

Leaner better faster marketing

How an alliance between procurement and marketing can transform your brand's spending and drive stronger marketing performance

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What's up with marketing?

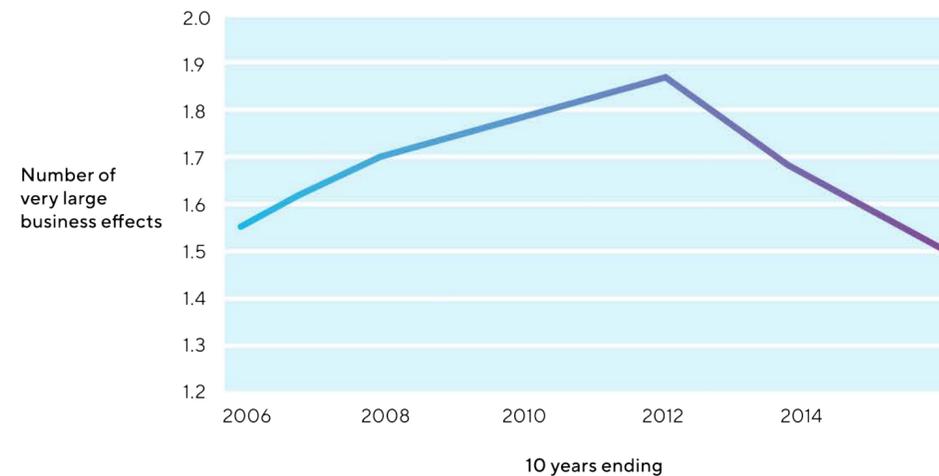
Even before COVID-19 threw everybody's plans into disarray, there were some worrying trends emerging for marketers. Les Binet and Peter Field (whom Mark Ritson calls "the godfathers of effectiveness") reported in 2019 that overall marketing effectiveness is going down.

In their paper [Media in Focus: Marketing effectiveness in the digital era](#), Binet and Field found that campaign effectiveness had been on the slide since 2012, while marketing budgets had been falling across the board for more than a decade.

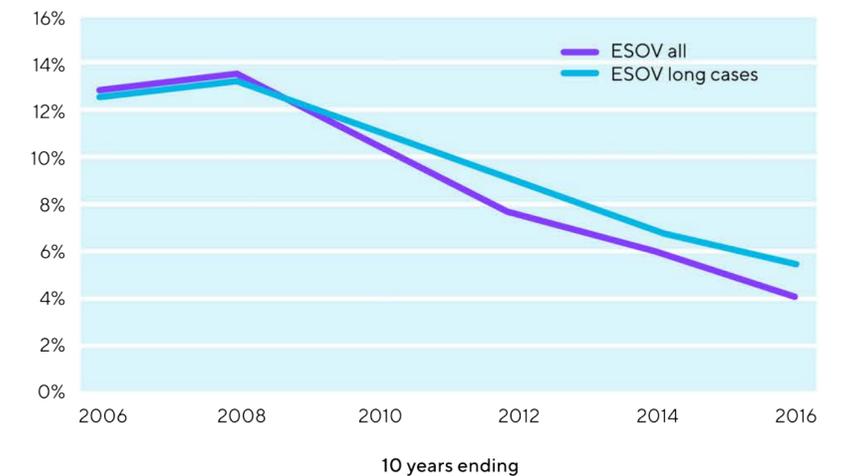
That's a disheartening pair of stats. But Binet and Field's analysis goes further – they highlighted what they called a "dangerous" trend towards short-termism in marketing. That is, a steady growth in tactical 'offers'-based marketing, and a sharp decline in strategic brand building.

COVID-19 has the potential to make this problem worse – as we reported on our April 2020 paper [Brands that win during a recession](#).

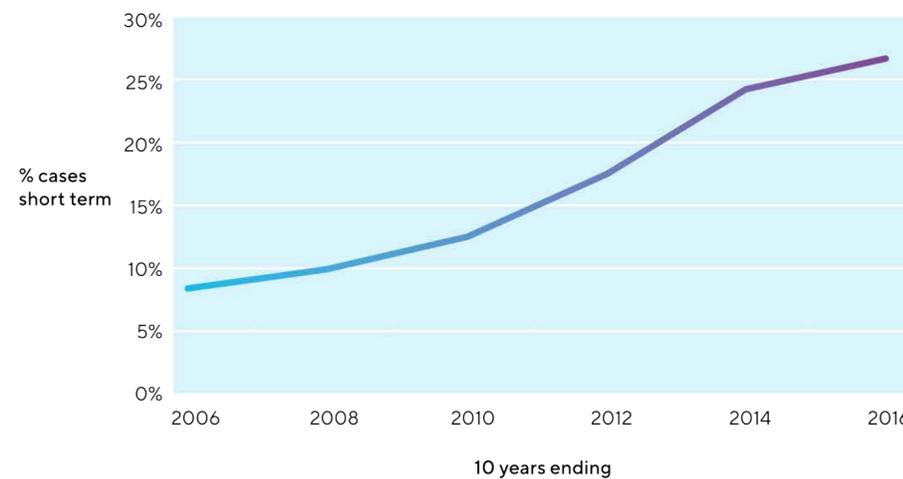
Campaign effectiveness has fallen



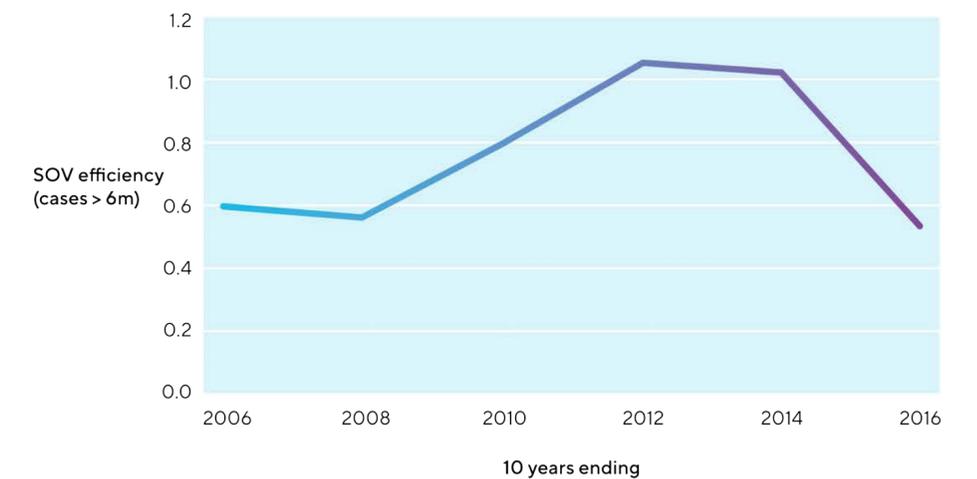
Budgets (ESOV) have been falling across the board



Short-termism has been rising



Even long-termism cases have lost efficiency



An agile way of working is essential – accelerated by COVID-19

Global marketing is messy. There are many internal stakeholders and they work with, in some cases, countless agency partners.

The result is a supply chain that is mired in inefficiency and waste. Indeed, massive brands such as Unilever and Proctor & Gamble have hired consultants to quantify the issue. P&G found that they were working with more than 3,000 agencies on a global level.

Managing that level of fragmentation for global CMOs is incredibly difficult, and waste becomes a way of working. Brands waste time and money reinventing campaigns across geographies – hiring ATL agencies to define their big idea and then hiring agencies in local markets to run the same, localised campaign.

The risk to the brand is profound, and the wasted money is eye-watering.

Time is the other factor. Never before has there been a greater need to speedily align with customers' needs, and this is dependant on an agile marketing supply chain. COVID-19 has seen a seismic shift in consumer behaviour, and it will continue to shift in unpredictable ways.

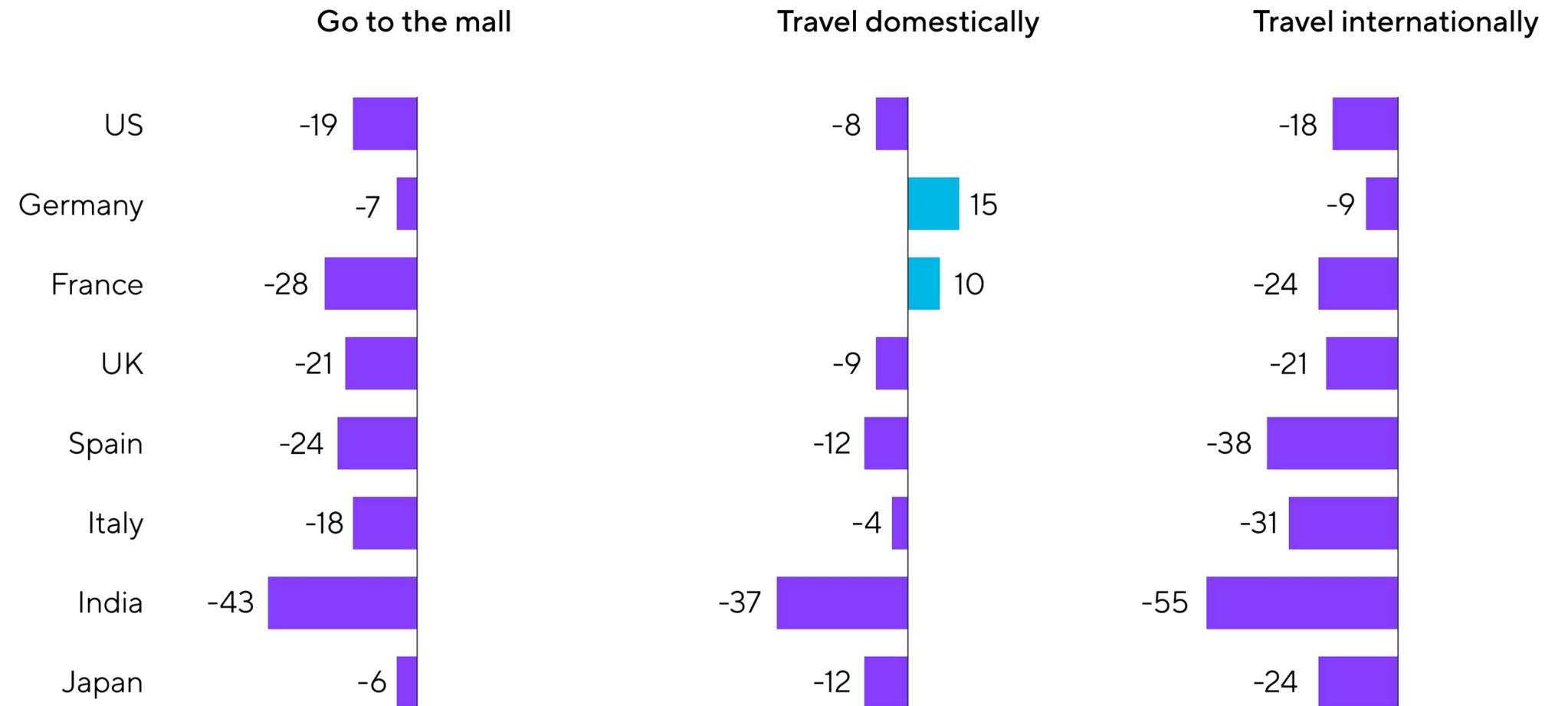
How people shop and travel will define the next 'normal', and the shifting sands of COVID-19 recovery, at different rates around the world, will demand agility from marketing teams.

Consumer sentiment is evolving as countries around the world begin to reopen

Consumers anticipate changing behaviours post-COVID-19

Expectations for consumer behaviour after COVID-19, relative to pre-crisis¹

Net intent %²

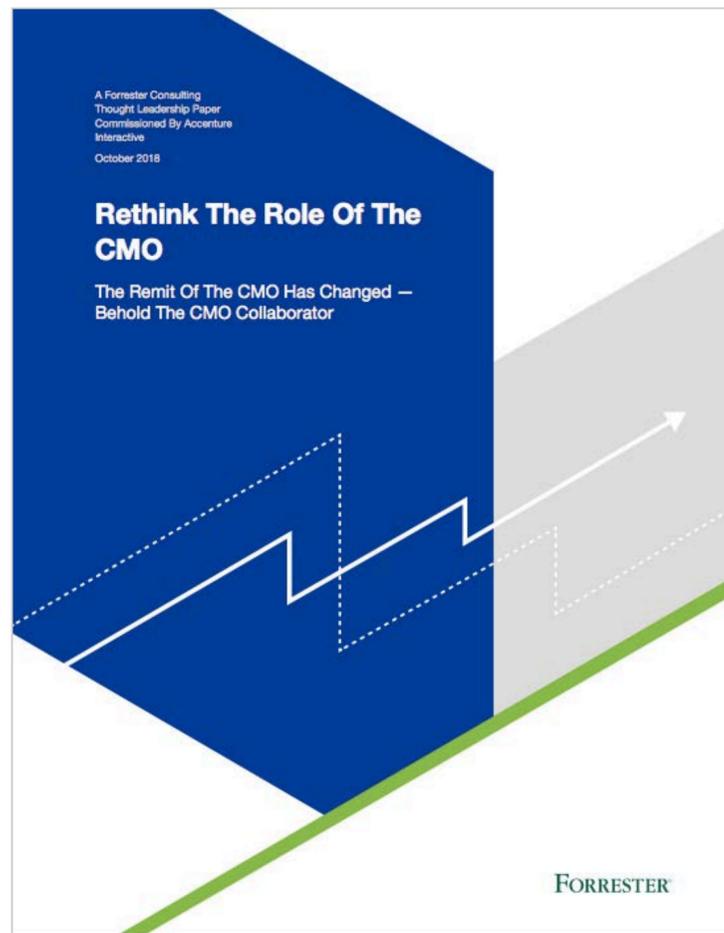


¹Q: "Once the coronavirus (COVID-19) situation has subsided, which of the following do you think you will do more or less compared to before the coronavirus (COVID-19) situation started?"

²Net intent is calculated by subtracting the percent of respondents stating they expect to decrease time spent from the percent of respondents stating they expect to increase time spent.

Source: McKinsey & Company COVID-19 Consumer Pulse surveys, conducted globally between April 10 and May 25, 2020

Why collaboration across marketing and procurement is the answer



There's a key theme when it comes to overcoming the decline in marketing effectiveness and the global system of waste that defines marketing operations: Collaboration.

When the consultants at Accenture commissioned their paper Rethink The Role of the CMO, they emphasised the importance of the CMO's role in working with teams and departments across the business to drive greater efficiency and effectiveness.

“Bringing together internal teams and outside partners to collaborate will allow the entire organisation to align on the brand vision and curate experiences to achieve that vision while delighting customers”

Given the prevalence of ‘an agency for each channel’ culture that gives rise to brands finding thousands of suppliers on their books, procurement play a vital role. The CMO and procurement leaders must form an alliance in any brand that wants to operationalise marketing success.

This is summed up perfectly by adidas's Global Head of Marketing and Retail Procurement, Barry Byrne, in a recent LinkedIn post →



Barry Byrne
Global Head of Marketing and Retail Procurement, adidas

“It's common for Marketing not to want to work with Procurement... Procurement are seen as only in town to cut cost, increase payment terms and pitch! That's exactly what a lot of Procurement teams want to do and in the end it results in junior talent working on the account, breakdown of agency partnership, and agencies who are forced to act like a bank waiting 180 days for payment.

If you want to add value in Marketing, first hire subject matter experts, focus on killing waste versus cutting cost and take the ‘competitive tension’ out of the relationship. When it comes to Marketing Procurement, collaboration is king. Work together as one team to drive value. There are always opportunities, often huge, to optimize the marketing space. Talk to your marketing colleagues, explore optimization and work together to drive ROMI.

Don't look to cut fees, look to optimize investment, Marketing and Procurement can agree that both sides want to make sure Marketing budget is maximized to drive sales.

Look at Marketing's ways of working, end-to-end, and together you'll find a way to drive efficiencies and in doing so become true partners!”



Where we stand – perceptions of marketing procurement

With the right toolkit and approach, an allied marketing and procurement leadership team can start to shift the operational and strategic direction away from poor performing campaigns and wastage of time and money towards a way of working that operationalises success.

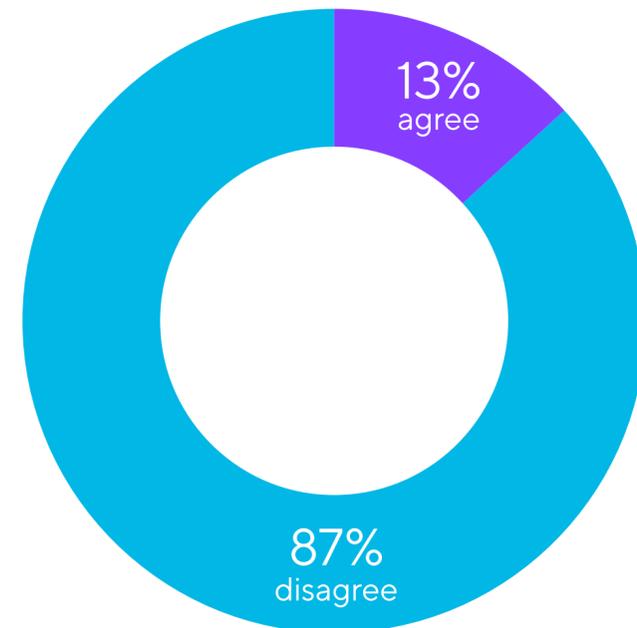
It can also serve to shift the perceptions of marketing procurement towards being a driver of value rather than a threat to budgets.

Data from the [WFA's Project Spring](#) backs this up.

The key driver of positive perception of marketing procurement is visibility of spend. Indeed, where respondents rate spend visibility as 'full', 80% don't believe that marketing procurement has an image problem – compared to just 8% on average.

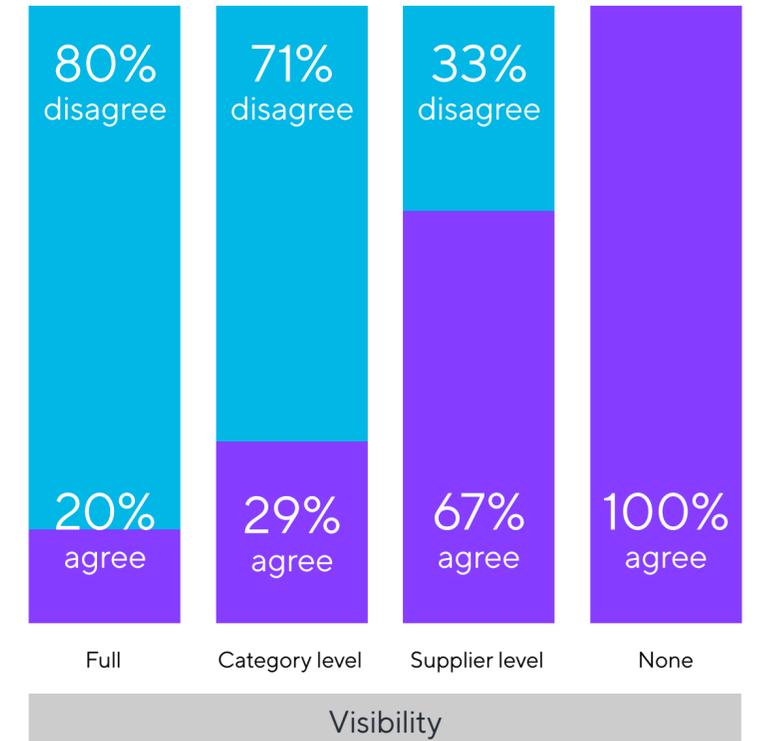
Do you agree with the following statement?

"I could imagine a world without marketing procurement" – all respondents



Can the perception of marketing procurement be improved?

"I feel that the way marketing procurement is perceived by my organisation could be improved?"



Perceptions of the value of marketing procurement split by spend visibility

The value of marketing procurement is seen as broader than price reduction by the business - split by the level of spend visibility

How TCO can help procurement change from a cost saving to a value generation function

Marketing procurement usually report to a broader procurement function, and in some cases they even report to finance. These are very cost-driven departments, and so marketing procurement people are required to apply standard cost-saving metrics to their work to assess their performance.

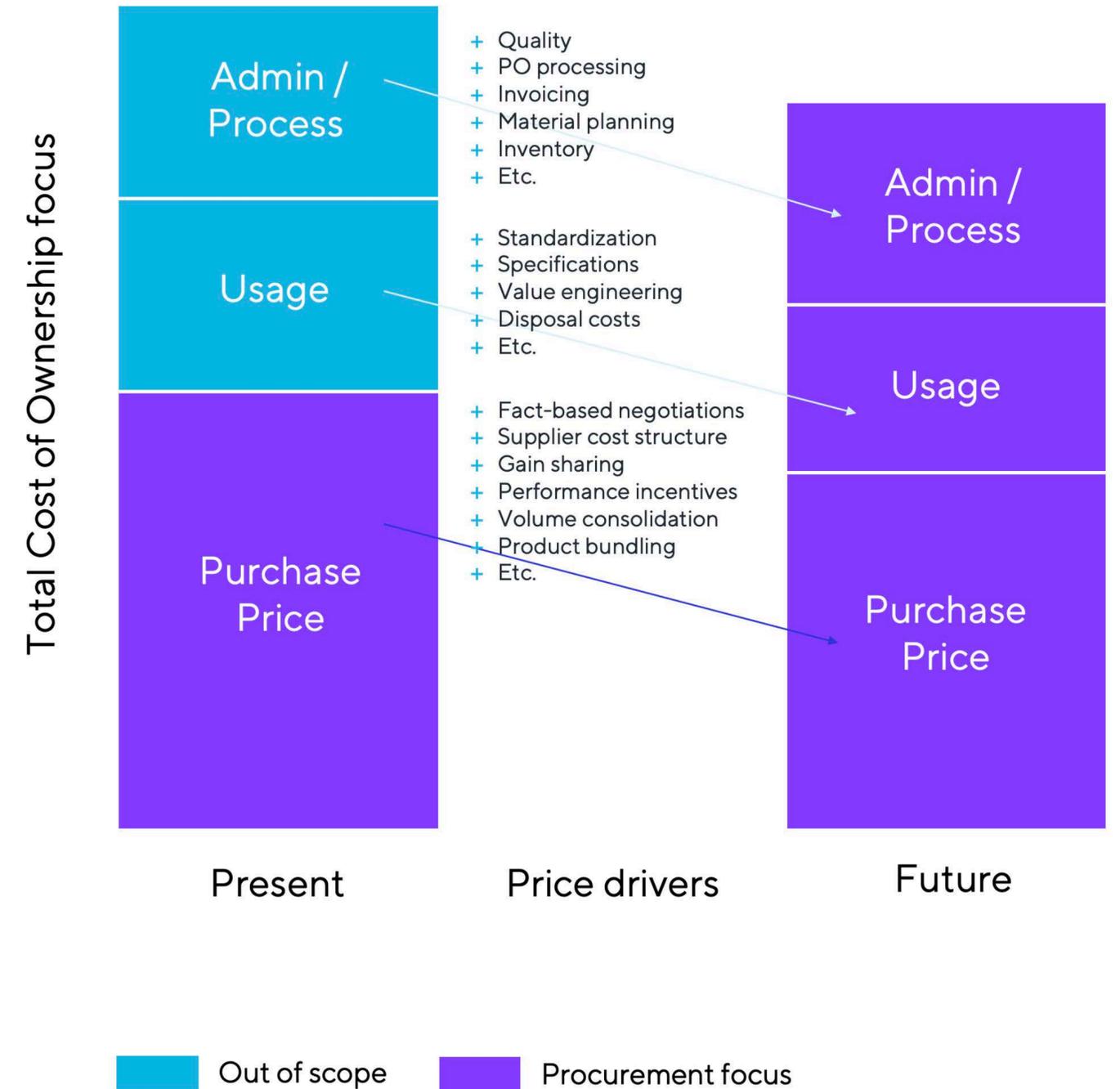
But marketing is a bit special – your CMO will tell you that. The nature of marketing’s work is completely different to other departments in the business. Traditional cost-saving metrics don’t apply, because they don’t consider the creation of value that’s required of marketing.

To solve this problem, marketing procurement need to move beyond cost savings to really change the mindset of their main stakeholders. And spend visibility is central to this shift in thinking.

All procurement pros will be familiar with the Total Cost of Ownership model. A procurement methodology that helps buyers analyse the direct and indirect costs associated with the lifecycle of a product, TCO helps procurement recognise that costs are related to each other. So while a traditional approach would take each cost and try to optimise them on an individual basis, TCO helps you take a holistic, strategic approach.

For example, spending more on design could result in savings on production costs. If you optimise both costs independently, you get cheap design and cheap production, potentially compromising quality in both disciplines.

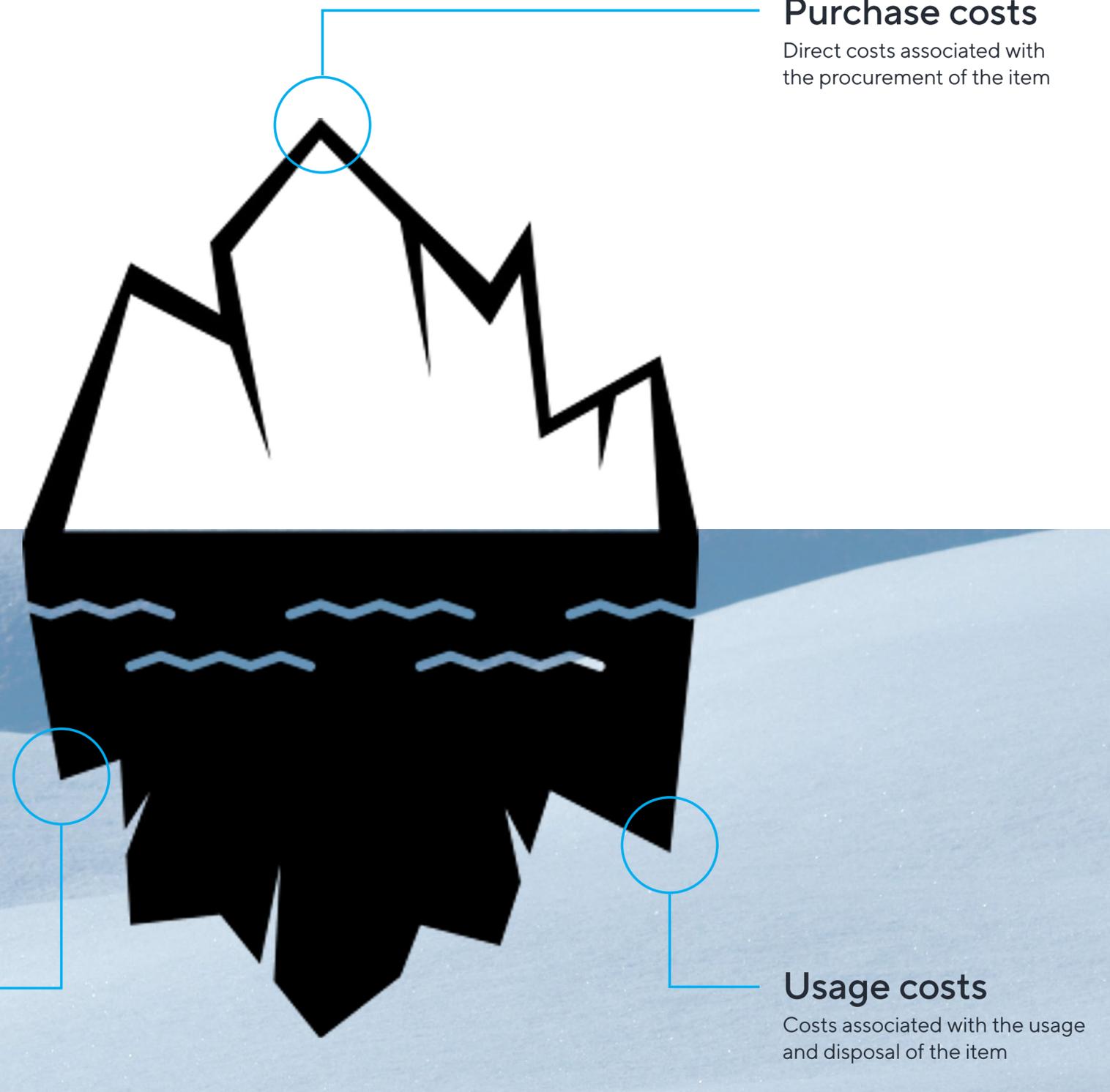
Apply this simple example to the complexity of a global brand’s marketing supplier roster, and TCO stands to save procurement a lot of money, while giving marketing a massive boost to ROI. TCO, done well, surfaces the links, interactions and synergies that you can find across all your marketing costs – helping you optimise the end-to-end cost of marketing.



An effective cost reduction can be achieved by analysing the direct and indirect costs

The Total Cost of Ownership methodology analyses the life cycle costs of an item from conception to disposal to identify cost reduction and value generation opportunities.

TCO can also be used to unlock additional value across the lifecycle of the product by identifying additional innovation and sustainability opportunities.



The role of procurement



Step-by-step approach to define and build a TCO model and unlock marketing's value

“Emerge with a clearly defined set of projects to take forward, with fully engaged stakeholders and your procurement and marketing teams aligned”

It's important that you approach TCO modelling in a formalised way, because you want to use TCO to enable change. You need to bring your stakeholders with you on the journey, which means you need them to engage from the very beginning.

The assessment phase is about determining what scenarios and processes you need to analyse to make the project worthwhile, and also define deliverables. It's also key you get everybody who's going to need to contribute onboard.

Of course, having data available is essential to the whole process. Some organisations are more mature than others when it comes to data capture, and recording of data. So this step is about surfacing everything that could be useful for the analysis phase.

The analysis phase, for procurement minded people at least, is the fun part. This is where you take all the costs

surfaced, and analyse their interactions, relationships, and how they fit into various working scenarios. You'll model these scenarios and take your conclusions.

The beauty of this process is what follows. You'll emerge with a clearly defined set of projects to take forward, with fully engaged stakeholders and your procurement and marketing teams aligned and ready to change their ways of working to deliver marketing success.

We usually find that this approach surfaces many instances of too many touchpoints in marketing procurement processes, resulting in bottlenecks and duplication of work. Simpler, leaner processes lead to more agile ways of working, delivering better value creation, and costs reduced.

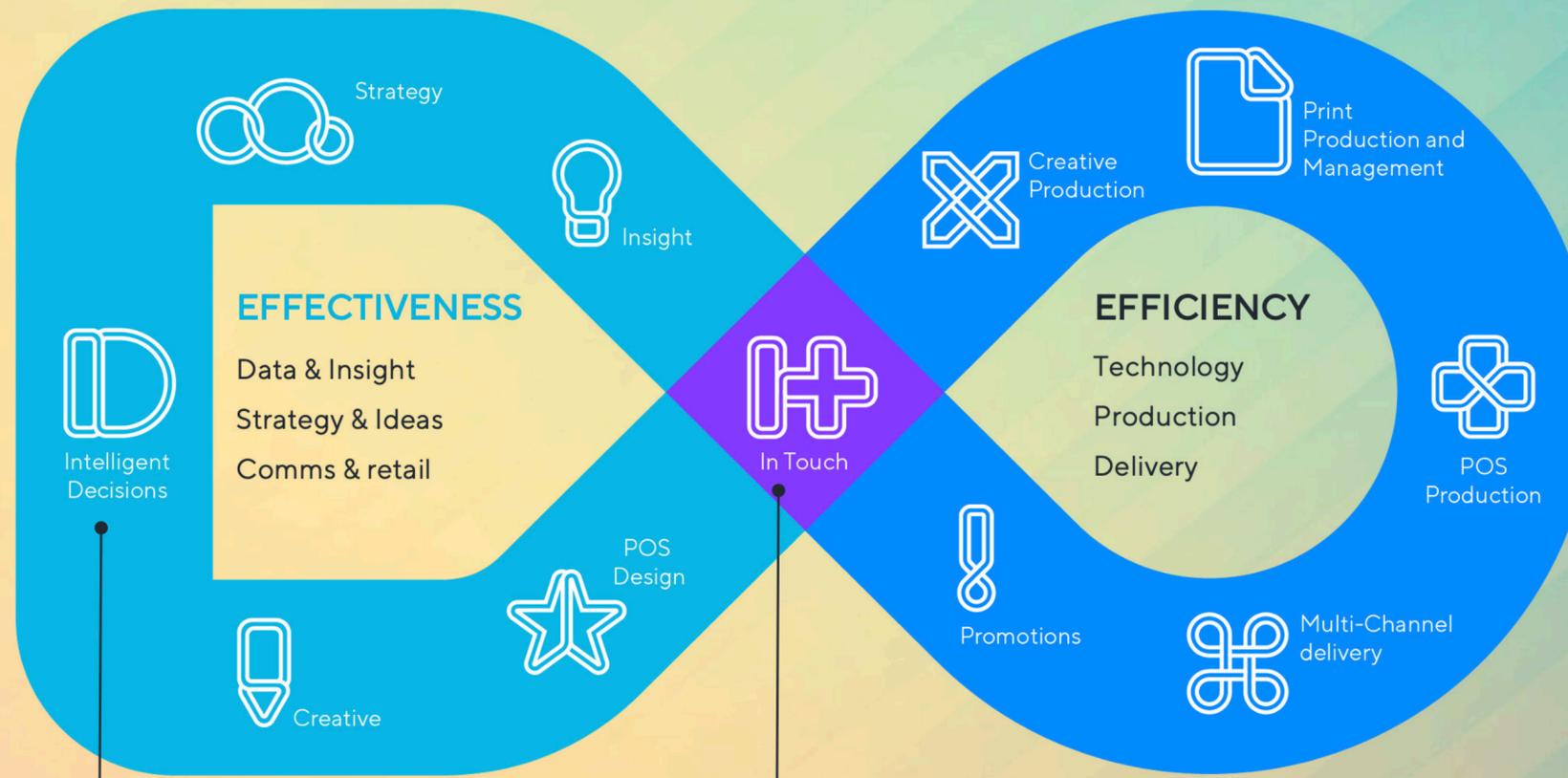
Our approach to creating new value from every step of the marketing supply chain

Indicia Worldwide's unique model builds on the concepts we've explored so far. Our 'infinity loop' is designed to unlock value at each stage of your marketing workflows. In the upcoming pages, we'll show you how we've taken client brands' linear marketing value chains and applied this 'cycle of optimisation' to drive both efficiency and effectiveness.

BRAND



Big creative idea



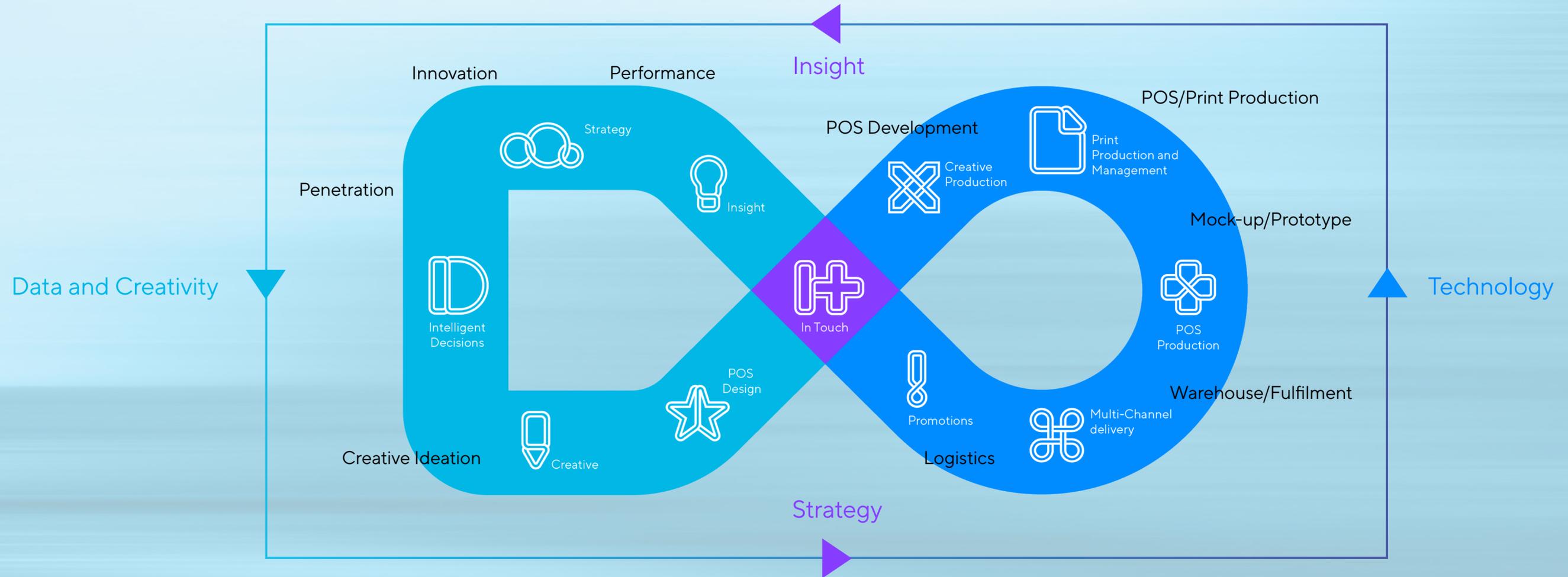
Media



CONSUMER

Proprietary data services

Proprietary technology services



Defining next-gen POS strategy for a global FMCG brand

We have partnered with this client for more than a decade – we service 26 markets, and are currently on the journey to finesse a new agency model.

The cycle of simply lowering costs year after year is unsustainable – and ultimately achieves little. We instead seek to create new value for our client and our client’s customers. We still work to optimise costs, but its also about identifying the factors that drive better performance.

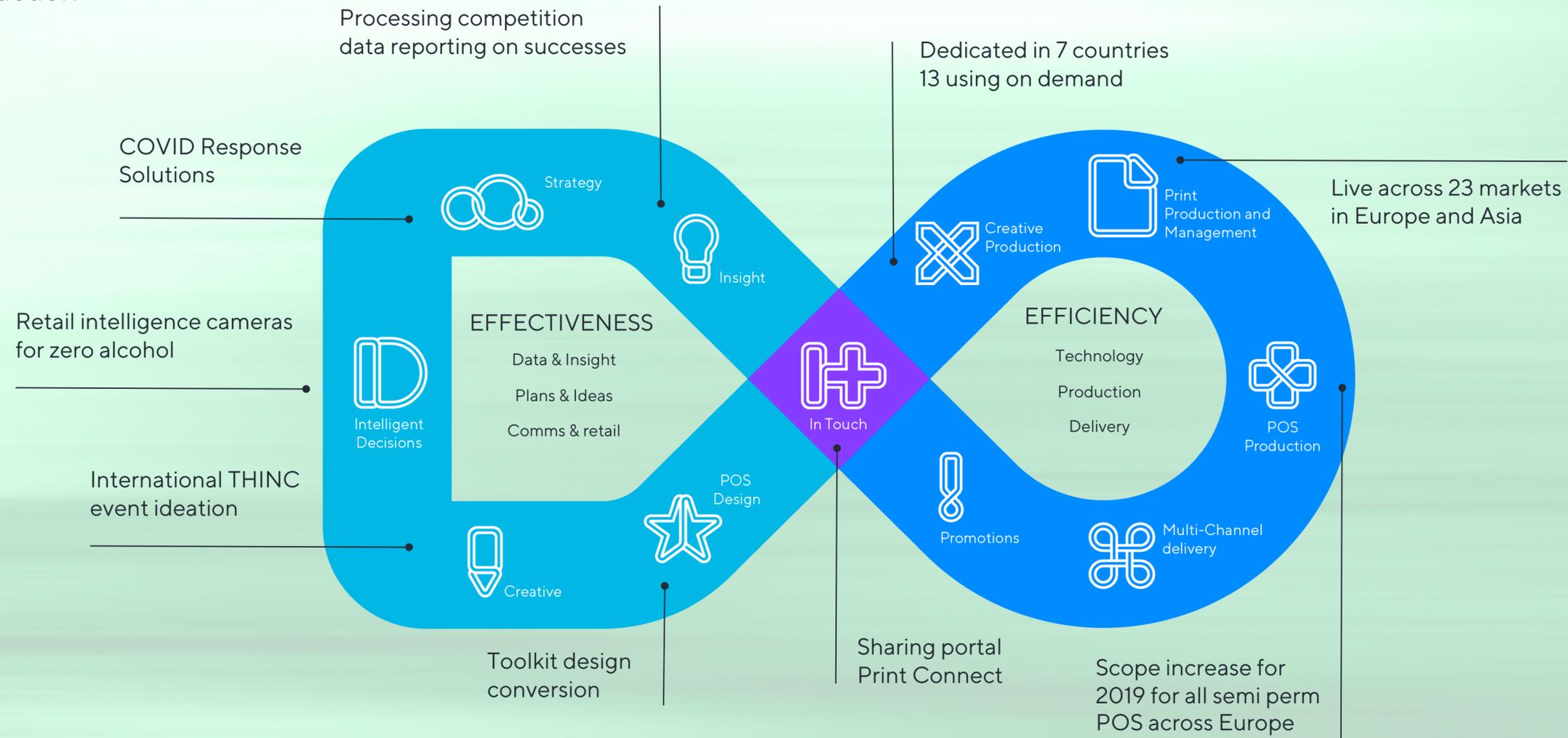
Here we have our client’s marketing value chain overlaid onto the Indicia Worldwide loop. At each stage

we’re either identifying an opportunity for improved performance or returning a cost saving.

In doing this, we unlock value. We’re helping the client move away from a fragmented approach, which involves multiple agency teams and significant duplication of effort.

By consolidating into a single source for point of sale marketing ideation right through production, logistics and then back into performance analysis, we’re able to improve both efficiency and effectiveness.

- + 11 year partnership
- + 26 markets served
- + 3 local hubs



Unlocking value for Heineken

Indicia Worldwide’s work with Heineken has a key theme –activating a global strategy in local markets. We support Heineken’s various brands in 23 territories around the world, with six on-site creative production studios designed to activate marketing campaigns at a local level.

The journey we’re on with Heineken goes back to 2014, and in that time geographical and volume growth in print has given us a platform from which to grow our service line offering.

Our model opens up a performance loop, with multiple initiatives cross marketing’s remit...

Brand Hub technology

Our work sharing portal provides visibility of marketing assets across the world, so that marketing teams in various territories can see what has been produced across the world and take advantage of innovation from other teams.

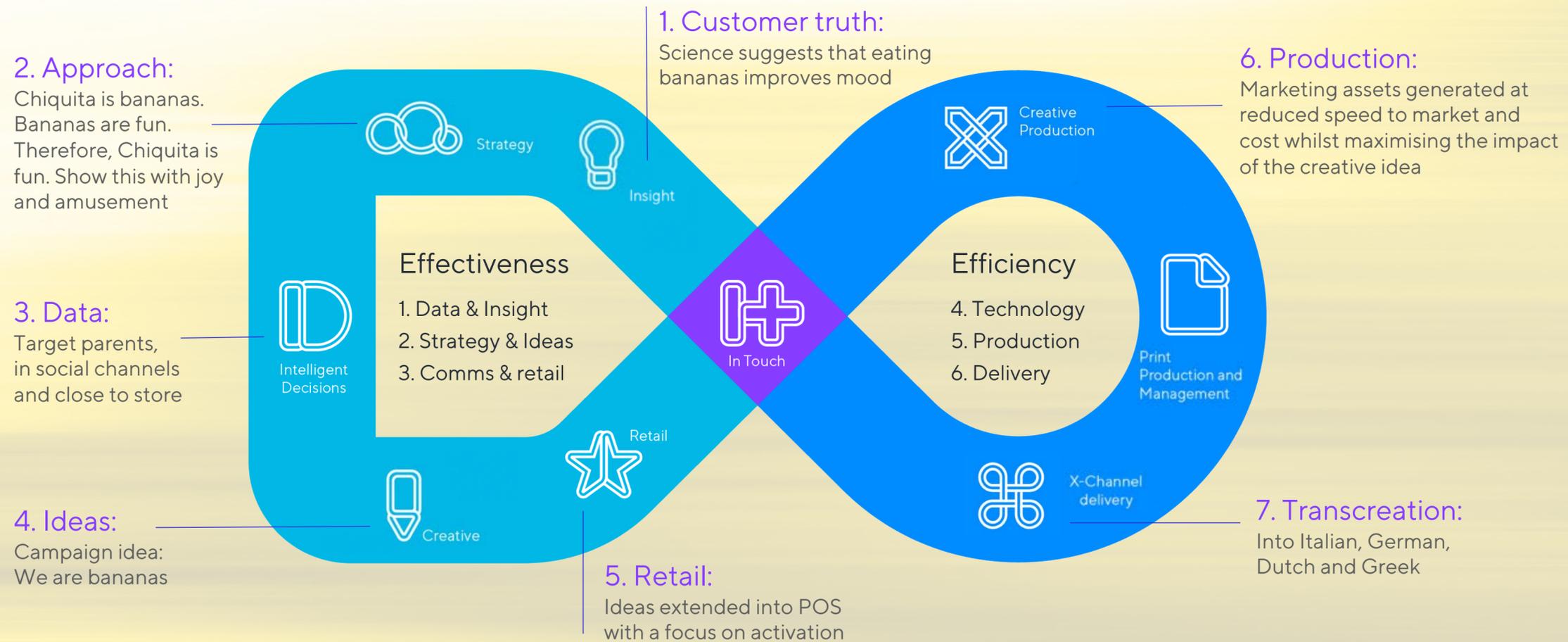
Retail.i POS analysis

Our discrete POS camera technology enables real-time insight into who is browsing and choosing products from a point of sale display – Heineken sourced valuable insight into the low-alcohol drinks market using this tech.

COVID-19 Response Solutions

With retail severely challenged by the pandemic, our strategic input helps shape the brand’s response.

- + 23 markets served worldwide
- + 6 on-site studios
- + 7 consecutive years of double cost savings



Omnichannel campaign execution for Chiquita bananas

This final example shows how our approach applies to one brand with one campaign idea and one execution in market.

We created a series of fresh and engaging promotions across in-store and digital that would get consumers to buy Chiquita bananas on more occasions and for more reasons.

By working with Indicia Worldwide, Chiquita achieved value throughout the entire chain.

Brand guardianship – providing consistency

We kept the brand was safe – both in terms of upholding its consistency across the varying creative and channels, and in terms of being consistent across markets and languages.

Localisation – providing relevancy

Having local teams on the ground in market meant we could conduct retail audits to make sure the message resonated globally. Social and cultural listening tools are used to understand brand equity and relevance. And activation of assets at scale ensures maximum efficiencies for each asset.

Optimising messaging –delivering efficiency

Our expertise as omni-channel specialists means we ensure creative is optimized by channel and target audience. And we ensure the right channel is used to target the right customer with the right message.

An allied marketing and procurement leadership team can start to shift the operational and strategic direction away from poor performing campaigns and wastage of time and money towards a way of working that operationalises success.



1 The CMO needs a new remit – working closely with procurement colleagues to drive value out of every spending decision.

2 Visibility of spend is the key driver in improving the image problem that the procurement function tends to have among marketing teams. The goal must be to take the sting out of the relationship and collaborate.

3 Marketing is different to other functions, because it exists to create value. Total Cost of Ownership modelling is a smarter choice for analysing marketing spend, compared to traditional, cost-cutting methodologies.

4 A successful TCO initiative will have all stakeholders on board from the start, and will surface key projects for procurement to own and drive forward.

5 By shifting marketing teams away from linear value chains and towards a 'performance cycle', marketing and procurement can work together to drive cost savings AND deliver effective marketing.

Explore how we can transform your marketing supply chain to drive both cost savings and greater effectiveness.

Talk to Indicia Worldwide today.

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Let's talk →



Meet the authors



Yves Rogivue
Global CEO

Yves's experience in marketing print procurement services is unrivalled. He's led NASDAQ companies in EMEA and APAC and now leads Indicia Worldwide's ongoing transformation.



Francine Rumball
Client Partner

Francine works closely with client-side marketing and procurement teams to ensure our services deliver against their challenges. She has 20 years of experience building lasting relationships with clients in the marketing services industry.



Javier Subira
Director of Supply Chain

Javier is a supply chain leader with a consultancy background. He boasts a proven track record of delivering transformation projects and savings within procurement, supply chain and finance.



Alan Thorpe
Sales and Marketing Director EMEA

Strategy, brand, data science, technology, digital, aligning brand experience with customer needs... you name it, Alan knows how to do it. He's also a strategic thinker: focused upon leading innovation and change.

About Indicia Worldwide

The intelligence-led communications agency with global production reach

We create new value across the full remit of marketing. We've built this business to support our clients in a unique end-to-end way – finding operational efficiencies and delivering marketing that performs.

Present in 37 countries, and working with more than 500 brands around the world (including some of the biggest brands on the planet), we present a new way of delivering marketing – helping clients to spend less, but achieve more.

Some of our clients



StanleyBlack&Decker



Lilly



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Let's talk →