



HOW MUCH IS A MARKETING ASSET
MANAGEMENT SOLUTION WORTH
TO MY COMPANY?



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The Idea in Brief

Pressed by senior business executives to maximize the return on marketing spending, astute marketers are aggressively seeking ways to improve the productivity of marketing operations. Marketers are beginning to recognize that increasing the efficiency of marketing operations can be a powerful way to stretch limited marketing budgets.

In many companies, the supply chain for marketing materials is complex, fragmented, and filled with processes that are highly manual, time-consuming, and costly. Today, a growing number of companies are turning to marketing asset management solutions to streamline and improve the efficiency of their marketing materials supply chain. Marketing asset management solutions enable companies to reduce costs, significantly reduce obsolescence waste, and improve marketing effectiveness by supporting the expanded use of customized marketing materials.

Despite these powerful benefits, many marketers and financial executives do not have a clear picture of how valuable a marketing asset management solution would be for their company. This white paper will help answer this critical question.

Keep reading to learn—

- **Why the marketing supply chain offers huge opportunities for cost savings and performance improvements.**
- **How marketing asset management solutions work and where they fit in the marketing supply chain.**
- **What benefits a marketing asset management solution can provide.**
- **How a marketing asset management solution creates value.**
- **How to use a marketing supply chain audit to measure the potential value of a marketing asset management solution.**

The Pursuit of Marketing Productivity

Faced with increasing demands from CEO's and CFO's for greater accountability, marketers have been aggressively working to increase the productivity of marketing for several years. Early efforts focused primarily on improving the effectiveness and efficiency of marketing campaigns and programs. Marketers began using sophisticated data analytics techniques and personalization technologies to more precisely target marketing campaigns and to make marketing messages more relevant and persuasive.

More recently, marketers have turned their attention to improving the productivity of marketing operations. They are beginning to recognize that increasing the efficiency of marketing operations can be a powerful way to stretch limited marketing budgets. The equation is simple: The dollars saved by increasing the efficiency of marketing operations can be redirected to fund revenue-generating campaigns and programs.

The typical marketing materials supply chain is complex, fragmented, and filled with processes that are highly manual, time-consuming, and costly.

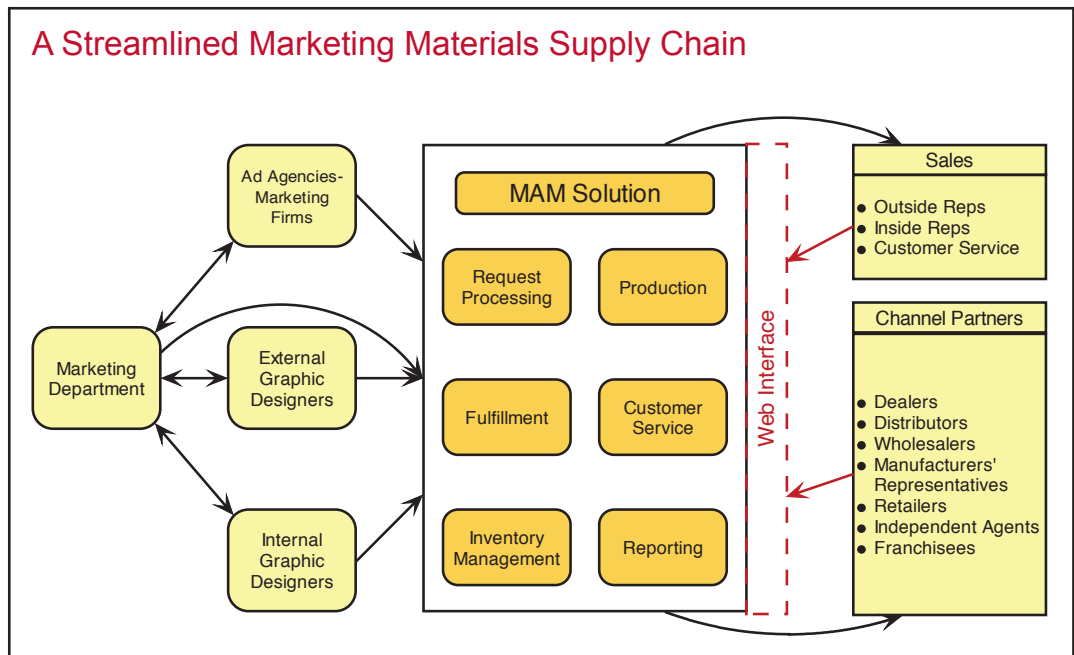
One area of marketing operations that offers huge opportunities for improvement relates to the acquisition, management, and distribution of marketing materials such as marketing collateral documents, promotional items, and point-of-sale displays. In most companies, the marketing materials “supply chain” is complex, fragmented, and filled with processes that are highly manual, time-consuming, and costly.

Recent research by the Chief Marketing Officer (CMO) Council highlights both the economic significance of spending on marketing materials and the opportunities that exist for improving the performance of the marketing materials supply chain.

- A majority of companies spend at least 20% of their marketing budget on marketing materials, and almost a third of companies devote at least 30% of their marketing budget to such materials.¹
- Over half of the total spending associated with marketing materials often results from product obsolescence and from activities such as storage, fulfillment, shipping, and inventory management.²
- Just 25% of marketers have performed a comprehensive analysis of the costs and process efficiencies in their marketing materials supply chain, and only 11% of marketers have implemented new workflow systems to reduce costs and inefficiency in their marketing supply chain.³
- Seventy-three percent of companies do not track the obsolescence of marketing materials, and of those that do, 40% say they waste 20% or more of their marketing materials because of obsolescence.⁴

Enter Marketing Asset Management Solutions

Today, a growing number of companies are turning to marketing asset management (MAM) solutions to streamline and improve the efficiency of their marketing materials supply chain. The diagram on the following page shows where a marketing asset management solution fits into the marketing materials supply chain. As the diagram illustrates, an MAM solution provides the critical link between the strategic and creative functions of marketing and the stakeholders who use or consume marketing materials



A marketing asset management solution is a suite of technologies, print production capabilities, and fulfillment services that automates many of the processes related to the procurement, management, and distribution of marketing materials. A complete MAM solution is essentially an outsourcing arrangement in which the MAM solution provider assumes responsibility for several components of a company's marketing materials supply chain.

Here's how an MAM solution works. The core component of an MAM solution is a central repository that contains digital versions of the marketing materials that a company uses. The solution will also provide an online catalog that contains images of all the company's materials. When an authorized user needs to order marketing materials, he or she logs into a secure website, selects the desired materials from the online catalog, specifies the desired quantity of each item, and submits the order.

An MAM solution also provides powerful customization capabilities. If a user wants to order an item that can be customized, the online catalog contains a template for that item. The template identifies the content elements that can be customized and provides the ability to customize the item in allowable ways. Once the item has been customized, the system provides an online proof for review, and the user simply approves the proof and submits the order.

The MAM solution provider uses digital printing technology to produce marketing materials on an order-by-order basis and then packages and ships the materials. On-demand production means that, in most cases, there is no need to maintain a physical inventory of marketing materials. In the few cases where production economics don't allow for materials to be produced on an as-ordered basis, the MAM solution provider

will usually offer warehousing and real-time inventory tracking and reporting.

Benefits of an MAM Solution

A marketing asset management solution provides companies several financial and operational benefits.

- *Reduced Procurement Costs*—It reduces the internal costs of acquiring marketing materials by reducing the number of procurement transactions that a company must manage and execute.
- *Reduced Distribution Costs*—It eliminates the internal costs of distributing marketing materials by streamlining or eliminating the processes required to process and fulfill requests for marketing materials.
- *Reduced Obsolescence Waste*—It greatly reduces the waste caused by obsolescence by producing most marketing materials as and when they are needed.
- *Enhanced Customization Capabilities*—It simplifies and automates the process of creating and producing customized marketing materials, thus lowering the cost of customization. In addition, an MAM solution greatly expands the amount of customization that can be economically used, thus enabling companies to create more relevant and effective marketing materials.
- *Decreased Request Fulfillment Time*—It reduces the time required to process and fulfill requests for marketing materials.

What is it Worth?

The benefits that an MAM solution can provide are real and substantial. Many marketers will instinctively recognize that an MAM solution can streamline and improve the efficiency of a marketing supply chain. For most marketers, however, two important questions still must be answered.

- How can I determine if a marketing asset management solution would be a good investment for my business?
- How much would a marketing asset management solution be worth to my company?

Whether an MAM solution makes sense for your business depends on three factors. The first important factor is the number of requests for marketing materials that you receive, process, and fulfill on a regular basis. This factor is critical because the number

of requests you process drives how much you are currently spending on these activities. And the more you are spending, the more you will benefit from an MAM solution.

The second important factor to consider is the level of obsolescence you are currently experiencing. How many marketing materials do you throw away because they have become obsolete? How much did you spend for those wasted materials? If your rate of obsolescence is high, you are likely to realize significant benefits by using an MAM solution.

The final factor to think about is how frequently you customize marketing materials. Manual customization processes are costly and inefficient, while an MAM solution can significantly streamline those processes. So, if you frequently customize marketing materials, or if you need to use more customized materials, you are likely to benefit from an MAM solution.

Even if all of these factors indicate that an MAM solution would produce significant benefits for your business, you will still need to determine how much you should be willing to invest to obtain those benefits. In other words, you will need to estimate what the value of an MAM solution would be for your company.

The value of a marketing asset management solution is based on how it impacts the financial performance of your business. Does it enable you to reduce existing costs, avoid future costs, or increase revenues?

For a business organization, the value of any product or service is based on how it affects financial performance. In fact, one simple way to define value in a B2B context is *the economic impact of the seller's product or service on the buyer's business*. A product or service can create value for a business in three basic ways. It can enable a company to reduce existing costs, avoid future costs, or increase revenues. The value of an MAM solution is based on the same principles. A marketing asset management solution enables you to eliminate some marketing supply chain processes and redesign others. When these changes result in lower costs or increased revenues, an MAM solution creates value.

The Marketing Supply Chain Audit

Determining the value of an MAM solution, therefore, is a two-step process. The first step is to develop an accurate picture of the status quo by performing a comprehensive cost and performance audit of your existing supply chain for marketing materials. A comprehensive supply chain analysis will enable you to establish a baseline for measuring the value of the improvements that an MAM solution will provide in your unique circumstances.

A marketing supply chain audit can be performed in several ways, but a thorough analysis must meet three major criteria. First, the analysis should include all *marketing materials*. When performing a marketing supply chain audit, we define marketing materials broadly to include marketing collateral documents (brochures, product data sheets, etc.), promotional items (coffee mugs, pens, etc.), point-of-sale displays, and print

advertisements. We will also include direct mail and e-mail marketing documents when those materials are designed to be used by field sales personnel and/or sales partners (independent agents, franchisees, value-added resellers, etc.).

The second requirement for a complete marketing materials supply chain analysis is that it must encompass the whole life cycle of marketing materials. Here at BPI Media Group, we use a life cycle model that includes the five elements depicted in the diagram below. By organizing the analysis around these life cycle stages, you can help ensure that no major supply chain activities and processes are omitted from the audit.

The Marketing Materials Life Cycle



The third requirement for a thorough supply chain analysis is that it should evaluate supply chain processes both in terms of cost and in terms of other process quality attributes such as accuracy and speed. While cost is usually the primary focus of a marketing supply chain analysis, it will often be just as important to examine and measure other performance characteristics. For example, the time required to fulfill requests for marketing materials can have an impact (positive or negative) on sales.

The actual process used to perform a marketing materials supply chain analysis is relatively straightforward. First, you identify and describe all of the processes that are involved with the creation, procurement, management, and distribution of marketing materials, and then you assign costs and other performance measures to those processes. When performing a supply chain analysis, it is often helpful to prepare flowcharts or maps of significant processes in order to make them more visible and understandable, but the real heart of the analysis is simply gathering the right information.

The table on the following page contains a sample of the questions we use when performing a marketing supply chain analysis. As this table shows, we use both general questions and questions that are specific to each stage of the marketing materials life cycle.

Sample Supply Chain Analysis Questions

General Questions

- How much did you spend with outside suppliers (creative agencies, graphic designers, printers, etc.) to acquire marketing materials?
- How many unique marketing materials do you use?
- What business functions within your company (marketing, sales, customer service, purchasing, etc.) are involved in the creation, procurement, management, distribution, and disposal of marketing materials?

Life Cycle Questions

Creation

- How many external creative suppliers (agencies, graphic designers, etc.) do you use?
- Do you create customized versions of marketing materials for salespeople, channel partners, or customers?
- Who performs the work required to create customized marketing materials?
- If you use employees to customize marketing materials, how much time do they spend performing this work?
- What is the average, fully-burdened labor cost of the employees who create customized marketing materials?

Procurement

- How many external production vendors do you use to supply marketing materials?
- How many procurement transactions for marketing materials do you manage?
- How much time do employees spend managing procurement transactions for marketing materials? Include the time spent forecasting needs, defining production specifications, obtaining estimates/bids, approving proofs, and performing any other procurement-related tasks.
- How often do you incur “rush charges” in connection with the procurement of marketing materials?
- How many times have you been “out-of-stock” of needed marketing materials for more than one day?
- How often do you pay freight charges on incoming material?

Inventory Management

- How much building space do you devote to the storage of marketing materials?
- What is the cost of the building space used to store marketing materials?
- How much damage to marketing materials occurs because of poor storage conditions?
- How much time do your employees spend managing the inventory of marketing materials?
- What is the average, fully-burdened labor cost of the employees who perform inventory management activities?

Distribution

- How many salespeople and/or sales channel partners do you support with marketing materials?
- How many requests/orders for marketing materials do you process and fulfill?
- How much time do your employees spend processing and fulfilling requests for marketing materials?
- What is the average, fully-burdened labor cost of the employees who process and fulfill requests for marketing materials?
- What is the average turnaround required for processing requests for marketing materials?
- How many times has your company been required to use expedited (i.e. overnight) shipping when fulfilling requests for marketing materials?

Disposal

- How much of your marketing materials must be discarded because they become obsolete?
- What is the cost of the marketing materials that you throw away because of obsolescence?

The second major step in estimating the value of a marketing asset management solution for your business is to determine how the solution will affect your existing supply chain processes. Which of your existing processes can be completely eliminated? Which processes will be changed? How will these changes to your supply chain processes impact your costs and revenues? For example, virtually all MAM solutions will enable you to eliminate the internal activities associated with processing and fulfilling requests for marketing materials from salespeople and/or sales channel partners. If you are currently spending \$50,000 per year performing those activities, that \$50,000 cost savings becomes one element of the value of an MAM solution.

The total amount of the cost savings and/or revenue increases that you identify sets the upper limit of the value of an MAM solution for your business. With the value of the benefits measured and quantified, you can easily determine the estimated return on investment that will be produced by a prospective marketing asset management solution.

For More Information

If you'd like to learn more about how to measure the value of a marketing asset management solution for your business, contact

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Notes

1. *Mapping + Tracking: The Optimized Marketing Supply Chain* (CMO Council, 2010).
2. *Define Where to Streamline* (CMO Council, 2009).
3. *Ibid.*
4. *Mapping + Tracking: The Optimized Marketing Supply Chain* (CMO Council, 2010).