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WHY IN-HOUSE ADVERTISING  
COSTS MORE THAN YOU THINK

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# EXECUTIVE SUMMARY

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As every homeowner comes to know, maintaining a household is never as easy or budget conscious as it seems. The roof springs a leak, the lawn needs mowing, pipes burst during the cold of winter, or the wood floor needs replacing after a laundry-gone-wrong incident - unexpected costs are a constant.



Taking advertising in-house draws a similar comparison. “Owning” ad operations, from campaign management to employees, offers control but comes with its own unforeseeable costs. Many fast-growing startups and established companies that take the do-it-yourself approach to in-feed advertising quickly realize there is more to it than just licensing the software.

Using a full-service ad buying partner eliminates the legwork and high-level strategy needed to create, scale, and optimize complex in-feed advertising campaigns. With less demand on your workforce and monetary resources, marketers are free to focus on growing their business, and with experts driving campaigns from start to finish, businesses can expect far higher returns than they would typically see from an unspecialized, time-crunched in-house advertiser.

This guide paints a realistic picture of the benefits, but also lesser known downsides of opting for an in-house solution for in-feed ad buying, focusing on the efficiencies afforded by full-service solutions that encompass technology, expertise, and execution.

## WHAT YOU WILL LEARN IN THIS EBOOK:



**THE CHALLENGES OF STAFFING A CAPABLE TEAM**



**THE TIME DEMANDS OF RUNNING EFFECTIVE AD CAMPAIGNS**



**PERFORMANCE, INNOVATION AND CUSTOMIZATION CONSTRAINTS OF SILOING AD OPERATIONS IN-HOUSE**



**CONSIDERATIONS WHEN CHOOSING A FULL-SERVICE PLATFORM**

# INTRODUCTION

The need to advertise on mobile is clear: 91% of the US population owns a mobile device, and mobile devices make up 60% of total digital media consumption, which is also the only growing media channel. There is absolutely no better place to reach consumers than where they spend the majority of their time.

To reach thousands upon thousands of consumers while driving a profit, advertisers are quickly shifting to a three-ingredient advertising recipe shown to maximize success:

- 1 ) Advertise programmatically
- 2 ) With in-stream ads that maintain the user experience
- 3 ) On platforms that authorize user identities - like Facebook and Twitter - so that campaigns can be tracked and measured across devices.

Self-service ad buying and management tools provided by Facebook and Twitter offer an initial solution, but once campaigns become too large and complex to maintain with manual bid changes and optimization, or CPA creeps above the profitability tipping point, a more robust platform must be considered.

Two standard types of ad buying platforms exist:



1 ) SELF-SERVE PLATFORMS  
**BUSINESSES LICENSE THE SOFTWARE FOR THEIR IN-HOUSE CUSTOMER ACQUISITION TEAM TO USE**



2 ) FULL-SERVICE PLATFORM  
**BUSINESSES PARTNER WITH A FULL-SERVICE PROVIDER TO MANAGE THEIR CUSTOMER ACQUISITION**

Having the right technology platform to scale and optimize your campaigns is only half the battle. To get the most from your advertising dollars, you need an experienced team that can quickly adapt to the constantly evolving ad ecosystem.



“ HALF THE MONEY I SPEND ON ADVERTISING IS WASTED; THE TROUBLE IS I DON'T KNOW WHICH HALF. ”

— JOHN WANAMAKER  
1836-1922

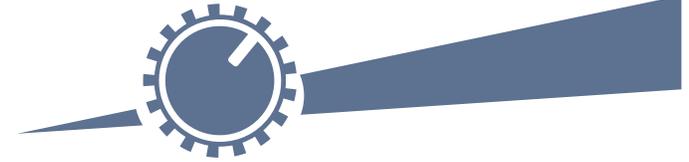
**As a manager or executive at your organization, you will at some point question if managing your in-feed advertising campaigns in-house is the right choice for your business.** At first glance, the cost advantage of in-house advertising seems obvious given that the fees are typically much less than partnering with a third-party to run your campaigns:

Self Serve Ad Software	Fully Managed Ad Software
1 - 3%	10% - 20%

Taking advertising in-house also allows you to build internal customer acquisition strategy and gain know-how from first-hand experience. Building a team and running all campaigns allows you to “learn by doing,” in its truest form - your team will handle everything from creating ads, a/b

testing, experimenting with new targeting groups, optimizing bids, and generating insightful reports. Perfecting this process for Facebook, Google, Twitter, and other key channels for reaching your mobile customers takes a considerable amount of trial and error, but ultimately all of this experience adds to the company’s institutional knowledge which is then passed along and shared with future hires as you continue to grow.

The cost advantages and continued accrual of digital advertising strategies and intel that boost your bottom line make a compelling case for in-house advertising. However, there are significant hidden costs that surface when a closer look is paid to ad performance, staffing and training capable media managers, staying ahead of the curve, and access to innovation and best practices across your vertical.



## STAGNANT AD PERFORMANCE

Driving advertising results that get your boss singing your praises take the right tools and the right execution - especially at scale. Ad buying tools rose to popularity to simplify and automate tasks such as campaign management, bid scheduling, and report generation reports, leaving strategic tasks, such as data analysis, bid optimization, targeting, and designing creative to the person driving the machine. The latter tasks tend to impact the bottom line most, and are key to perfecting to drive peak performance. But most customer acquisition managers do not have the skill or knowledge to drive top notch results, nor the resources needed to hone these skills, resulting in sub par or delayed performance.



A TRAVEL APP SAW A  
**34% HIGHER  
CONVERSION RATE**  
WHEN USING A FULL-SERVICE  
PLATFORM COMPARED  
TO SELF-SERVE

It is rare that a company has a seasoned customer acquisition manager with Facebook- and Twitter-specific knowledge in-house that can immediately make an impact. These platforms require specific knowledge and insight that can only be acquired after months of running campaigns. Taking advertising in-house often means settling for good, but not great performance that justifies the fees, but does not reach as many customers or drive as many sales as it would if a seasoned professional were in the driver's seat.



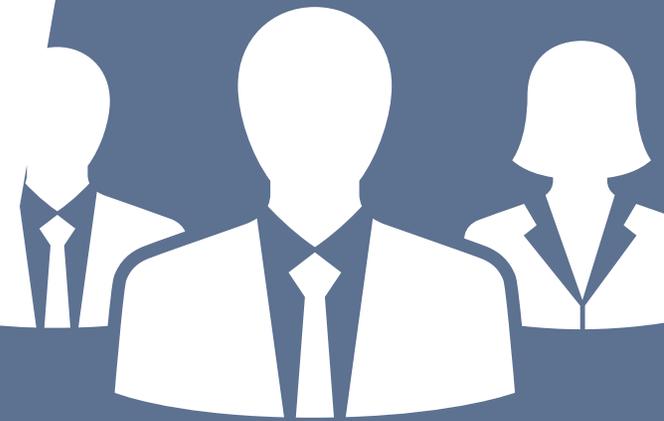
## STAFFING & TRAINING A TEAM

Self-serve tools rely on their platform being easy enough for anyone to use without the need of support. With no one on the other line to answer your questions or provide best practices for using your tool or optimizing your

campaigns, the bar is set high for an internal team. Not only do they need to be entirely self-sufficient, but they also must already come armed with advertising knowledge from a previous role driving similar campaigns.

When you consider that Facebook and Twitter advertising have only been around since 2012 and 2011, respectively, and that only a small pool of marketers meet these criteria, it is easy to see that building an in-house team can take months, or tens of thousands of dollars in recruiter fees if you are on a deadline. Add the expenses of salary, benefits, and taxes, and you are starting at a sizeable deficit.

Starting with a customer acquisition manager, each hire will need to be brought up to speed on your business strategy, and learn the ropes of advertising on the ad buying platform you license as well as your particular product and niche. Keep in mind that, on average, mid-level managers



# 2,246

THE NUMBER OF LINKEDIN USERS THAT LIST "SOCIAL ADVERTISING" AS A SKILL

require 6.2 months to reach their "break-even point" where they produce more revenue than they cost for the company.





AVERAGE COST TO  
RECRUIT CUSTOMER  
ACQUISITION MANAGER

**\$24,100**

AVERAGE SALARY OF  
CUSTOMER ACQUISITION  
MANAGER

**\$120,663**

And that is just the execution side and just for Facebook and Twitter - you will also likely need a designer to assist with bi-weekly ad creation (best practice it to refresh creative every two weeks to prevent ad fatigue), and, if you are running campaigns on search, display or other mediums, you will have to hire another person that can focus on just those channels. Add two more salaries to your balance sheet. A discounted option is to find freelancers; however training fees still apply and the additional time needed to onboard a non employee tends to be longer since they are not ingrained in the day-to-day of the company.



**When your company is in the position to grab as many new customers, or grow sales as fast as possible, minimizing recruiting, training, and all other tasks that distract away from growing business is essential.** In-house advertising will cost you in missed opportunities and lost sales from the long onboarding process, and ultimately reduce your ability to get the most from in-feed advertising.

## EXECUTION IS A FULL-TIME JOB (OR TWO)

Ad buying platforms simplify many of the tasks associated with customer acquisition on Facebook and Twitter, but creating, managing and optimizing campaigns is still a full time job. Once your customer acquisition manager has mastered the software laid before them, they will be tasked with managing the entire ad process from creation and targeting, to optimizing and reporting. Here are just a few day-to-day tasks:

### 1 ) Ad Design & Creation

Develop the creative and copy for dozens, if not hundreds, of ad units (you'll want to test multiple variations of each ad type) and upload them all to the publishing platform.

### 2 ) Audience Data Management

Collect, organize and analyze first-party data from your website, CRM, or mobile app to segment and target audiences

### 3 ) Technical Implementation

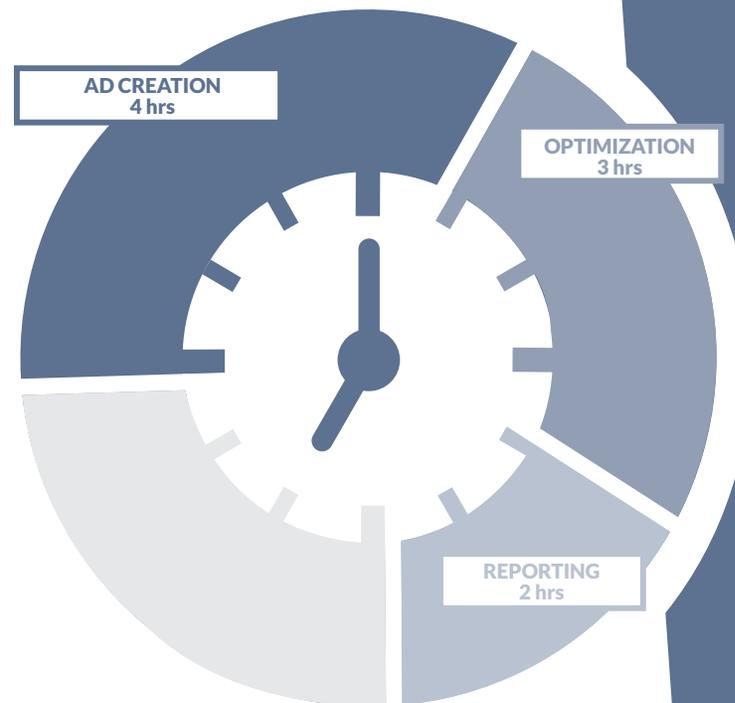
Work with engineering to place and test conversion pixels, deep link your app, or set up mobile app tracking.

### 4 ) A/B Testing

A/B test creative, targeting, platform, and placement to identify the best performing combinations. Re-test with each new campaign or initiative.

### 5 ) Continuous Optimization

Continuously refresh ad creative, test targeting groups, and adjust bids for the life of the campaign.



And that's just the campaign setup and initial execution. The real work comes with optimizing campaigns towards CPA goals and scaling spend while maintaining customer quality. To strike a balance between the results you're seeing now and what you want to see in the future, you need to constantly switch gears between your left and right brains.

For the majority of campaign managers, this agility requires significant grunt work. It's easy to become bogged down in spreadsheets, analytics dashboards, and lines of code to make sure that your campaigns are fully optimized. The bigger your advertising campaigns grow, the more immersed you'll be in data — not to mention, the financial stakes will be much higher.

This all comes out to an average of nine hours a day spent on campaign management - and that's just for Facebook and Twitter! Most marketers use a mix of channels for customer acquisition, including search, display, and other mobile marketing tactics. Time that would be spent on other essential channels is cannibalized, or time spent on Facebook and Twitter campaign management is minimized. Either way, the result is suboptimal.



## LACK OF CUSTOMIZATION

Self-serve platforms are built to serve a large audience of advertisers, ranging in campaign objective, vertical, and skill level. The result is a feature-rich, catch-all platform that offers a wide breadth of simple solutions for all these needs. This creates two issues: - you are left with more tools than you need, and the tools you do use are simplified so to remain intuitive to a less experienced advertiser and will not adequately assist in achieving your goals.

As powerful and robust as some self serve platforms are, they often cannot be optimized towards your custom objectives without custom modifications from the developer - typically reserved for only the largest of accounts. To remedy these situations, advertisers are forced to employ a mix of tools to run their campaigns that include: third party and internal dashboards along with excel spreadsheets.

Switching between spreadsheets and dashboards can create cumbersome workflow management problems, taking time away from the creative and analytical requirements of scaling your paid efforts.



## STAYING AHEAD OF THE CURVE

The three-part mobile advertising recipe for success we mentioned before (programmatic ad buying on platforms that authenticate identity with in-stream ads) is a simple solution that is difficult to master, primarily because the two platforms on which this advertising is focused - Facebook and Twitter - are still nascent and constantly evolving.

Since the birth of Facebook advertising - a platform that demands 18% of mobile device users time and therefore the channel of choice for mobile marketing campaigns - the company has shifted its offering countless times.

IN **2013** THERE WERE  
APPROXIMATELY  
**48 UPDATES**  
TO THE FACEBOOK ADS API,  
AND IN THE FIRST HALF OF  
**2014** THERE HAVE BEEN  
**DOUBLE THAT**  
**AMOUNT (89)**  
WITH MANY MORE  
CHANGES ON THE WAY.



## MAJOR FACEBOOK API CHANGES MADE IN 2014:

- RENAMING AND RESTRUCTURING OF TARGETING TOOLS
  - “AD SET” ADDED TO THE CAMPAIGN STRUCTURE
    - NEW FORMAT FOR MOBILE APP ADS
    - NEW RIGHT-HAND SIDE ADS

As Facebook’s ad products grow more sophisticated there will be an increasing number of changes to ad requirements, ad types, and targeting options - all of which are vital to understand and/or act upon in order to keep campaigns running at full capacity.

And that illustrates just one major in-feed publisher. Established players such as Twitter, Google, and Yahoo! all push frequent updates to their platforms, and emerging publishers, such as Snapchat, Whatsapp, Line, and WeChat emerge, each with tens or hundreds of millions of users that are sure to be the focus of many companies’ future marketing strategies, will all come with their own advertising platforms that will need focused attention to utilize and master. This adds just another time-restraint to the already busy in-house marketer’s list of

to-dos, and does not include the learning and technical upkeep you will need to know for your other customer acquisition channels like search and display. Facebook and Twitter demand the full attention of a team that can remain not only informed, but ahead of changes to ensure you are reaching peak performance with no time wasted reading technical manuals or product update emails.

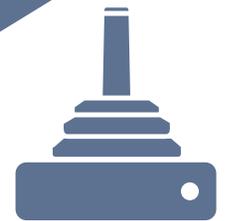


### MINIMAL SERVICE & SUPPORT

Need advice on how to better target your campaign? Is your ad buying platform not working as promised? Are you unable to set-up goals within your self serve platform around custom goals or KPIs?

With self-serve platforms, much like homeownership, you are almost always on your own to solve problems that arise. Customer service is expensive to provide, and, because self-serve platforms are designed to be as easy to use as possible, most offer limited service and support departments. The little customer support that is available prioritizes the needs of top billing customers, while others must wait in a long help ticket queue or fend for themselves.

Help is also limited strictly to technical problems with the platform - strategic guidance is non-existent. Add more time to your already packed schedule to research best practices and higher level campaign strategy.



A MAJOR **GAMING APP** HAD A  
**44% LOWER CPI**  
WHEN A FULL-SERVICE PLATFORM  
WAS USED COMPARED  
TO THEIR IN-HOUSE BENCHMARK 9



## HINDERED INNOVATION

Containing advertising operations in-house builds institutional knowledge, but also closes your business off from strategies and insights gleaned from other campaigns and verticals, and new products available to customers of full-service ad buying platforms.

Managing advertising in-house and running campaigns firsthand helps your team better understand what works and what does not when it comes to customer acquisition, but this knowledge is limited to your small sample size of campaigns. Other companies within your competitive space or larger industry are constantly testing out and discovering new tactics that could prove equally successful for your campaigns, if you only had access. In-house, innovation can only be achieved through rigorous, time consuming tests that may or may not yield a positive result.

Users of self-serve platforms are also often shut out from trying new Facebook or Twitter advertising products or features before they are out. Waiting a few extra months to try out a new ad type that drives 3x ad spend not only puts you at a disadvantage to your competitors that did receive access through their dedicated marketing partner, but also means three months of missed revenue opportunities.

Investing in a self-serve platform and building out an in-house team has its leaky pipes and broken fixtures - without a fully-staffed, fully-trained designated team to maintain it, it will slowly crumble and cost you more than the initial investment.

Working with an ad buying platform that also provides strategic support eliminates many of the complexities of doing in-house advertising, significantly reduces demands on human and capital resources, and keeps focus on growing the business.





**The goal of full-service ad buying platforms is to make advertising painless while driving through the roof performance.**

This is accomplished by providing not just technology, but also a skilled, specialized team ready to drive results from day one. You maintain the same transparency and control of your campaigns, but no longer have to worry about building and training an in-house team, staying on top of platform changes, or managing all that goes into executing a successful campaign. With one more grueling task hashed from your list - and usually better performance to boot - growing your business can be your top priority.



**SUPERIOR AD PERFORMANCE**

Working with a third-party partner to manage your advertising campaigns is like hiring a professional driver to race your Formula 1 car. Hand them the keys, and they are ready to go. This partner can help extract the most from campaigns from Day one

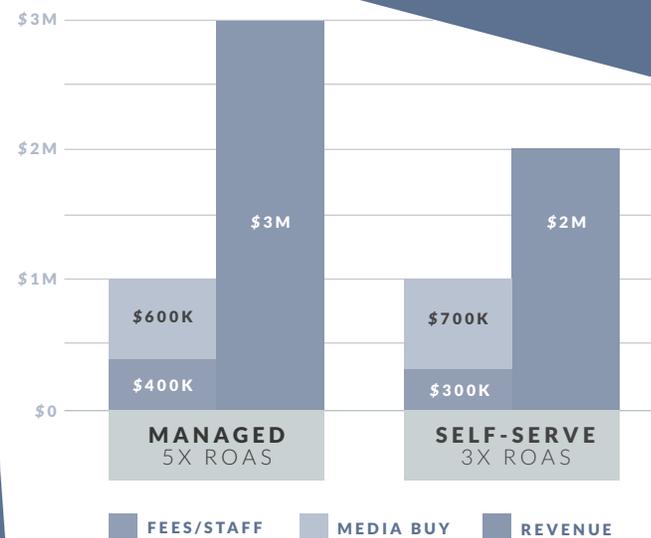
without having to learn how to properly run and scale your campaign.

Think about it: once you have bought this expensive piece of machinery you would not think to hand the keys to just any licensed driver. They can drive the car around the track, but it takes a lot of practice, experience, and training before they can successfully run a Formula 1 car at maximum speed without crashing it.

You also would never pay a driver more than the prize money they are expected to win. Suppose two marketing managers in the same market were given \$1 million for their in-feed ad budget. The first manager invests \$100K in licensed software, and builds an in-house team for another \$200K. After running a campaign with the remaining \$700K he and his team is able to generate \$2 million in net sales for a ~3X return on ad spend. The second manager partners with a managed service platform, spending \$400K in fees; however, with the remaining \$600K for media buy generates \$3 million in net sales, generating a 5X return on ad spend. Even though the

in-house advertising option is significantly lower in fees, the return on ad spend is much lower than the same campaign managed by a trusted third-party. In fact, a managed service platform has to deliver outsized performance for you every week, or they cannot justify their fees and service.

And with outsized performance from managed service platforms comes the opportunity to scale profitable campaigns. If your CPA was lowered by 20%, 30%, or 40%, how much more volume would you be able to drive? The value a managed service brings allows you to massively scale your business.



## FULLY-STAFFED TEAM OF EXPERTS

On day one, your new extended team is fully staffed, trained, and ready to drive results. During the time you could have spent hiring one person, you have acquired a full team of Facebook and Twitter advertising professionals - from strategists and analysts, to designers and engineers - that excel in achieving your business's specific objective. They know which targeting tools, ad types, placements, platforms, bid types, and creative work best for a company in your vertical, with your marketing goals based on thousands of hours of experience and results reaped from countless tests. You can depend on them to do the job correctly the first time.



## STANDARD FULL-SERVICE TEAM:

ANALYST (X2)

STRATEGIST

DESIGNER

SALES REP

ENGINEER

## CAMPAIGN TRANSPARENCY AND CONTROL

Contrary to popular belief, a full-service platform does not put you in any less control of your campaign or budget.

Campaign performance and insights can be accessed 24/7 through self-service dashboards, so you can monitor campaigns in real-time and are never disconnected from the action. You make the final call on all major campaign decisions and, if needed, changes can be implemented with a quick note to your team.

## ON-DEMAND STRATEGY, ADVICE & EXPERTISE

With a full-service platform, you always have an expert advertiser in your back pocket. Your team is accessible at all hours and will proactively keep you up to date on the latest developments in the space and offer advice for how your campaigns and larger customer acquisition strategy can be improved. When Facebook and Twitter

release a new ad product or targeting feature, you will be able to take full advantage of it from day one. Full-service platforms work closely with customers across industries, and can apply insights to your campaign that you not have learned by just doing it on your own.

## FAST & SIMPLE CAMPAIGN MANAGEMENT

Last but not least, a full-service platform makes buying ads dead simple. As a customer, you only need to define your objectives, set a budget, and provide creative assets and/or restrictions. The account team handles all of the technical and executional hurdles from there. You are able to monitor the progress of your campaign, and solicit information from your team as necessary in regards to its performance. In addition, you will get valuable insights from the marketplace and actionable advice on how you can reallocate

your budget in order to take advantage of new customer trends. Under a full-service ad buying model, you save time, effort, and frustration by not having to deal with the day-to-day hassles of managing advertising campaigns.

### MANAGED

DEFINE CAMPAIGN GOALS & BUDGET

### SELF-SERVE

- DEDICATE OR HIRE STAFF
- TRAIN STAFF ON SOFTWARE
- CONFIGURE SOFTWARE & ACCOUNTS
- DESIGN & BUILD CREATIVE ASSETS
- UPLOAD ADS
- SEGMENT & TARGET AUDIENCES
- LAUNCH ADS
- MEASURE & OPTIMIZE ADS
- GENERATE REPORTS & METRICS



Choosing the right partner is critical to reaping all the benefits of an in-feed ad buying platform and ultimately determines your success. The first thing to look for is if the partner is certified by the publishing platform they serve. Partners designated a Facebook strategic Preferred Marketing Developer (sPMD) or Twitter Marketing Platform Partner (MPP) must meet high technology and service standards to receive the designation.

Find an ad buying partner that provides both the tools and execution support needed to help your business reach its full potential on Facebook and Twitter by screening for the following criteria:

- PROVEN TRACK RECORD OF SUCCESS IN YOUR INDUSTRY
- DEDICATED ACCOUNT TEAMS ARE LOCATED NEAR YOUR OFFICES
- PROVIDES CAMPAIGN TRANSPARENCY THROUGH REPORTING
- PROVIDES A STRONG SLA FOR CAMPAIGN SERVICE AND SUPPORT
- LOOK FOR PMD AND MPP DESIGNATIONS FROM FACEBOOK AND TWITTER





# KEY TAKEAWAYS

At the outset, in-house advertising may seem like the obvious choice; however, after closer inspection you will find the opportunity costs of not leveraging the expertise and technology of a full-service ad buying platform will end up costing you more in the end.

Key considerations that should be taken into account when investigating whether to use a managed or self-serve tool for advertising include:

- 1 ) **Time and monetary demands** of training and staffing a productive team on advertising best practices and software functionality
- 2 ) **Time and skills required** of an in-house team to drive peak campaign performance

- 3 ) **Level of attentiveness and customer service** needed to set up and maintain campaigns

- 4 ) **Customization needs** based on vertical and objectives

- 5 ) **Access to Facebook and Twitter** advertising product beta tests and intelligence

- 6 ) **Visibility into successes** and established best practices of vertical and other industries

When time is of the essence, and the competition is eating away at your market share, it is imperative that your marketing stay on the cutting edge. Having not only robust technology, but also a designated, expert team of media managers on demand that focuses solely on achieving your marketing goals on Facebook and Twitter alleviates this burden and sets your company on a path for rapid growth.

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# ABOUT AMPUSH

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Ampush helps performance marketers acquire new customers and grow their sales on mobile.

By powering fully managed ad buying, management and insights, the AMP platform makes it easy for advertisers to reach people with smarter in-stream ads on Facebook, Twitter, and Google. Ampush is based in San Francisco with offices in Chicago and New York.

## START GROWING YOUR BUSINESS

[CONTACT US](#)

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