

Four Reasons To Use A Marketing Asset Management Solution



Creativity.

Execution.

Results.

Why Read this Paper?

Prompted by growing demands from CEO's and CFO's, marketers have been working to improve the productivity of marketing for several years. Most marketers focused first on improving the effectiveness and efficiency of marketing campaigns and programs. More recently, marketers have turned their attention to increasing the efficiency of marketing operations. They now recognize that improving the productivity of marketing operations can be a powerful way to stretch limited marketing dollars.

One area that offers huge opportunities for improvement involves the acquisition, management, and distribution of marketing materials. This part of marketing operations typically produces a significant amount of waste and is filled with processes that are highly manual and inefficient.

To eliminate these wastes and inefficiencies, a growing number of companies are implementing marketing asset management solutions to streamline the marketing materials supply chain.

Read this white paper to learn about four compelling reasons to use a marketing asset management solution.

- Lower marketing supply/distribution chain costs
- Brand control and customization
- Reduced obsolescence waste
- Convenience, speed, and accuracy

What is a Marketing Asset Management Solution?

For the past several years, marketers in companies of all types and sizes have faced growing pressures to stretch marketing budgets and squeeze the greatest possible returns from every marketing dollar spent. The recent recession brought an even stronger sense of urgency to efforts to make marketing more productive, as many marketers were forced to operate with fewer people, less money, and fewer marketing initiatives. The economy is now recovering, and marketing budgets are rising again, but most companies we know still need to maximize the return produced by every marketing investment.

After focusing initially on improving the effectiveness of individual marketing campaigns and programs, many marketers have now turned their attention to increasing the productivity of marketing operations. They have recognized that boosting the efficiency of marketing operations can be a powerful way to stretch limited marketing budgets. The equation is simple: The dollars saved by improving the productivity of marketing operations can be used to fund revenue-generating campaigns and programs.

Today, a growing number of companies are using a new genre of web-based technologies and outsourced services to enhance the productivity of marketing operations. These solutions are designed to increase the efficiency and responsiveness of the supply and distribution chain for marketing materials such as marketing collateral documents, promotional items (coffee mugs, tee shirts, etc.), and point-of-sale materials (signage, displays, etc.). You may see these solutions called collateral-on-demand systems, marketing collateral management systems, or web-to-print systems. In this white paper, we'll

refer to these technologies and services as marketing asset management solutions.

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

The core features of a marketing asset management solution include the following:

- An online catalog containing images of the marketing materials that a company uses
- A central repository that contains digital versions of a company's marketing materials
- A secure online ordering system that enables authorized users to order marketing materials from any computer (and, increasingly, mobile devices) with an Internet connection
- A customization engine that enables users to modify marketing materials using pre-approved customization options
- Print manufacturing capabilities that can produce most marketing materials on an as-ordered basis
- Warehousing, kitting and fulfillment services
- Extensive online reporting capabilities

Should your company consider using a marketing asset management solution? Probably. While these solutions are not right for all companies, they will produce significant benefits for many. There are four compelling reasons to use a marketing asset management solution. As you read the following pages, ask yourself whether, and to what extent, these reasons apply to your company.

Reason #1 Lower Costs

The first reason to use a marketing asset management solution is that it can significantly lower your total cost of acquiring, managing, and distributing marketing materials. Notice that we are talking here about total costs. It's important to recognize that the dollars you spend with marketing materials vendors constitute only a small percentage of the actual total costs of those materials. Payments to external suppliers are only the tip of the iceberg, as the graphic below illustrates.



How big is the "underwater" part of the iceberg? Various analysts and research firms have

estimated that for every \$1 a company pays to external production vendors for printed marketing materials, it spends \$6-\$14 on the other activities and processes relating to those materials. Other recent research shows that 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.¹ Some people describe these expenses as “soft” costs, but we believe that’s a mistake. The dollars spent on these activities and processes are just as “hard” and just as real as the payments you make to your external vendors.

Marketing asset management solutions can reduce three specific kinds of costs.

- Procurement costs
- Storage and inventory management costs
- Distribution costs

When you implement a marketing asset management solution, you greatly reduce the number of vendors you must manage. In addition, the use of a marketing asset management solution will move your company from transaction-based pricing to longer term contract-based pricing for most marketing materials. Both of these changes will significantly reduce the number of procurement transactions you must manage and execute and thus lower your procurement costs.

A marketing asset management solution will also lower storage and inventory management costs. Storage costs are reduced because there is less need for inventories of marketing materials. Providers of marketing asset management

solutions produce most marketing materials on an as-ordered basis, so there’s simply no need to maintain inventories of those materials. In those cases where production economics don’t allow on-demand manufacturing, the solution provider will provide warehousing, and you will pay for that storage. Overall, however, your storage costs can be significantly lower.

Most marketing asset management solutions also offer extensive inventory tracking capabilities that are available via online “dashboards.” Therefore your internal inventory management costs are essentially eliminated.

Lower procurement and inventory-related costs can be substantial, but for many companies, the most significant cost savings produced by a marketing asset management solution result from lower distribution costs. The potential for these cost savings becomes clear if we consider the number of people and firms that require or consume marketing materials and the number of distinct materials that companies use. For example, a company may have dozens of outside sales reps and/or hundreds of sales channel partners, all of which make frequent requests for marketing materials. The same company may use dozens of distinct marketing materials. When you consider the number of materials that can be involved and the number of people who need those materials, it’s easy to see that a company can be processing and fulfilling thousands of requests for marketing materials every year.

A marketing asset management solution will eliminate your internal costs of processing and fulfilling requests for marketing materials. The following table illustrates just how substantial the cost savings can be, even for a relatively small business.

The Cost of Processing Requests for Marketing Materials

Number of salespeople/sales partners.....	100
Weekly requests per salesperson/partner	1
Total annual requests.....	5,200
Average processing time per request (minutes).....	20
Total annual request processing hours	1,733
Annual base wages of involved employees	\$45,000
Labor burden percentage	20%
All-inclusive annual labor cost.....	\$54,000
All-inclusive hourly labor cost.....	\$26
Total annual request processing costs (labor only).....	\$45,058

Reason #2 Brand Control and Customization

Relevance is now an essential element of all effective marketing efforts, perhaps the most essential element. Customers and prospects are demanding relevant marketing communications and materials, and you have no real choice but to meet this demand.

Marketers have long recognized that customizing marketing materials for specific audiences will increase relevance and improve marketing effectiveness. Unfortunately, however, customizing marketing materials has traditionally been cumbersome, time-consuming, and costly. Marketers who wanted to reap the benefits of using customized materials faced two equally unattractive alternatives. They could provide local branches/offices and/or channel partners with approved branding assets (logos, images, etc.) and allow them to create and produce their own materials. Or, they could use corporate staffers to customize all materials.

The primary problem with the first approach is

that a company can easily lose control of its brand messaging and brand presentation. If you're like many companies we know, you've invested substantial time, effort, and money to create and build your brand image, and you're rightfully concerned about maintaining the integrity of your brand. Standards for the use of brand assets can help, but they won't completely prevent the misuse of brand assets or the use of marketing materials that don't meet corporate quality standards. Having corporate marketing personnel create customized materials will solve the brand control problem, but it can also quickly become cost prohibitive.

Marketing asset management solutions can address both of the issues that have inhibited the use of customized marketing materials. One of the most powerful features of a marketing asset management solution is its ability to support easy and extensive customization. If you want to allow a particular item to be customized, you create a template for that item. The template will identify what specific components of the item can be customized, and the system provides a set of pre-approved options for modifying the item. A

user simply opens the template, selects from the available customization options, and orders the customized item.

By using template-driven customization, a marketing asset management solution allows marketers to retain control of the brand, while simultaneously enabling the use of customized marketing materials. The template approach also significantly lowers the cost of using customized materials. It enables users with no training in graphic design and no experience with design software to create professional-quality customized materials.

Reason #3 **Reduced Obsolescence Waste**

The Chief Marketing Officer (CMO) Council has said that obsolescence creates an “epidemic of waste” that undermines the development of an optimized marketing supply chain.² In a recent survey of marketers by the CMO Council, 73% of respondents said they don’t track the obsolescence of marketing materials, and 40% of the respondents who do track obsolescence say they waste 20% or more of their materials because they become obsolete.³

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Obsolete marketing materials represent a complete waste of precious marketing dollars. The cost of obsolete materials is essentially an investment in marketing communications that never reach the intended audience. Obsolete materials can also have a major negative impact on marketing effectiveness. Forty-two percent of respondents to a recent CMO Council survey said that fresh marketing content is critical to their go-to-market strategy, but 51% of the respondents acknowledged they had used obsolete materials. In today’s hyper-competitive business environment, every interaction with a potential buyer is important, and sales can easily be lost if prospects are provided outdated information. Therefore, the most serious problem with obsolete materials may not be the wasteful spending they cause, but rather the revenues and profits they place at risk.

A marketing asset management solution reduces obsolescence by eliminating the need to purchase marketing materials in large quantities. By using on-demand production technologies, a marketing asset management solution will enable you to acquire most marketing materials in small quantities on a cost-effective basis. And because production lead times are short, you can order materials as and when they are needed. This eliminates the need for large inventories, which greatly reduces the possibility that marketing materials will become obsolete before they can be used.

Reducing obsolescence will reduce wasteful marketing spending, improve the effectiveness of your marketing and sales efforts, and improve the sustainability of the marketing function. By producing only those materials that are actually needed, you will shrink the carbon footprint of marketing activities by reducing the unnecessary use of natural resources.

Reason #4 Convenience, Speed, and Accuracy

The fourth reason to use a marketing asset management solution is that it will enable your marketing supply/distribution chain to work better. If you employ conscientious people, and if you are lucky enough to work with marketing materials suppliers that employ talented and attentive salespeople and customer service representatives, you may believe that your processes for managing marketing materials are working quite well. But the truth is that, in some ways at least, a technology-based system can produce a level of performance that a manual, people-based system cannot easily duplicate.

One major advantage of a marketing asset management solution is that it is always available. Your field sales personnel, branch offices, and/or sales channel partners can place orders for marketing materials 24 hours a day, seven days a week, 365 days a year. Time zone differences don't matter, and no one other than the person placing the order is needed to begin processing the order.

A marketing asset management solution will also reduce the time required to process and fulfill orders for marketing materials. By automating order placement, order approval, and pre-production processes, a marketing asset management solution allows orders to move directly to production, thus decreasing the time from order placement to order shipment.

Finally, a marketing asset management solution can reduce the number of mistakes that inevitably occur when telephone calls, e-mails, or faxes are used to place orders for marketing materials. People placing orders can actually see what they're ordering, and the ordering system can be configured to require users to confirm critical details before an order can be placed. Reducing

mistakes not only eliminates wasteful spending, it can also help shorten sales cycles and prevent lost sales.

A Few More Reasons

The four reasons just discussed should provide ample motivation for you to take a close look at whether a marketing asset management solution would be a good fit for your business. But if you need additional convincing, consider these other important benefits.

- **Extensive and easy-to-use reporting** - Most marketing asset management solutions provide extensive reporting capabilities that approved users can access via online dashboards. You can track the usage of marketing materials by individual item, as well as by user and other criteria. These reports can provide valuable insights about which specific materials are most popular (and possibly more effective).
- **Enhanced process control** - Many companies struggle with "maverick" purchasing in one form or another. Most marketing asset management solutions can be configured to reflect and enforce your business rules regarding the procurement and use of marketing materials. Moreover, because these business rules are easy to use, compliance will likely increase.
- **Support for channel marketing** - Companies that sell through independent or quasi-independent channel partners such as franchisees, dealers, and value-added resellers have a strong incentive to encourage their partners to market more aggressively and effectively. Most companies that operate in these distributed marketing environments already provide some forms of marketing support to their

sales channel partners. A marketing asset management solution can increase the frequency and boost the effectiveness of your partners' direct marketing efforts by enabling them to customize direct marketing programs to fit their specific marketing needs and local market conditions and by making it simple for them to execute those programs.

For More Information

If we can help you evaluate whether a marketing asset management solution makes sense for your business, or if you'd just like to know more about how marketing asset management solutions work and what benefits they provide, contact Scott Burford at 707-745-8151 or by e-mail at scott.burford@sbfisher.com. To download a PDF of this white paper, please visit our website at www.smartstorepro.com.

Notes

1. *Define Where to Streamline* (CMO Council, 2009).
2. *Understanding the Critical Factors to Achieving Marketing Supply Chain Operational Effectiveness & Optimization* (CMO Council, 2010).
3. *Ibid.*



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