and pedigree.

A fully in-housed marketing team allows the head of marketing to freely share their broader strategy with executional teams. It enables a more collaborative approach to distribute the best use of digital marketing budgets and achieve business goals more effectively.

In-house opportunities:

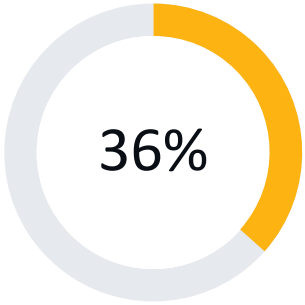
- **TECHNOLOGY:** The first step of a successful in-house strategy is owning technology contracts. By doing so, you promote the highest transparency and limit potential agency rebate programs.
- **DATA OWNERSHIP:** Brands should retain ownership of all data and store it within a software (CDP/DMP) that they have contracted.
- **MEDIA PLANNING:** Brands need to know where their ads are being placed and it is essential for any brand manager to have access to real-time transparent results.
- **CREATIVE CONTROL:** The speed of adapting copy and visuals to consumer interests can be the deciding factor of a successful marketing campaign.

The status of digital marketing in-housing



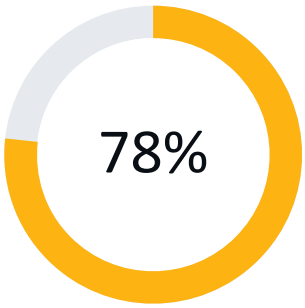
of brands are confident in taking the next step to go in-house

The hybrid organizational structure



of brands use a hybrid model for in-housing their marketing

Developing a dedicated in-house team



of brands have an in-house marketing team of 6+ people

Data source: Bannerconnect+Digiday survey of over 200 senior marketers

KEY REASONS WHY BRANDS ARE IN-HOUSING DIGITAL MEDIA BUYING

Marketers evaluate and execute in-housing because they understand how budgets are being mismanaged.

The complexity in the market has resulted in only $0.06 of every brand $1 going to media. By gaining control and driving transparency, brands can remove many of the intermediaries eating into their budget.

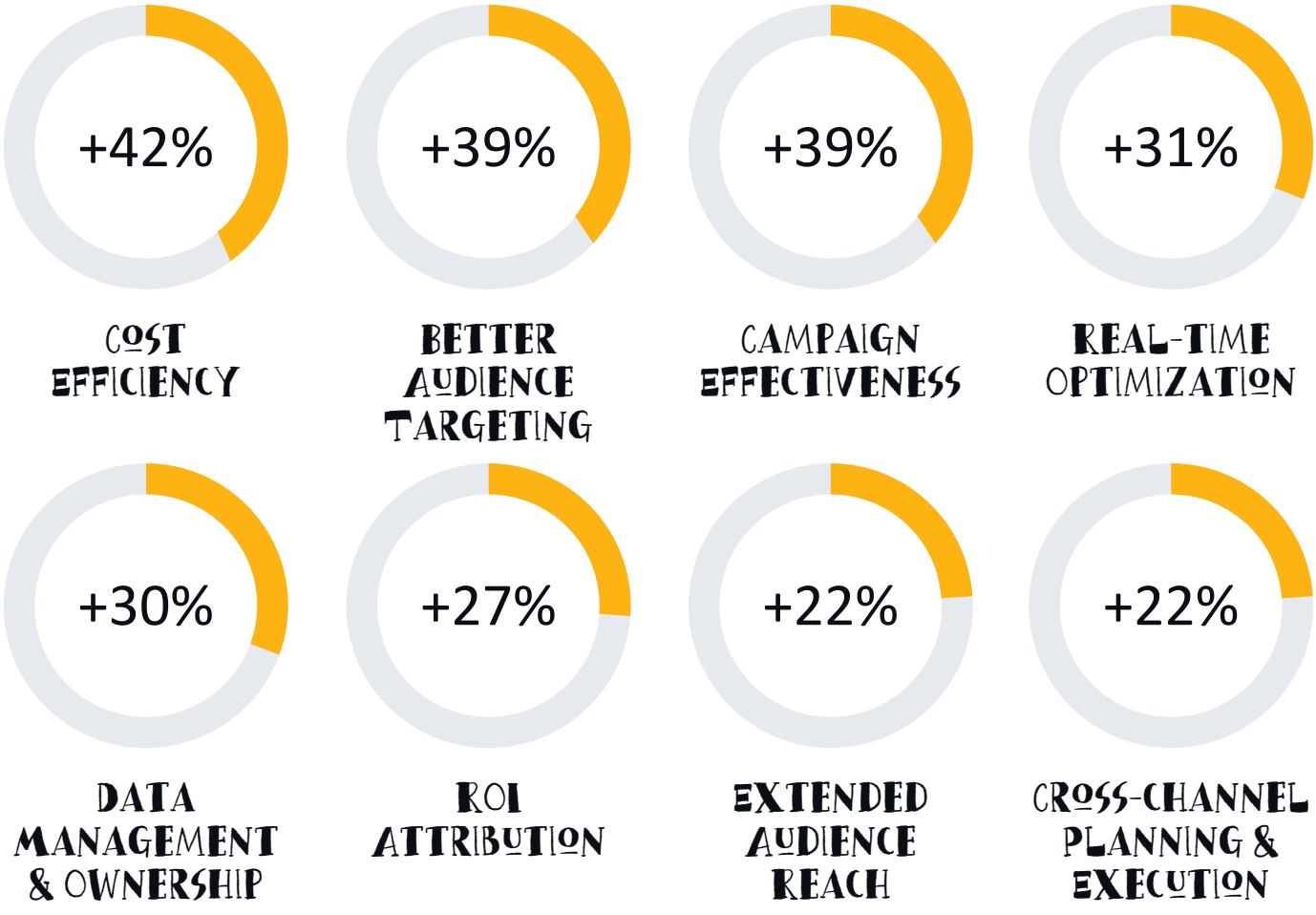
There's no need to over complicate. Tech Recipes sells simplification of complex concepts where others do not!

We talked to one brand marketing leader who said, "We have enough knowledge in our internal team to recognize how we want to work, what type of audience we want to focus on, and we are managing all our campaigns. There's absolutely no way and no reason why we would go back and re-outsource".

Another attractive aspect of in-housing is the notion that internal staff are much closer to the brand. How can you expect anyone to understand your brand better than your own employees?

Another brand marketing leader suggests asking the question: "How much would an FTE (full time equivalent) cost if we had them sitting at an agency versus if we had them sitting in our organization, much closer to our business?"

Even if you're not planning on an in-house strategy, brands should look to upskill current marketing capabilities with technological know how. To compete, talent must now posses marketing, technology and media expertise.



Data source: IAB Programmatic In-Housing Report

IN-HOUSING ADOPTION IS GROWING RAPIDLY

Over the last 12 months we have witnessed a true marketing evolution.

Decision makers are starting to feel the impact of their strategic organizational shift. In-house is now a standard in the industry and marketers have the confidence to execute on transformational operations.

ROI measurement has already proven the benefit of in-housing. When doing so, brands boost ad effectiveness, creativity and improve communication.

In a highly competitive space transparency is expected but not always provided. There's a treasure beneath us but brands need someone to give them the map. The hidden fees created by agencies and technology partners equate to massive value and it's time to take control of your investment!

As you centralize your omni-channel investments, brands gain a better understanding of the consumer and how they choose to interact with your brand. Complementing marketing with technology, brands will see the immediate impact of their marketing efforts and create the ability to send the right message, to the right person, at the right time!

- **OWNING THE STORY:** Brands see the merits of in-housing as a way to control their own strategic goals that lead to growth acceleration.
- **WHERE DO I START?** The first step of a successful in-house strategy is owning technology contracts. By doing so, you promote the highest transparency and limit potential agency rebate programs.
- **IN-HOUSING DRIVERS:** The primary motivations for in-housing are cost efficiency, audience targeting, and campaign effectiveness, all of which are wrapped in brands' desire to drive business by having more control.
- **DYNAMICS OF IN-HOUSING:** Strategy, measurement and data are usually the first to transition - creative and activation are fast followers.
- **ADVANCEMENT:** Brands are more likely to outsource highly specialized functions such as data management systems, technology development and team training.

How to Build a Firm Foundation for Your In-House Marketing Team

How much incremental value is dependent on the brand who is in-housing.

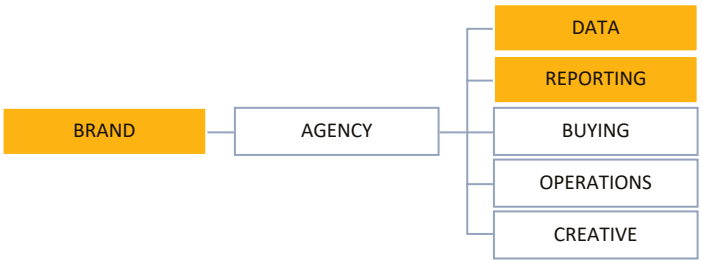
There's no need to in-house everything at the beginning but brands should have the foresight to develop a strategic migration program to guarantee future success.

There's no one-size-fits-all model but the three models depicted below are considered industry standard. Before deciding on a strategy, it's always recommend to work with experts who can customize based on the brand need.

- **Customer Journey**: Focus on digital marketing strategy, target brand content to specific people, drive engagement and promote growth.
- **Contracts/Relationships:** Own all media buying platforms to increase transparency, campaign performance and media investment.
- **Talent**: Hire specialists to run media operations across all channels while creating attractive career paths to retain resources.
- **Audience**: Improve data activation with first-party data; use a Customer Data Platform (CDP) and/or a Data Management Platform (DMP).
- **Measurement**: Reinforce in-house data & analytics teams with data modelling specialists who can drive more detailed audience profiles to target with media, as well as providing real-time reporting across all channels.
- **Creative**: Enable dynamic and adaptive creative through social, search, display and video that targets people based on audience behavior.

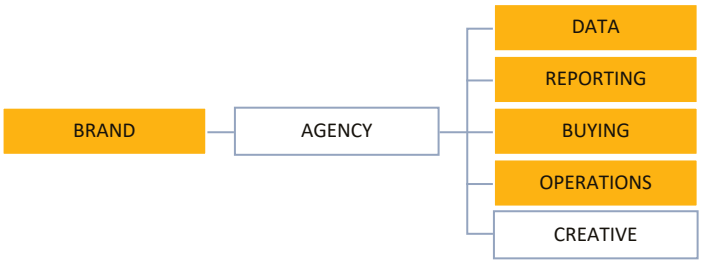
Model One: Gain Insights And Data Control

Gaining control of your data allows you to manage the customer journey and receive better consumer insights. Brands will then benefit by having stronger buying practices, brand safety and transparency.



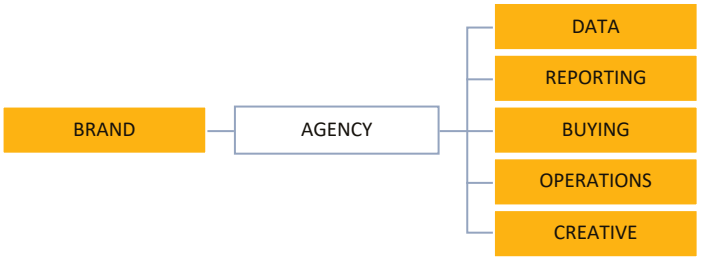
Model Two: Own Media Buying

Once you control all media buying and the platform relationships, brands can eliminate all opportunity for agency mark-ups and black box behavior.



Model Three: Assume Total Brand Control

Taking over all aspects of the marketing and media execution functions puts the brand in complete control of their destiny. This allows the brand to act dynamically with agility, ownership and control but does require significant cultural change.



EARLY ADOPTERS & PROGRAMMATIC IN-HOUSING SUCCESS STORIES

ANHEUSER-BUSCH

In-house creative agency empowered by real-time data insights to deliver timely and highly relevant creative during pandemic

- Created in-house agency DraftLine in 2018 to provide a central hub for consumer insights which can then better inform brand messaging
- Hybrid model approach allows for data & content to be managed in-house with activation owned by agency partners
- Draftline empowered a dynamic and reactive regional messaging approach during pandemic

Bayer

Saved over $10 million by bringing programmatic fully in-house

- Owns all vendor contracts and negotiated fees that are comparable to agency pricing
- Digital strategy and buying executed 100% in-house
- Continues to retain agency partners for TV buying and creative
- Saved $10 million in first 6 weeks after bringing programmatic buying fully in-house

Unilever

Creates internal network for trusted publishers and takes ownership over partner contracts

- Built custom premium publisher network to facilitate supply path optimization, greater 1st party data activation potential and closer publisher relationships
- Full ownership over MarTech & AdTech contracts, which are under a year in length to enable flexibility around industry changes

NETFLIX

Recruited former agency personnel to build in-house agency

- Hired former agency employees to manage strategy & creative
- Internal programmatic team leverages in-house agency, user data, and custom-built technology capabilities to retain existing subscribers and prospect for new ones

L'ORÉAL

Hybrid model with execution In-house & strategy agency led

- Strategy and planning are supported by marketers, and agency team
- Hybrid campaigns execution – 75/25 brand/agency campaign activation
- Vendor and tech contracts are client owned

According to an Econsultancy report, roughly 30% of brands had taken programmatic digital media buying in-house by the end of 2019.

TECH RECIPES: PERFECTLY POSITIONED FOR THE FUTURE OF MARKETING

10 Years Ago

Brands RELIED ON THIRD-PARTY DATA and their ad agencies

Brands look to expand their reach and increase their marketing performance results. Perceived success comes from delivering on low cost inventory and targeting users based on third-party cookie data. Results are taken at face value and siloed by media channels and media owners.

1. Real-time programmatic gets traction and brands start targeting with third-party cookie data.
2. Data and ad-serving are connected within a single media buying interface by third-party vendors.
3. Dynamic creative emerges in limited buying scenarios linked to first-party brand data.

Now

Brands are IN-HOUSING marketing and growing datasets

User privacy concerns leads to third-party cookies being blocked and user data becomes more concentrated under the brand umbrella. First-party data is housed and analyzed by brands themselves, leading to more opportunity for omni-channel management and transparent performance results.

1. Brands take more control by owning the contracts for data and media buying technologies.
2. Brands begin to in-house their media operations under one roof and encourage collaboration.
3. User data is expanded through media owners and publishing networks to increase market reach.

Next 10 Years

AUTOMATION AND CONNECTED DATA will drive efficiency

Technology advances and new methods to employ data driven processes will be the game changer for most brands in the next 10 years. Marketing strategy, creative thinking and data analysis will continue to be a human responsibility, while artificial intelligence data models will execute most of the media functions.

1. Brands increasingly become DTC with the advancement of technology.
2. Data becomes the lynchpin for cross department company success.
3. AI will run more of the decision-making processes for marketing and media executions.

Tech Recipes.

CONTACT US TO FIND OUT HOW YOU CAN BECOME DIGITALLY INDEPENDENT

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