

Ekimetrics.

Marketing Measurement & Optimization:

in-housed, outsourced, or hybrid?

Key considerations for scaling
your business through marketing
data and analytics.

Agenda

Page 3 Key takeaways

Page 7 Our vision of Marketing Measurement & Optimization: goals and history

Page 11 Why might now be a good time to consider in-housing MMO?

Page 14 What's involved in in-housing MMO?

- Four-step approach: review – build – operate – transfer
- New roles for a new way of working
- Build – Operate – Transfer: two routes to success

Page 26 What are the benefits of in-housing MMO?

Page 30 What should companies ask themselves to assess their readiness to in-house MMO?

Page 32 In summary

Page 35 About the authors

Page 36 Contact

Key takeaways



Many businesses that invest significantly in marketing now have experience of running Marketing Measurement & Optimization (MMO) programs, usually working with external service providers.

Armed with data-driven evidence that reveals which marketing levers are most effective and why, they can fine-tune investment to enhance sales, improve brand health, and drive profitability.

In the increasingly fractured and diverse, ever-more digital marketing ecosystem, brands are generating an incredibly rich and broad array of marketing data with multiple agency, publisher, and platform partners. Attributing outcomes to inputs is made more challenging by the ongoing deprecation of the third-party cookie and the dominance of the walled-gardens operated by Alphabet, Meta, and Amazon. Taken together, this makes it difficult for brands to get a holistic overview of what the data is telling them to do in order to enhance performance.

Some companies – particularly those with multiple brands and categories operating in multiple markets around the world – have started to experiment with in-housing some, many, or all of the components of MMO.



At Ekimetrics, we believe strongly that this should be part of **a broader transformation strategy,** and **the key driver for in-housing** is the shift to a **transformation mindset.**



In-housing – even in part – gives companies more control of their own data, providing them with a single source of truth.

It enables their MMO to be agile, responsive, and always on. It enhances transparency in their analytics, reducing their dependency on third-party ‘black box’ solutions. By building, owning, and understanding the models behind their MMO, companies can respond quicker to requests from inside the business and readily recalibrate them as their teams specify.

However, the decision to move some, most, or all MMO operations in-house should not be taken lightly. Internalizing MMO demands active C-level endorsement and support, as well as significant time, financial investment, and stamina before it starts to pay off. At Ekimetrics, we believe strongly that this should be part of a broader transformation strategy, and the key driver for in-housing is the shift to a transformation mindset.

In-housing MMO requires skilled professionals in roles that can be new to marketing cultures – from data scientists to engineers, developers to data architects. They need support and development if they are to sustain the culture change that results from in-housing MMO.

There's no one right way to internalize MMO. But many larger businesses have found that a hybrid model is most efficient – in-housing the data and tech components, for example, which are the key capabilities of a transformational journey, while leveraging the expertise of external service providers for others. These might include analytics, reporting, developing microservices for key decision-making moments, and creating new data science modules to enrich the overall solution.



**Our vision of Marketing
Measurement & Optimization:
Goals and History**

Marketing Measurement & Optimization (MMO)

Marketing Measurement & Optimization (MMO) is an approach many businesses take to analyze the impact of their marketing activities and inputs, to determine which work best, and to optimize future marketing investment as a result.

Traditionally at Ekimetrics, MMO has applied econometric modelling to all aspects of the marketing mix, ranging from media to more complex marketing levers. These include: all paid, earned, and owned media; promotions, pricing strategy, trade activity including point of sale, sponsorship, distribution, new product launches, stock issues, and broader competitor activity. MMO is used both strategically and operationally, enabling brands to address both high-level considerations (such as optimizing budgets between brands and markets) and day-to-day tactics (like forecasting the impact of a launch campaign).

MMO
is used both strategically
and operationally,
enabling brands to
address both high-level
considerations

We apply the same level of granularity and rigor in analyzing each and every marketing input to provide truly holistic measurement. By understanding, incrementally, the impact of all past actions, we can forecast future plans and identify risks and opportunities. This is the key to better allocating marketing spend and seizing the opportunities presented by optimization, a vital strategy for brands looking to thrive in today's volatile world and global market conditions.

Historically, MMO has often been delivered by external, third-party service providers. As more companies have experience of MMO, the discipline has become more sophisticated, able to provide more reliable forecasts and simulate scenarios based on hypotheses and constraints. And as MMO grows up, it is being increasingly embraced as a necessary management decision-making tool to grow and scale businesses.

Many brands feel the need to be more knowledgeable and

empowered in the simulations and models they build and run to enhance their business decision-making. This desire for direct control of MMO is a powerful driver of in-housing MMO and it should be supported by a transformation strategy. This is because change of ownership when organizations in-house is a key predictor of success. Brands need to consider the principal pillars of transformation that need to be developed further: business value and analytics capabilities (including data, technology, process, and people).

This paper considers why the time may be right for more companies to start on the journey of internalizing MMO, how you can tell if it's likely to be right for you, and what's involved. It also maps out the benefits of in-housing MMO, identifies the criteria underpinning both more and less successful internalization programs, and pinpoints how companies can sustain momentum once they've started down the road of in-housing MMO.

**Why might now be a
good time to consider
in-housing MMO?**



Ekimetrics.

Experience with and appreciation of the value of MMO has convinced many companies that the discipline delivers a critical competitive advantage and so they are starting to assess opportunities around in-housing.

MMO is now well-established in many of the world's leading businesses that make a significant investment in marketing.

Most have undertaken MMO successfully, often working with expert external service providers as part of a process of transformation. Many boards are now coming to appreciate the role and value of MMO, and the discipline has convinced CFOs in particular that marketing no longer needs to be indulged as unquantifiable. The application of rigorous data science and econometric modeling to analyze and optimize marketing investment has shown precisely how marketing can be a powerful driver of growth by shaping decision-making. Experience with and appreciation of the value of MMO has convinced many companies that the discipline delivers a critical competitive advantage and so they are starting to assess opportunities around in-housing.

Understandably, many companies' initial experience of MMO comes by working with external, third-party service providers, harnessing their expertise and specialism in data science and modelling. As they gain more experience in MMO, many find that third-party automation often doesn't fit with the customized needs of their business and operating model. **The imperative to develop a bespoke solution that addresses their specific needs is accelerating the consideration of in-housing MMO.**

Companies that sell multiple products in multiple categories and across many different markets often work with several different media and marketing agencies and holding companies. Each one produces performance and customer data in its own way which can get overly-expensive very quickly. Many brand owners have come to feel distant from their own data – data which can be used in models to predict growth and optimize performance. Meantime, in-house data management and data processing capabilities are improving and accelerating in many corporate functions, including in finance, supply chain, and customer data. Companies increasingly want to analyze and manage their own

The growing desire and ability to own and harmonize data across categories, markets, and agencies is driving companies to weigh up their options for in-housing elements of their MMO. considerations

data in their own environment. The growing desire and ability to own and harmonize data across categories, markets, and agencies is driving companies to weigh up their options for in-housing elements of their MMO.

But it's important that, before starting out on the journey to in-housing elements of MMO, organizations go into this process of transformation with their eyes wide open. In-housing is not right for all businesses. It is an expensive undertaking that can take many years to pay back and deliver meaningful ROI. We have written this paper to help you determine whether it is right for you.



What's involved in in-housing MMO?

Managing growth and optimizing marketing investment by internalizing MMO is a journey, not a destination. It's a long-term strategy that aims to drive lasting change – and not a quick-fix – which requires building internal capabilities in data, technology, and people, and at scale. Some of the barriers standing in the way of successful in-housing include: poor data readiness, a lack of team members with relevant skills, and a siloed business not structured to benefit from in-housed MMO.

Even if a business succeeds in in-housing some or all of its data management, modeling, and marketing analytics, an internalized MMO function will need constant evolution – with new or enhanced models, new data sources, new product lines, and new markets coming into the mix. It makes sense to in-house MMO progressively and not attempt everything at once and so to build a hybrid model in partnership with expert external service providers.

Internalizing MMO is a four-step process, starting with a review of the status quo to frame the challenge, followed by a “Build – Operate – Transfer” model to embed it in the business. Ironically, businesses looking to in-house MMO often kickstart the process by working with expert, third-party advisors – with experience of helping others on this journey – to assist with the framing process. This will enable you to understand and plan what's required for in-housing, as well as how the business will need to...

...understand and plan what's required for in-housing, as well as how the business will need to evolve its organization and governance processes.

Done right, in-housing elements of MMO has the potential to be transformative for long-term performance and growth in a business, but to do so requires that the business changes how it uses marketing performance data and analytics to optimize investment, moving from a project-based approach to a culture of MMO. This involves working on all the building blocks required for transformation at an industrial scale – data, technology, and people – and taking this approach accelerates progress. Internalizing MMO is as much an exercise in change management, with direction and endorsement from the C-suite, as it is about building a culture of data-driven decision-making into all key points in the business planning cycle. As a very positive by-product, this new culture can also bring benefits to other analyses in business planning further down the path.

1. REVIEW

Framing

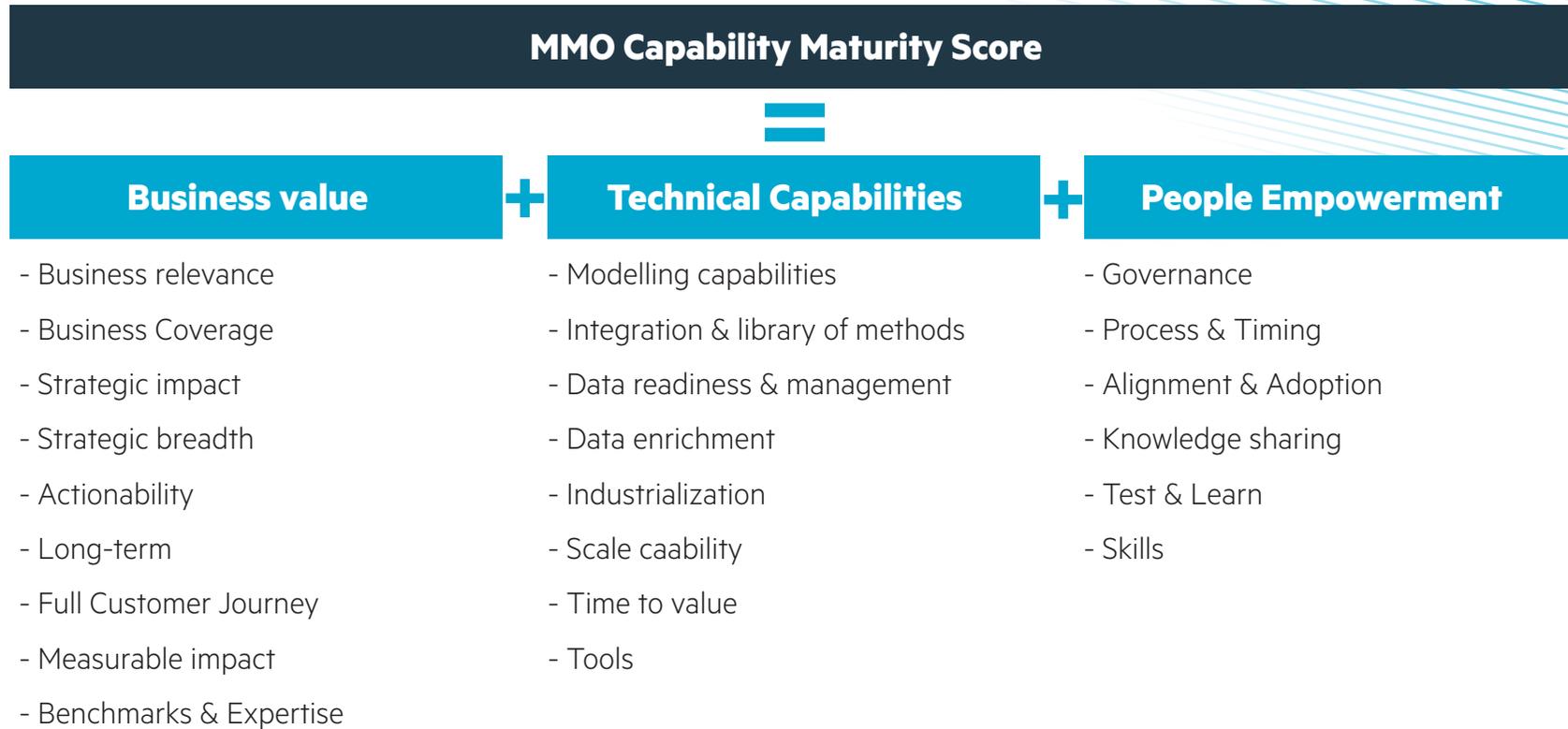
The first step is for a C-level sponsor to frame the human, data, tech, modeling, and analytics requirements for in-housing MMO. At Ekimetrics, we ask three core questions to assess a company's MMO capability maturity:

- 1 What is the business value behind the brand?**
- 2 How mature are the business' technical capabilities?**
- 3 How does the company plan to empower those responsible for in-housing MMO in terms of governance, process, and adoption?**

From these three questions, we calculate a composite MMO capability maturity score which helps to determine the company's expectations, the business case for in-housing, and standards – both key

marketing drivers and data sets – specific to the business. The process of framing helps businesses align on objectives and set out ground rules for how they plan to achieve them.

It's important to remember that, even if a company seeks to in-house most or all aspects of its MMO – an exercise that will absorb considerable time and resources – in-housing is not a “once and done” operation. There will likely be some short-term gains delivered in a matter of months, while other returns may take a year or two to be realized. Internalizing MMO will also require considerable resources to maintain and run the solution developed and to evolve it over time. In this way you can accommodate new marketing drivers, new channels and platforms, new brands and franchises, as well as second and third tier markets to which in-housed MMO could be introduced. This is one reason why many big businesses favor and have started to invest in a hybrid model.



New roles for a new way of working

As well as changing how a company analyzes the **impact of its total marketing spend** and uses that intelligence to make investment decisions for growth, for many businesses in-housing MMO has significant implications on the type of people it **recruits, develops, and motivates** – and how they operate, in interdisciplinary “squads”. These include:

- **Data engineers and data architects** to automate data flows into the new data lake
- **Developers and coders** to maintain bespoke technical solutions and then develop new features
- **Data scientists** to build and evolve the marketing optimization models
- **Devops and data ops** to industrialize marketing analytics across brands and markets, including the use of machine learning
- **Consulting capabilities** to interpret and explain the modeling to the marketing teams – who use the outputs but don't need to understand the technicalities of MMO

Many of these roles are far from typical in a marketing organization, hard to attract and hard to retain in a global war on talent for those with these sought-after skills. It's essential that leadership puts **the right level of recognition** on the transformative nature of an in-housed MMO function and those who help to deliver it. The organization also needs to be redesigned to accommodate these new capabilities, with **squads or scrum teams working cross-functionally**. This is because different functions often sit in different teams or departments – marketing, finance, and IT – but will need to work in close partnership in order to deliver internalized MMO programs. This is also true of those who choose to take a hybrid approach and continue for the foreseeable future to work in partnership with expert external service providers.

2. BUILD

Data integration

In-housing MMO demands companies bring together, cleanse, and harmonize all relevant data sources into a data lake.

This becomes the single source of truth for all MMO modeling and analysis. As far as possible, the data lake needs to automate data flows from all the agency partners, platforms, and publishers with and through which marketing activity is undertaken.

The first step in data integration is for a company to map out its data maturity in detail, moving beyond the global overview established in the Framing stage. This enables you to understand precisely what data and tech, people and skills, tools and processes are in place already; what you need to achieve your ambitions for

in-housing MMO. This is followed by an assessment of data readiness, to create a common language in the business. This helps to ensure that, once pilots have run in a couple of markets, the MMO modeling can be industrialized at scale across the business.

Getting this right has two principal benefits. First, it will set you up for success for the long-term, as a wholly-owned data lake that successfully integrates the right data sources represents the foundation of great MMO. This is true whether it is delivered entirely in-house or by working with external partners. And second, this decreases the time marketing teams need to spend preparing data for MMO programs, saving both time and money whoever ultimately performs the analysis.

3. OPERATE

Piloting internalized MM

With the data lake created and being populated, the next step is to build pilot models using the data to optimize investment. This involves iteratively developing minimum viable products (MVPs) to test and assess operations, to inform second-generation MVPs, and then be rolled out across the business at pace. Often, MVPs can be created at the same time as the data lake is being architected and filled to deliver value and impact from the get-go rather than waiting for the full data lake.



Phase 1
MVP1: Fast Start to demonstrate value in a small perimeter



Phase 2
MVP2: Demonstrate scale up potential & ensure business adoption in run mode



Phase 3
Deploy & run: expend the solution across markets & develop internal expertise for sustainability

Typically, the pilot phase and initial modeling are run in partnership between the growing team responsible for MMO within the client organization and expert, external partners. But critically, MVP models are built using the client's data lake and in its own environment to enable successful models to be industrialized at scale. However far a company goes down the route of internalizing MMO, the journey should always aim to create custom solutions.

It's important to choose pilots carefully, and this will be determined in part by data maturity, ongoing marketing activity covered by the pilots, and the ability to imagine working differently tomorrow. You should aim to build at least two pilot programs, MVP1 and MVP2 – for different products and/or in different markets – so that when you assess their impact you can factor in different perspectives. Piloting is less about taking a 'test and learn' approach and more about building models that are relevant and fit with decision-making processes; producing reporting that displays the results of the modeling so that they can and will be used with impact.

Pilots need to be properly scalable from the start, not just prototypes or proofs of concept. By creating custom MMO pilots in this way, successful programs can then be adopted by other products or categories in the company's portfolio and also in other markets, not stuck or siloed in one product or country. The hybrid approach of working in partnership with an expert, external service provider allows a business to validate the first run and use their experience to identify and implement improvements.



In-housing makes **MMO always-on**. Typically, **the pilot phase and initial modeling** are run in partnership between **the growing team responsible for MMO** within **the client organization and expert**, external partners.



4. TRANSFER

Scaling across the enterprise

With lessons learned from the pilot in-housed MMO programs, the fourth step is to scale this new approach across the enterprise, progressively taking in more products, categories, and markets.

Because in-housing MMO represents a new way of working for many organizations, there are a number of actions you should take to set up this innovation program for success. These include:

- Leadership endorsing and championing the in-housing of aspects of MMO at C-suite level
- Establishing the active use and deployment of in-housed MMO as a mandatory tool for decision-making in the business
- Developing an academy to train the skills needed by everyone in the company who will use MMO to guide decision-making, with a particular emphasis on local / country teams to empower all markets to understand the approach, to adopt and use the results
- Establishing a clear division of labor between the new or evolved in-house teams and external service providers, particularly in the common case of hybrid arrangements

Build – Operate – Transfer:

two routes to success

Industrializing MMO operations in a business

requires both scale (representing the number of markets and/or percentage of the business covered) and depth (number of marketing levers included in the analysis and/or granularity of insights). This can be approached in two ways, for each of which the starting point is different.

1 | **Scaling with automated data in a narrow slice of drivers.** This might mean analyzing only a small proportion of marketing drivers, controlling for all other factors, and then iteratively building out the data that is automated.

2 | **Developing the full depth of data in a narrow slice of the business.** This might mean building out full data processes and automation in a single market (or handful of markets), before setting the template to scale.

A good environment for **businesses to start scale** are: common data platforms / agencies across the business; dispersed business value across markets; and, focusing on one area of the business (e.g. media) before moving on to others over time.

Meanwhile, the environment more suitable for **businesses to start at depth** include: different data platforms and a range of agencies needing individual path for each market; specific markets with outsized impact on the overall business to focus on first; and, the desire to optimize across the whole business, with narrow focuses not being sufficient to move capabilities on.

Ekimetrics is currently working for clients across both of these models, helping scale according to the needs and ambitions of the business. Neither approach is better or worse, it is about which is the route to the best adoption internally in the quickest time and understanding the environment you are operating in to know where to start.

What are the benefits of in-housing MMO?



Internalizing MMO provides companies with control and direct access to all of the marketing performance data that matters. Marketing and analytics teams working with third-party analysts can waste a huge amount of time and effort because they have to prepare, cleanse, and harmonize data from multiple agency groups, platforms, and publishers. Building long-lasting MMO capabilities in-house gives you control of your data and your data lake becomes the single source of truth.

This enables global, regional, and national teams to run MMO analyses more often, more quickly, and with more impact. With MMO in-housed, companies start to factor optimization

analyses into every key decision-making point in the year. Having fresh results whenever you want provides always-on optimization and forecasting capabilities, customized to your business needs and timetable. Reporting is based on corporate requirements and this approach is also much more cost-effective in the long-term than relying on external service providers for delivery. **In-housing makes MMO always-on and marketing investment ever-more flexible and responsive to consumer behavior and competitor activity, as well as much more cost-effective.** Being always-on makes MMO more agile, bringing it closer to the needs of the business.





In-housing makes **MMO always-on** and marketing investment **ever-more flexible** and **responsive** to consumer behavior and competitor activity. Being always-on **makes MMO more agile**, bringing it closer to the **needs of the business.**



By internalizing MMO and building fit-for-purpose solutions that are under their direct control, one benefit that organizations can obtain is to decrease their dependence on third-party 'black box' models for marketing measurement and optimization. With direct control over the architecture and alignment of data and models built to analyze this data within their own IT environment, **businesses benefit from greater transparency in both data modeling and analytics processes.**

This facilitates optimization undertaken with eyes wide open. By bringing MMO in-house, you increase the usage and the speed of usage of customer and marketing performance data.

One size clearly doesn't fit all when it comes to in-housing MMO, but the evidence from the market is that a hybrid approach is probably best. Depending on the size of the company, its scale of investment in marketing, and the number of brands it sells in different markets across the world, in-housing MMO demands both time and investment. It can take a couple of years or more for an internalized operation to start saving a company money, but once MMO has become an integral part of your culture, the savings can be progressive, incremental, and accelerated. **It can deliver increased ROI at scale with reduced investment, giving you greater control over a key part of your marketing budget.**

Once MMO is embedded in a business, it becomes one of the principal drivers of increased marketing efficiency and effectiveness. With direct control over the data that matters in your own environment and IT infrastructure, you manage your own road map better. These benefits obtain for companies that take a hybrid approach, too. **It can make you money and enable you to grow your business at scale**, delivering competitive advantage through data valorization: transforming and analyzing your own data into information that drives value.

With **direct control** over the **data** and **models that matter** in your **own environment** and IT infrastructure, you **manage your own road map better.**

**What should companies
ask themselves to assess
readiness to in-house *MMO*?**



Ekimetrics.

**What should companies ask themselves
to assess readiness to in-house MMO?**

- Do we already have some **experience with MMO**?
- **What are our expectations of the in-housing** journey and why are we launching this program?
- **What is our current level of data maturity**, both as an organization overall and as regards MMO in particular?
- **Do we spend enough on marketing** to make it time-effective / cost-efficient to in-house MMO?
- **Are we ready to start** on a multi-year roadmap to invest for the long-term future?
- **Do we have C-level endorsement and support** to see the process of internalization through?
- **Are we prepared to build MMO** into our decision-making at key moments of the marketing investment calendar?

In summary

Done right,
internalized MMO has
the potential to become the
decision-making cockpit
for all decisions companies take **on**
sales and marketing.

Whether MMO is in-housed, outsourced, or – most likely – a hybrid of the two, it is not the only tool in the marketing effectiveness toolkit. Tempting as it is to try to apply MMO to answer every marketing investment question, even those organizations that fully internalize MMO will want to complement this with other elements of marketing performance management to build a unified solution, including: digital attribution, classical AB testing, brand equity modeling, and modeling lifetime customer value. This is the key to creating an advanced marketing analytics toolkit, capable of tackling any challenge.

However, as more and more businesses gain experience of MMO and C-suites come to depend on the intelligence it provides in the regular cadence of decision-making, that dependence is inevitably driving more businesses to consider the economies of scale offered by in-housing the function. Done right, internalized MMO has the potential to become the decision-making cockpit for all choices companies take on sales and marketing. As it progressively becomes part of an organization's DNA, MMO allows businesses to predict the future through forecasting and simulated scenarios based on complex arrangements of hypotheses and constraints.

The first step on the road to internalizing MMO is often to talk to an external expert with rich experience, both in the what and the how of the discipline per se and in helping businesses in diverse industry sectors to in-house this increasingly important function. Although most of today's CMOs are becoming much more comfortable with data and modeling – from exposure to digital attribution, web analytics, and MMO – third-party experts can provide invaluable help in driving and designing always-on, in-housed solutions that industrialize MMO across all key decision-making.

In-housing MMO goes well beyond creating a culture of advanced analytics inside a business. It delivers data maturity right up to the level of the C-suite, evolving the use of data, analytics, and technology in ways that bring about a genuine transformation and lead to competitive advantage. In-housing MMO – most likely in a hybrid model – can really shift the needle.

About the authors



Adam Rodgers

Partner & Managing Director,
North America at Ekimetrics



Camille Erard

Partner at Ekimetrics



Thibault Labarre

Partner and Head of Marketing
Mix Optimization solution at
Ekimetrics



Matt ANDREW

Partner and Managing Director, UK

Contact

Ready to talk or simply curious to learn more?
Reach out to our experts to understand how
your operational efficiency challenges can be
tackled through data science.

marketing@ekimetrics.com

Eager for more case studies or data science
insights?

Visit our website:

www.ekimetrics.com

The logo features the word "Ekimetrics." in a bold, black, serif font. Below it, the tagline "Data science for business" is written in a smaller, black, sans-serif font. The text is centered within a white, irregularly shaped polygon that is set against a dark blue background. The background also features a pattern of thin, light blue vertical lines in the upper portion.

Ekimetrics.

Data science for business