# Why Many Marketers Look To Cut Vendors

## Article

**A**s the number of companies in the marketing tech industry landscape keeps growing, some marketers are finding that they're working with too many middlemen.

In a spring 2018 study by Sizmek of 522 brand marketers in Europe and the US, 28% of respondents said it is a critical priority to reduce the number of vendors they work with. An additional 36% stated reducing vendors is a high priority. Responses were similar between US and Europe respondents, though respondents in Europe were slightly more likely to classify vendor reduction as a high or critical priority.

"We're seeing greater consolidation on tech across the board because the capabilities are getting commoditized," said Richard Sobel, founder and CEO of Marcato Solutions.

**How Important Is Reducing the Number of Vendors/Partners They Work with to Brand Marketers in Europe and the US?**
% of respondents, Spring 2018

|  | US | Europe | Total |
|---|---|---|---|
| Critical priority | 22% | 31% | 28% |
| High priority | 38% | 35% | 36% |
| Low priority | 28% | 22% | 24% |
| Not on our agenda | 11% | 10% | 10% |
| Don't know/does not apply | 1% | 2% | 2% |

Note: n=522
Source: Sizmek, "Marketers Survey Results 2018: An Insider's Look at Media, Brand Safety, and Partnerships," Nov 14, 2018

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The survey indicates that marketers are prioritizing reducing their number of vendors at a time when several high-profile marketers are calling for transparency in the complex ad supply chain. Eight in 10 marketers surveyed by Sizmek agreed that the digital media landscape has become too complex.

"With the increasing complexity of the ad tech landscape, it's not surprising that people are looking to simplify," said Stephani Estes, senior vice president of media strategy at Cramer-Krasselt. "And vendors have been investing more in vertical integration, making it easier to consolidate."

One type of vendor several marketers have cut down on is demand-side platforms (DSPs). According to Pathmatics, the number of DSPs that the top 100 advertisers on its platform use per month declined about 40% over the past two years. And publishers have reduced the number of supply-side platforms (SSPs) they use, too. Among the 500 most trafficked US publishers in Pathmatics' system, there has been a 26% decline over the past two years in the number of SSPs they use monthly.

"The biggest areas of consolidation today are around programmatic supply sources, mainly SSPs," said Mike Caprio, general manager of Americas at Sizmek. "The lack of foundational differentiation between SSPs, as well as the perceived murkiness around take rates, are lending to this trend."

A major issue that drives media and marketing firms to reduce vendors is the so-called "tech tax." In March 2018, Warc estimated that the total "tech tax" accounted for 55% of all

programmatic spend worldwide. A similar study conducted by the Association of National Advertisers (ANA), Association of Canadian Advertisers (ACA), Ebiquity and Ad/Fin in May 2017, estimated that about 40 cents of every ad dollar goes to tech fees.

Another issue, particularly for European marketers, is that data privacy laws like the EU's General Data Protection Regulation (GDPR) could expose marketers to fines if they use people's personal data without their permission. In a June 2018 survey of 255 marketers worldwide conducted by Demandbase and Demand Metric, four in five respondents were concerned their tech vendors could put them at risk of violating the GDPR.

*Want to learn more about the trends that are shaping the marketing technology industry? Check out our Top Trends in Martech for 2019 report coming out next month.*

**Article** Apr 16, 2018

## Why Tech Firms Obtain Most of the Money in Programmatic Ad Buys

**Article** Jun 18, 2018

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