The Hidden Cost of Advertising Point Solutions

10 ways you're wasting budget, losing time, and missing opportunities—and why a platform is the answer

skai

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Marketers and their tools

Marketing has become increasingly complex and challenging over the years due to the push to omnichannel, the proliferation of digital channels, the explosion of data combined with the ongoing loss of signals, and the shifting expectations of customers. To navigate this landscape, marketers must be agile, data-driven, and focused on delivering a personalized experience to their target audiences.

However, achieving these goals requires the right tools and technologies; *this is where many marketers need help*.
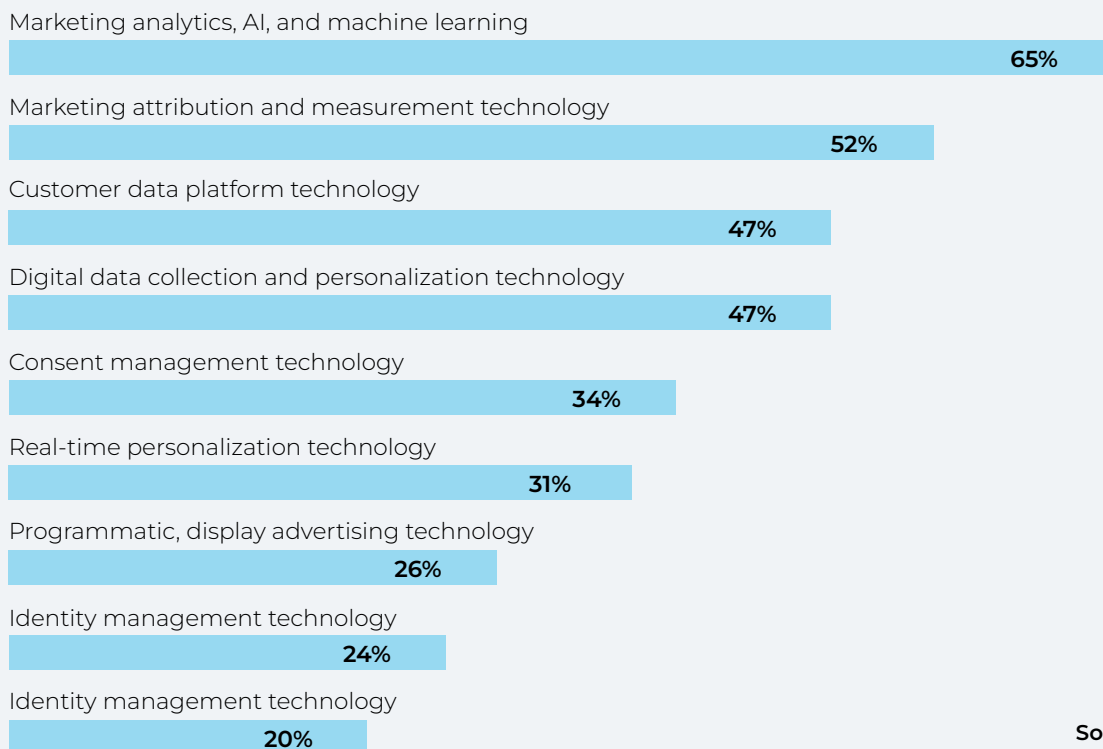
Point Solutions were once needed

In the first decade of digital advertising, there was a proliferation of **point solutions** in the marketing technology space that specialized in one particular aspect of marketing, such as social media management, email marketing, or mobile advertising. These point solutions made the marketer's job easier by automating processes, delivering better insights, optimizing performance, and increasing efficiency.

Note - individual native publisher tools, by definition, are point solutions.

**Technologies marketers and customer experience professionals worldwide
are investing in to address the digital customer journey, Oct 2022**

% of respondents

Technology	%
Marketing analytics, AI, and machine learning	65%
Marketing attribution and measurement technology	52%
Customer data platform technology	47%
Digital data collection and personalization technology	47%
Consent management technology	34%
Real-time personalization technology	31%
Programmatic, display advertising technology	26%
Identity management technology	24%
Identity management technology	20%

Source: eMarketer

Platforms are superior

As digital advertising matured, **platform** consolidation arose. A platform, in this context, is a comprehensive advertising technology solution that enables marketers to run campaigns across myriad publishers and channels. Platforms offer integrated tools and functionalities that work together seamlessly, eliminating the need for marketers to juggle multiple point solutions.

Today, marketers can build their ad tech stacks by either:
A) Cobbling together many point solutions or
B) Using a small group of consolidated platforms.

While individual point solutions promise a "best in class" approach, what many marketers fail to consider is the hidden costs that are associated with them. This white paper aims to explore the hidden costs of point solutions and make a case for why marketers should be working with platforms instead.

Why read this report?

This report will focus on the three most important disadvantages of point solutions—which include individual native publisher tools—and how they manifest in costs to your organization in money, time, and the opportunity costs lost associated with their drawbacks:

- **Workflow inefficiencies of point solutions**
- **Lack of connectivity between the tools**
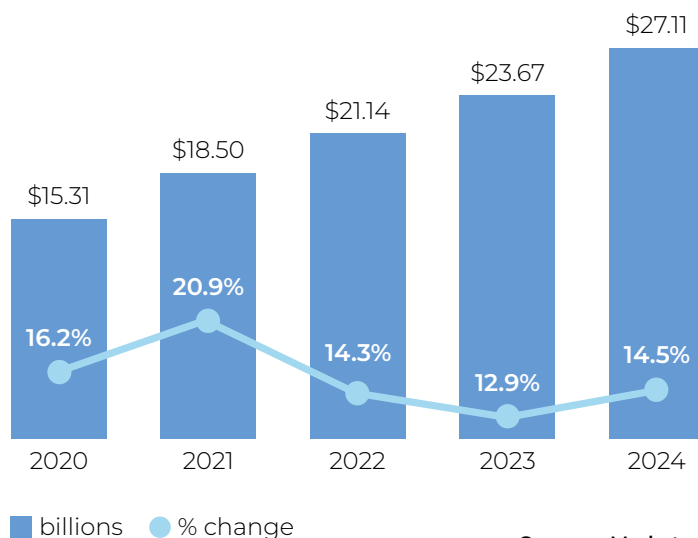- **No unified view of performance**

Ad tech overload!

Modern professionals face an abundance of digital tools. Beyond just ad tech, on a daily basis, marketers use:

- **Business management applications** such as document writers, spreadsheets, presentations

- **Operational tools** such as VPNs, payroll, time tracking

- **Communication software** such as email, Slack/IM

- **Backend systems** such as content management, sales/CRM platforms

Marketing technology spending
US, 2020-2024

Bar values: $15.31 (2020), $18.50 (2021), $21.14 (2022), $23.67 (2023), $27.11 (2024)

% change line: 16.2% (2020), 20.9% (2021), 14.3% (2022), 12.9% (2023), 14.5% (2024)

■ billions ● % change

Source: eMarketer

The sheer number of digital tools available can be overwhelming and challenging for professionals to manage effectively. Spending in the marketing technology category will reach nearly $24 billion this year in the US alone. It will continue to experience double-digit growth for the foreseeable future. And that's even more impactful to digital marketers that virtually live with these tools daily!
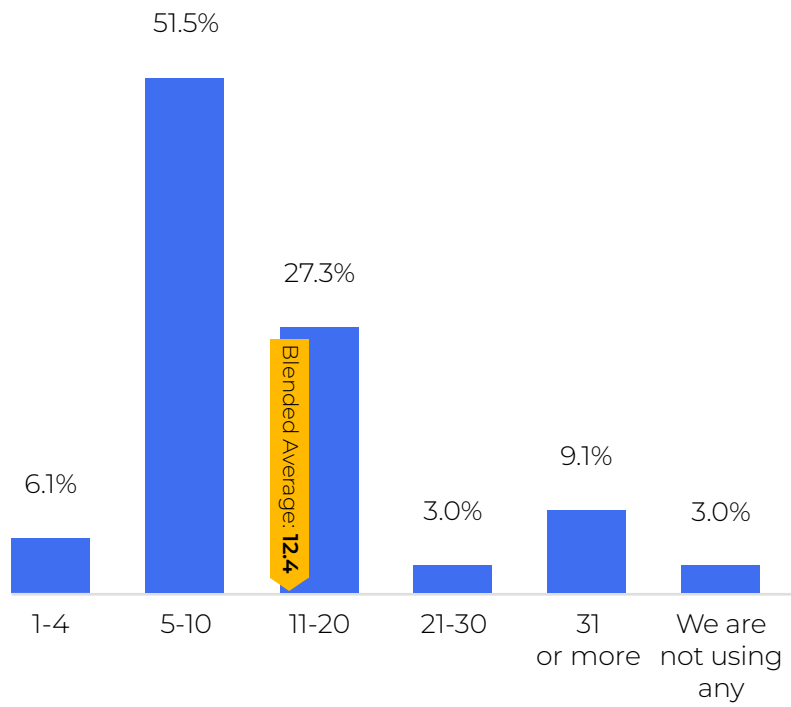
How many tools does the average marketer use daily? In the last comprehensive study on this topic, Winterberry Group's *Marketing Data Technology: Cutting Through the Complexity* report,

> *the average marketer uses nearly a dozen distinct toolsets and some **more than 30 tools** regularly.*
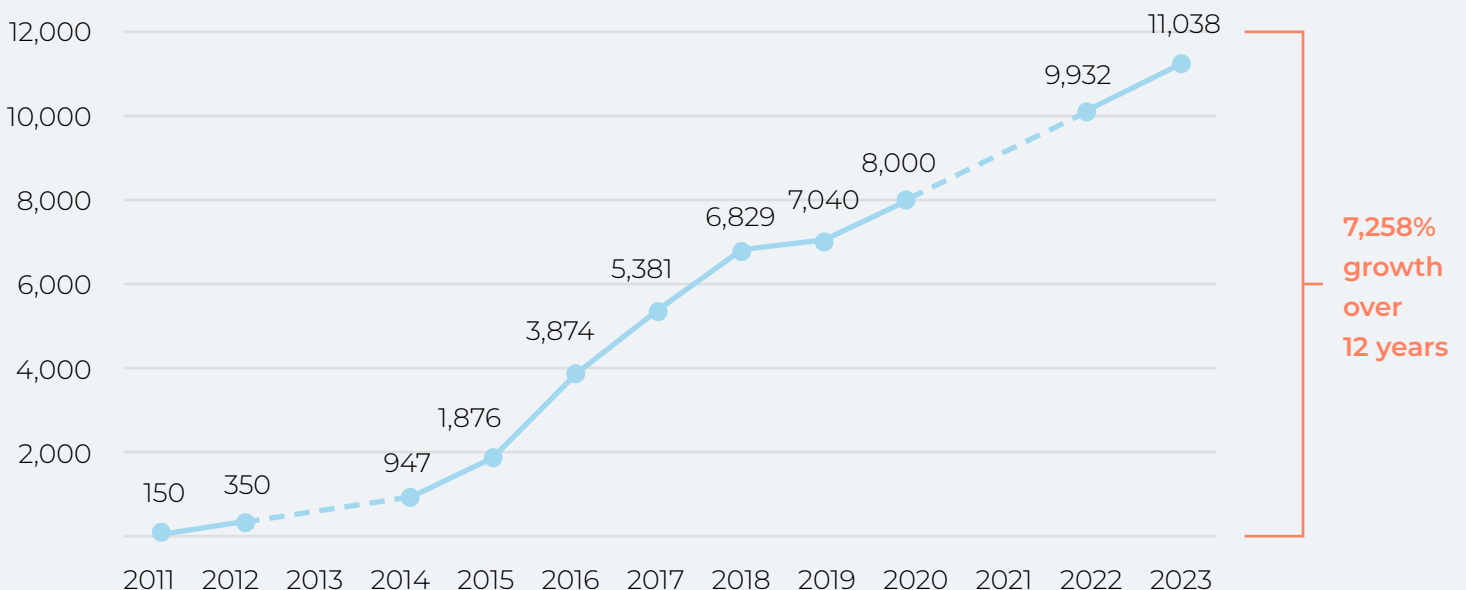
On average, enterprise marketers today are leveraging upwards of a dozen distinct toolsets to support their aggregation, onboarding, management, and deployment of customer data— with a small (but not insignificant) subset working with more than 30 tools on a regular basis

Winterberry Group

How many distinct toolsets does your organization (or your clients) use in support of data-driven marketing or advertising today?

6.1% — 1-4

51.5% — 5-10

27.3% — 11-20

Blended Average: **12.4**

3.0% — 21-30

9.1% — 31 or more

3.0% — We are not using any

# And things are not slowing down.
According to martechmap.com, there are now over 10,000 marketing technology companies.

Year	Value
2011	150
2012	350
2014	947
2015	1,876
2016	3,874
2017	5,381
2018	6,829
2019	7,040
2020	8,000
2022	9,932
2023	11,038

7,258% growth over 12 years

The landscape is so packed that this year's MartechMap looks like there are more tech vendors than stars in the sky.
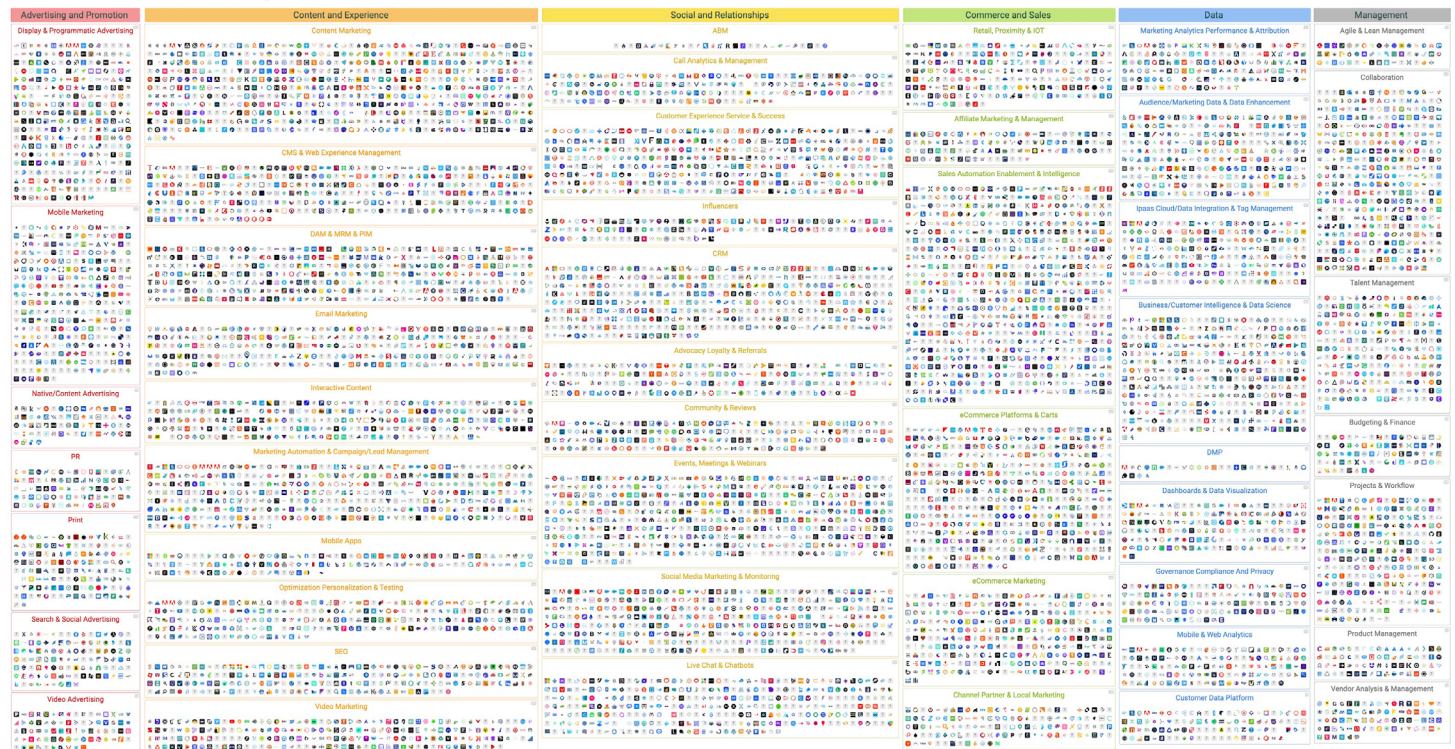
The MartechMap visual demonstrates the overwhelming number of industry technologies

While, at first, the number of technologies seems completely overblown, when you consider the individual marketing campaign management categories, there aren't many places to cut—search marketing, social advertising, and retail media—these are essential channels for today's brands.

Point solutions vs. platforms

Generally, marketers have chosen one of two strategies in their marketing technology acquisition approach.

1. Employing numerous **point solutions** loosely integrated into a "tech stack." These can be individual native publisher or ad tech vendor tools.

2. A preference for fewer, multi-use **platforms** with integrated tools and more capabilities.

Scalability and flexibility are the main contrasts between a platform and a point solution. While point solutions are tailored to address a single and specific problem, platform solutions provide a sturdy framework that can handle numerous use cases and be rapidly deployed across multiple facilities.

	Pros	Cons
Point Solution Approach *Individual tools for every need*	▪ Perceived best-in-class tools for individual tasks ▪ Publisher tools are "free" ▪ Specialization/expertise ▪ Less effort to implement and learn	▪ Limited or impartial integrations ▪ Hardware/software incompatibilities ▪ Ongoing, hard-coded configurations ▪ Vendor management ▪ Lack of scalability ▪ More expensive total ownership
Platform Approach *Efficient, cost-effective, and integrated tools within a single application*	▪ Consistency across teams ▪ Insights in one place ▪ Integrated data and assets ▪ Fewer vendors to manage ▪ Unified measurement, analytics, and reporting ▪ Cost efficiencies of scale	▪ Tend to have less deep feature sets ▪ Potential to pay for unused parts of the application

When it comes to managing marketing campaigns, it's crucial to have the right tools in place. Even if the team is experienced, has a strong understanding of marketing best practices, and has a great media plan to execute, the wrong martech stack can reduce agility and limit performance.

Technology becomes even more critical in an omnichannel world

To succeed in today's omnichannel marketing landscape, businesses require sophisticated integrated platforms to effectively manage and streamline their marketing efforts across various channels and devices. A fragmented tech stack of individual point solutions and disconnected systems can lead to more problems than solutions.

An integrated platform can optimize workflows and improve communication by centralizing data, creative, targeting, budgeting, and reporting in one place. This centralized approach enables real-time access to insights, and it brings everyone and everything together through a secure, configurable system that connects business applications, people, devices, customers, and partners via one central hub.

The need for a sophisticated integrated platform cannot be overstated for businesses looking to succeed in today's omnichannel marketing landscape. It offers a streamlined solution for managing campaigns, improving communication, and optimizing workflows, ultimately leading to more effective and efficient marketing efforts.

Marketers are beginning to realize **they won't be able to power the omnichannel future without integrated platforms.**

The 10 hidden costs of point solutions

Point solutions may claim robust feature sets that capture the imagination of buyers, but they can result in hidden costs and inefficiencies that waste budget and time. On the other hand, marketing platforms aim to reduce inefficiencies, resulting in a lower total cost of ownership compared to point solutions, despite similar vendor contractual costs.

Point solutions also lack integration, limiting the collective power of marketing channels to work together and provide customers with a unified brand experience. Additionally, point solutions cannot provide a unified view of analytics and performance, making it difficult for teams to assess what is working and what is not.

> The hidden costs of a point solution approach—whether monetarily, wasted time, increased frustration, or lost opportunity—have real consequences for marketing performance and the team's overall satisfaction.

1 Paying for features your team will never use

Ad tech is often purchased by executives or team leaders who compare vendors feature-by-feature, often built by point solutions to create market differentiation.

Most technology vendors will tell you that users hardly ever touch the full range of the feature set, instead spending most of their time on a limited number of features that let them manage the majority of their tasks. So, why pay more for a stack of potentially "better" point solutions when a platform can offer the same functionality for core marketing tasks?

2 The opportunity cost of reduced agility

A successful advertising strategy involves frequent reporting, quick experimentation, effective optimization, and flawless execution, which is challenging with the proliferation of digital intermediaries and new channels. Point solutions that focus on a single aspect of advertising may not be agile enough to keep up with the rapidly changing marketing landscape.

Channel performance must be viewed side-by-side to make rapid budget allocation choices, but point solutions not integrated with other systems can result in data silos and delayed decision-making. A platform can simplify omnichannel campaign management and execution by connecting all major digital channels in one centralized ecosystem, allowing marketers to quickly compare and optimize efforts and stay agile in response to changing market conditions.

3 Management complexities

Having multiple point solutions means attending more meetings, answering more emails, and spending less time on essential tasks. Managing multiple systems, databases, and vendors can also be complex and time-consuming, requiring extra effort to manually normalize and consolidate data. And your team may be more error-prone with expertise spread across many platforms rather than a few.

Additionally, point solutions require working with multiple vendors, each with its own pricing, contract, and service level agreements, leading to inconsistencies in service quality, support, and response time.

Consider how much time has been spent with vendors/ publisher teams in the last year and whether it could have been better spent with a couple of platforms that cover the bases.

4 Expertise gaps:
Who can go deep with so many systems?

Each point solution has a different layout, navigation, and metrics, making it challenging to be comfortable with any tool. Training can take months, and individual native publisher tools rarely give individual attention. Half-trained practitioners using multiple tools can limit performance and increase the chance of errors, resulting in wasted marketing budget and lost revenue.

With an average marketer using a dozen or more tools daily, it's challenging to be a true expert on any single application. Platforms offer a uniform, consistent UI layout as practitioners move from channel to channel, making it beneficial for organizations to pull someone from one channel and put them into another with minimal ramp-up time.

5 Stop overpaying for duplicate features and take advantage of your buying power

Building a martech stack with point solutions duplicates features and functionalities, leading to increased costs and a lack of scalability. Individual native publisher tools are often closed off to custom integrations.

Using a platform with omnichannel capabilities provides a foundational set of tools and functionalities required for effective marketing in one place, eliminating the need for multiple point solutions.

Working with a single vendor can lead to price breaks, leveraging buying power to reduce the total cost of ownership, streamline operations, and improve efficiency, resulting in better marketing outcomes. This buying power can also help develop new features or advanced integrations that would not be achievable with a point solution or native publisher tool.

? Would your marketing org benefit from a platform over a point solution?

Take this 2 minute quiz to find out

If you answer YES to 5 or more of the above questions, you are a good candidate to replace your point solution tech stack with platforms.

☐ **Yes** ☐ **No**   Do you feel you're working with more vendors than you can manage?

☐ **Yes** ☐ **No**   Are you concerned about overspending on technology?

☐ **Yes** ☐ **No**   Would you like to evolve to a more omnichannel approach?

☐ **Yes** ☐ **No**   Are you interested in gaining efficiencies by having your channel teams share in a single audience management, asset library, and data repository?

☐ **Yes** ☐ **No**   Does your team ever feel like they can't truly learn their tools because there are so many of them?

☐ **Yes** ☐ **No**   Has your IT department pushed back on your many requests for vendor implementations and tracking needs?

☐ **Yes** ☐ **No**   Are you worried about the security of your data because it's in so many different places?

☐ **Yes** ☐ **No**   Do you face challenges coordinating channel teams?

☐ **Yes** ☐ **No**   Is scalability and flexibility important for your advertising solution to adapt to changing business needs?

☐ **Yes** ☐ **No**   Do you value brand consistency across all channels and touchpoints?

6 More tools mean more time burden on IT, Legal, Finance, etc.

Marketing point solutions can create inefficiencies and burdens across an enterprise beyond the marketing team.

Using an integrated platform can reduce the burden on different departments, improve efficiency, and reduce costs associated with managing multiple vendors. IT teams may face delays and increased costs in managing multiple systems and vendors, while legal and finance departments may find reviewing contracts and tracking invoices from multiple vendors complex and time-consuming.

A platform can simplify vendor management by providing a single point of contact for technical support and troubleshooting, streamlining the contract negotiation process, and reducing administrative costs associated with managing multiple vendors.

7 Your assets here, there, and everywhere versus in a centralized place

A centralized platform also provides better asset usage visibility and allows easier collaboration across teams. This can lead to improved workflows and more effective use of resources. Additionally, having all your digital assets in one place can make tracking performance easier and gaining insights into what is working and what needs improvement. Remember, *time is money!*
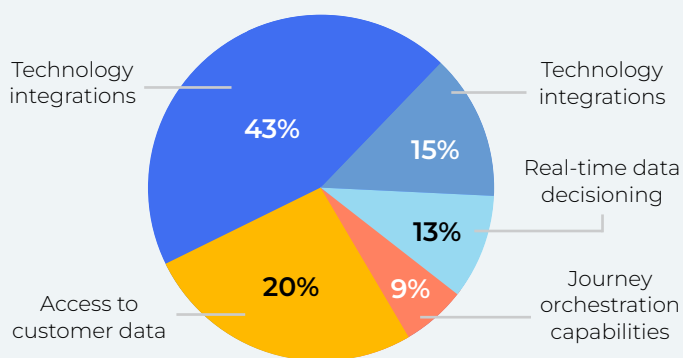
Consolidating marketing efforts onto a single platform offers numerous benefits, including streamlining workflows, maintaining brand consistency, and improving overall efficiency. By reducing the number of point solutions used, organizations can save time and resources while gaining better insights into campaign performance.

8 A lack of integrations can stall performance and increase the total cost of ownership

Marketing platforms also provide a more scalable solution than point solutions by offering a comprehensive set of tools and functionalities that can adapt to changing market trends and grow alongside businesses. With a marketing platform, marketers can access all the features they need in one place, eliminating the need for multiple point solutions, reducing complexities in vendor management, and improving efficiency.

Capabilities that amplify marketing technology success according to UK/US marketing and technology decision-makers, Aug 2022
% of respondents

Technology integrations — 43%
Technology integrations — 15%
Real-time data decisioning — 13%
Access to customer data — 20%
Journey orchestration capabilities — 9%

Source: eMarketer

Moreover, marketing platforms offer more advanced integrations beyond basic API connections. These integrations are built to work together seamlessly and can provide a more holistic view of campaign performance, enabling marketers to make data-driven decisions. By providing a unified view of analytics and performance across all channels, marketing platforms can help marketers optimize campaigns more effectively, improving ROI and revenue growth.

9 Teams are never on the same page without a unified view of performance

Marketers need to be able to analyze data in real-time and make quick decisions based on the insights they uncover. This is especially important when it comes to optimizing campaigns and improving ROI.

However, point solutions can lead to data latency and inconsistencies, making it challenging to have up-to-date data on campaign performance. With point solutions, data may not be updated in real-time, or it may be difficult to compare performance across channels due to different reporting structures and metrics. This can result in missed opportunities to optimize campaigns and improve ROI.

Moreover, platforms can offer advanced analytics capabilities, such as machine learning and AI, to provide deeper insights into customer behavior and campaign performance. These capabilities can help marketers identify patterns and trends that may not be immediately apparent, allowing them to optimize campaigns and improve ROI further.

10 Scalability

A platform approach to marketing technology acquisition is preferred over a point solution approach due to its greater scalability. With a platform, businesses can add new tools and features as their marketing needs evolve and grow, which can help them stay competitive by adapting quickly to changing market conditions and customer demands. This flexibility also allows for easy expansion into new markets or the launching of new products without disrupting existing operations. In contrast, a point solution approach may require businesses to adopt multiple tools to meet new needs, leading to increased complexity and higher costs.

Additionally, scalability is crucial as every other issue this report identifies becomes more significant as businesses grow. For example, expanding campaigns to new publishers not supported by point solutions requires finding another point solution, while an omnichannel platform allows for the immediate use of sophisticated campaigns.

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# Conclusion: The evolution of omnichannel and data deprecation makes platforms even more necessary

> —*"Today's marketers operate in a platform-based world, and the loss of the currency that our industry was built on—namely the third-party cookie—deepens the implications of this reality. For brands, it can be daunting to confront the need to turn a ship with the size and magnitude of their current tech stack investments, but the first pivot must begin now."*
> [The Breakdown of Point Solutions in a Platform-Based World](#)

In today's omnichannel marketing landscape, platforms are increasingly needed to manage campaigns across multiple channels and provide a unified view of customer data. Point solutions and individual native publisher tools are no longer sufficient to meet businesses' complex and evolving needs. Platforms provide businesses with the flexibility, scalability, and integration capabilities to deliver personalized experiences, optimize their marketing efforts, and comply with data privacy regulations.

Platforms enable businesses to track and analyze customer behavior across all channels, identifying trends and opportunities, and making data-driven decisions to improve campaign performance. They also provide alternative methods for collecting and analyzing customer data, such as first-party and contextual data, to navigate data deprecation trends and ensure compliance with data privacy regulations.

In summary, platforms are essential for businesses to effectively reach and engage with consumers in the omnichannel landscape and navigate the challenges posed by data deprecation trends.
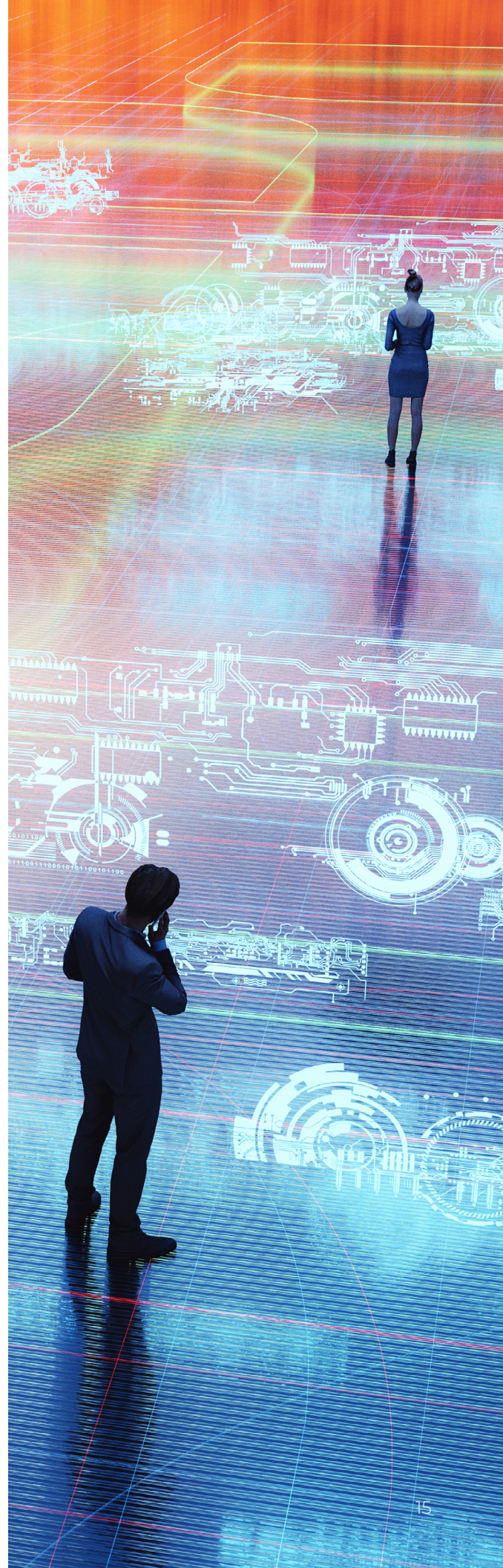
About Skai

Skai (formerly Kenshoo) is a leading omnichannel marketing platform that uniquely connects data and performance media for informed decisions, high efficiencies, and optimal returns. Its partners include Google, Meta, Amazon Ads, TikTok, Snap, Walmart Connect, Instacart, Roundel, Criteo, CitrusAd, Pinterest, Microsoft, Apple Search Ads, and more.

For over 15 years Skai has been trusted by an impressive roster of brands including Pepsico, Michaels, Reckitt, Daimler, LG and Vodafone. The company is headquartered out of Tel Aviv, with seven international locations, and is backed by Sequoia Capital, Arts Alliance, Tenaya Capital, Bain Capital Ventures, Pitango and Qumra Capital. Visit skai.io for more information.

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