

Cutting costs and increasing control in your marketing materials supply chain

Introduction

Marketing materials are an important part of the marketer's armoury, particularly for business to consumer (B2C) companies. However, companies are facing significant challenges in an increasingly complex world. These include:

- Weak economic conditions and subdued consumer demand in some of the world's major economies
- Consequent pressure on marketing budgets, with a need to control costs, manage quality and demonstrate return on investment
- The complexities of managing global product launches, while ensuring consistent standards around the world, and
- The rise of social media and content marketing as alternatives to traditional marketing approaches.

It is therefore not surprising that companies are looking to manage their costs and get maximum value from the money they spend. This paper looks at these issues in more detail and suggests new approaches you can take, so you can maximise quality and control and minimise the cost of your marketing materials.

The issues

Companies use numerous different types of materials to promote their products to customers. These materials might be ones the company uses on an ongoing basis, materials for specific marketing campaigns or materials that are required on demand.

Among this broad range of items are:

- Boxes, cartons, containers and sleeves
- Shop floor and counter displays
- Posters and billboards
- Handouts and flyers
- Window displays
- Bags, and
- Brochures and booklets.



The challenge for companies is to get the right balance between controlling the cost of these items and ensuring they have sufficient budget to support attractive opportunities. This is particularly important when budgets are tight. Research among North American companies shows that costs are an issue for more than half of B2C marketers and the key constraint for nearly a quarter. Making marketing spend both efficient and productive is the key.

Companies often use creative agencies to manage the full process of creating their marketing materials, from the concept stage through to production, finishing and delivery. However, benchmarking shows that this can be an expensive way to procure, since the production and delivery stages can often be sourced more cheaply. As a result, companies are increasingly looking to separate the design function from production and delivery.



Companies also face issues controlling spend and quality. They may have numerous business units that buy marketing materials and which have to be directly invoiced, often in their local currency. These business units frequently order from a nearby supplier, within either their country or their region.

This means that the company has no overall control over the business units' orders and in some cases, no visibility of the group's total spend, making it difficult to calculate the benefits of its marketing. When budgets are tight, it is crucial to understand the return on investment in these materials and to know which successfully drive sales and which do not.

As well as resulting in wide variations in price, local procurement can lead to large differences in standards and specifications, which can be potentially damaging to the company's brands. Central marketing functions may have little idea that this is happening, as they lack the necessary oversight of these local activities.

How are companies responding to these issues?

Companies are taking a couple of approaches to dealing with the cost and quality of marketing materials. One is to look for alternative ways of promoting their products, which increasingly means using content marketing. The other is to adopt online tools which give the company much greater control over its marketing supply chains.



Content marketing

Content marketing is already popular and its use is set to grow further. For example, research from the Content Marketing Institute shows that in North America:

- 86% of B2C marketers use content marketing
- 57% think social media is effective
- 28% of B2C marketing budgets are allocated to content marketing and 55% of marketers are planning to increase their spend

The research also showed that larger companies use more content marketing tactics. Companies with more than 10,000 employees use an average of 16 tactics, compared with an average of ten tactics for the smallest companies. The most common tactics include social media, articles posted on the company website, e-newsletters, videos and blogs. Facebook is by far the most popular social media site, with 90% of B2C marketers using it. Twitter and YouTube are next most frequently used, by 69% and 65% respectively.



However, the growth in content marketing's popularity may in itself be a problem, as there is a danger that companies will bombard consumers with too much content. The answer, of course, is to create excellent content that demands attention and rises above the sea of 'me too' marketing. Competition for the best content creators can push up costs but this can also be mitigated by supply chain savings. Brief efforts in this area will make it far more difficult to stand out from the crowd.

Using online tools to procure more effectively and efficiently

With physical materials likely to remain a very important part of the marketing mix, companies are increasingly looking for ways that they can manage their spend while ensuring consistently high standards across the group and around the world.

Online tools can be part of the answer. These tools greatly improve companies' control of branded merchandise and its sourcing, spend and reporting.

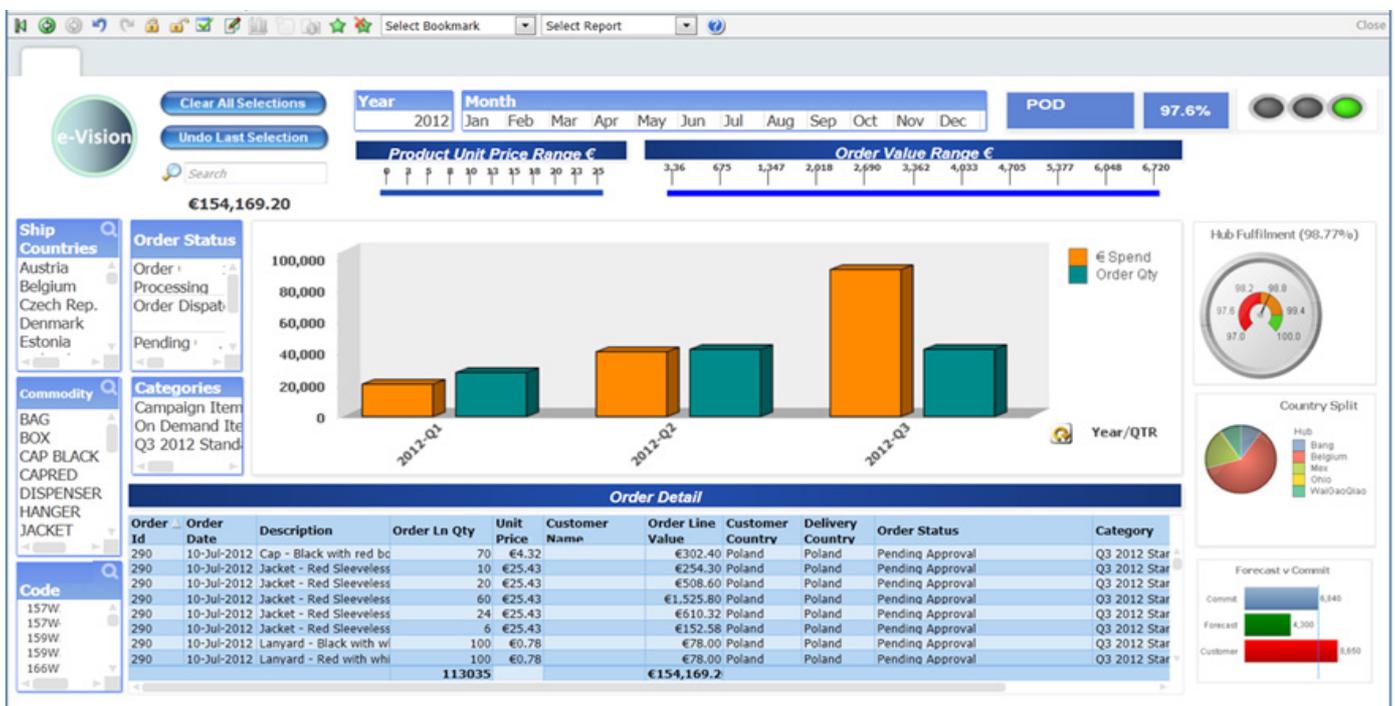


A typical online tool works as follows:

- The company's central marketing function selects the items to list on the portal and signs off on all new materials. The listed materials can include standard branded items which are refreshed according to the company's calendar (for example, quarterly), items for a specific campaign or on-demand items.
- Central marketing controls how the items are sourced and makes price agreements with suitable suppliers.
- Each of the company's regional offices registers on the portal and places its demand for materials there. The portal aggregates demand across the regional offices and this demand is then approved by central marketing.
- Suppliers can invoice central marketing, the regional offices directly or a mixture of both, to suit the company's particular needs. The portal simplifies the supplier management process, as it can handle multiple currencies and different supplier terms.
- Reporting and dashboard tools provide central marketing with all the management information it needs to effectively control spend and ensure it is being focused in the right areas.

Dashboard Example

Dashboards can provide a vast amount of information in a highly condensed or summarised format. They are extremely user friendly allowing information to be easily customised. Examples include: by country, by customer, by business unit, by product, by part number, by commodity code, by campaign, by time period.



How SerCom Solutions can help

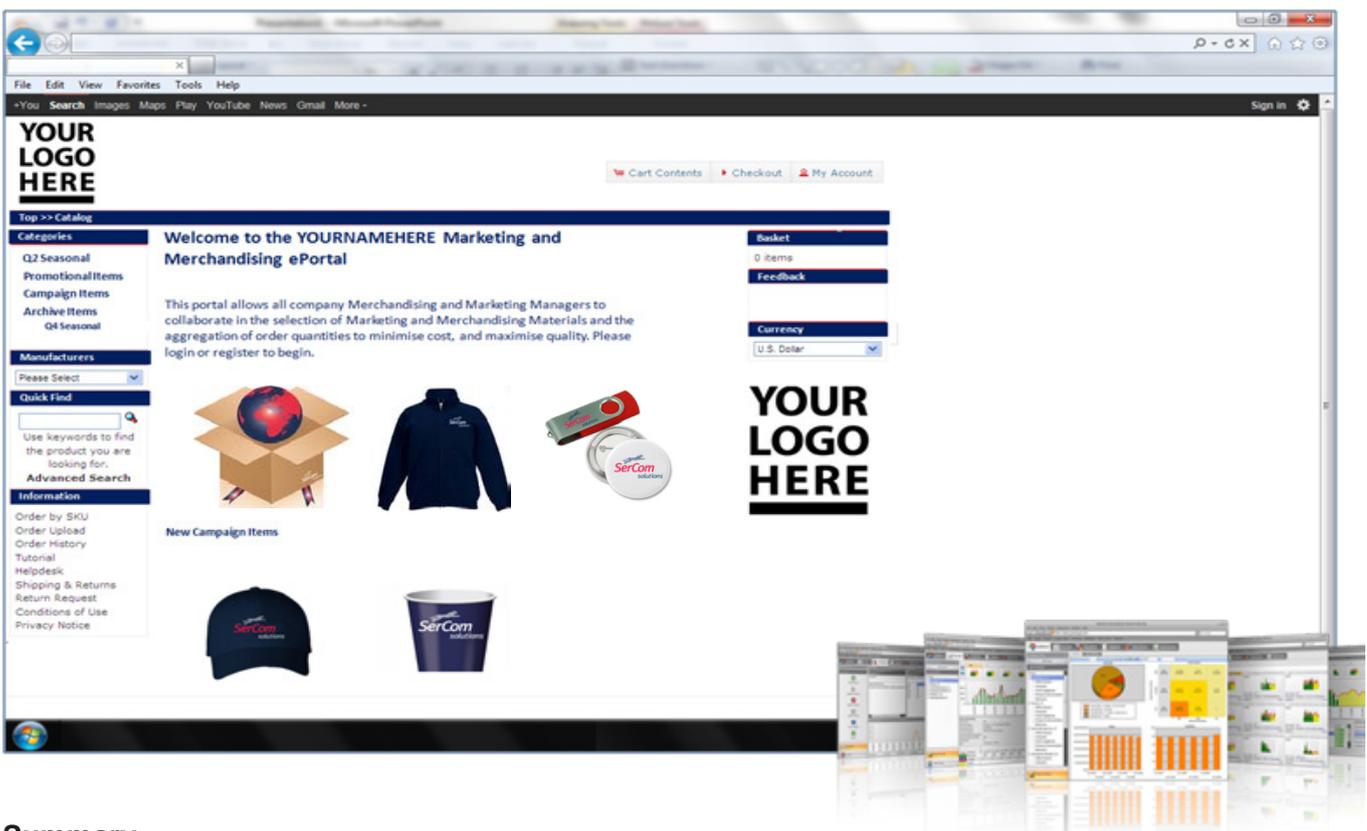
SerCom Solutions is a global specialist supply chain management company, offering supply chain services to global brands. We provide print, point of sale material and promotional item procurement, quality assurance, design, engineering, sourcing and management.

SerCom can offer creative solutions or work with your design house. Our services also enable you to decouple the traditional creative agency from the front-end, sourcing, purchase and supply chain delivery.

The good news is that all that is required from the customer's side is internet access. There is no need to deploy IT resources or an expensive IT tracking system. SerCom provides portal services for free and the online tool will provide all the functionality you need to effectively manage your marketing materials demand across your company. This highly visual system is based on SAP, the leading enterprise platform for global companies.

Portal Example

This allows both internal and external customers to access information on products being purchased including part numbers and pictorial images. All company merchandising and marketing managers can thereby collaborate in the selection of materials and aggregate orders, ensuring costs are minimised and quality is maintained.



Summary

Making the most of limited marketing budgets is critically important in a world where consumers and companies must watch what they spend. While the rise of content marketing is significant, physical marketing materials will continue to play a critical role in campaigns. Companies can therefore benefit from adopting the latest tools for managing the marketing supply chain across the group, and from separating the design of their materials from their production.

SerCom Solutions is ideally placed to help you improve the way you manage your marketing materials supply chain, so you can make maximum use of the money you spend.