



- White paper -

HOW TO SAVE BUDGET AND INCREASE SALES WITH MARKETING OPERATIONS

Optimizing the marketing infrastructure can save up to 15-20% of the total marketing budget, and achieve an additional 10-15% sales increase, according to a survey conducted by MRMLOGIQ among 99 marketing professionals across 22 countries. To capitalize these benefits, companies need to assess and improve how they use their key marketing resources: marketing materials, marketing processes and marketing software. MRMLOGIQ developed a model which helps companies do just that.

Marketing complexity leads to lack of control and waste of time and budget

The marketing environment is changing rapidly. Marketers have to adapt to new media channels, disruptive business models and an increasing shift of market power towards customers. A vast amount of research material about changes in marketing is published every day, but as market dynamics are fundamentally different for every company and industry,

companies need to find a way to deal with constant change in marketing operations. For a small or midsized company offering a limited set of products in one market, changes in the marketing landscape might not cause much trouble. The same does not apply to companies offering a wide variety of products and services, in fundamentally different markets (B2B, B2C, Wholesale), via different sales channels and distribution models and in different regions and countries.

“Improving marketing operations facilitates strategy implementation and allocation of marketing resources.”

Because each product-market combination is unique, they all require their own strategy, their own campaigns, their own set of marketing materials and their own channels. Managing an extensive portfolio of product-market combinations presents companies with two challenges:

1. Implementing marketing strategy and monitoring its execution, to ensure effectiveness;
2. Allocating and tracking the use of marketing resources, to ensure efficiency.

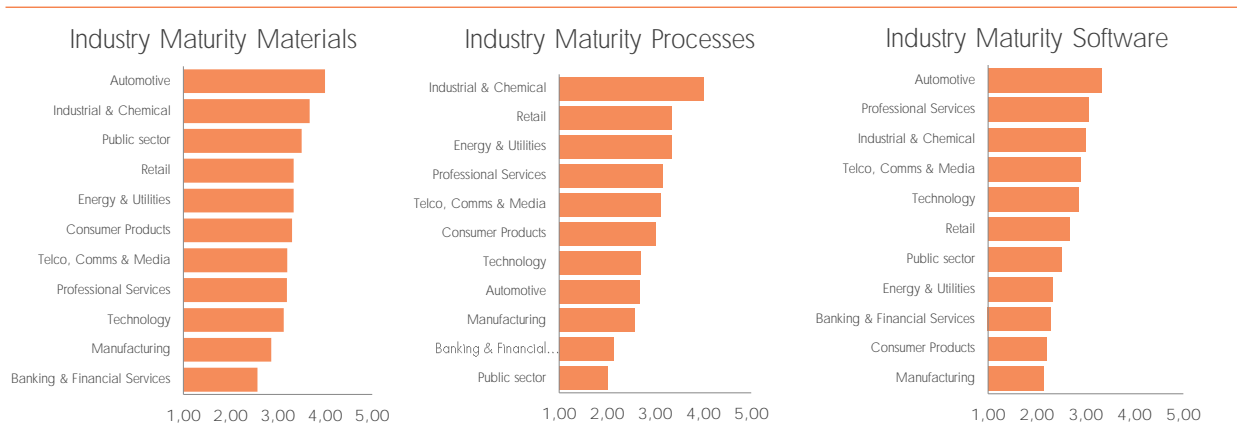
Improving marketing operations

To stay in control, marketing needs to improve the way daily operations are performed. Marketing processes, materials and software need to be in sync and fully flexible to allow the company to tap into changing market conditions effectively and without spending too much time and money. To find out how and where to start improving, it is necessary to first assess the current state of marketing operations. For this a tailored version of the capability maturity model can be used. The five levels are used to assess the maturity of marketing materials, marketing processes and marketing software.

Level	Description
1	Ad hoc, undocumented and reactive: Not capturing results and not fitted to learn.
2	Repeatable, described but not enforced: Documents are optional and offer limited guidance.
3	Well defined, standardized and mandatory: Results are consistent and coherent.
4	Adjustable, flexible whilst maintaining quality standards: Initiated by internal management.
5	Integrated, continuously improved and measurable: Initiated by customer requests.

Table: Five levels of the marketing operations maturity model

The results of the MRMLOGIQ survey indicate that the average maturity of marketing materials is 3.3, while the maturity of marketing processes is 2.9 and the maturity of software is 2.6.



Charts: Survey results, maturity levels per industry for marketing materials, processes and software

How to improve maturity

Depending on the current level of maturity, organizations can follow different strategies to improve their marketing operations maturity. If the maturity is low, a first step should be to list all materials, processes and software in use across the marketing departments, to assess to what extent they are used and to find out if there are any gaps or overlaps in marketing processes. This provides a solid base for consolidating resources and standardizing and automating campaign management and production processes.

Adding value

Improving marketing operations will add sustainable value to companies because it makes them more efficient and effective. Effectiveness and efficiency in marketing operations are measured by four specific value drivers.

Effectiveness	Rationale	Improvement Potential
Reduce Costs	Preventing irrelevant spending	15%
Reduce Time to Market	Increased sales window	17%
Increase Relevance	Increased sales because of better message & timing	15%
Increase Media Exposure	Increased sales because of better reach	10%

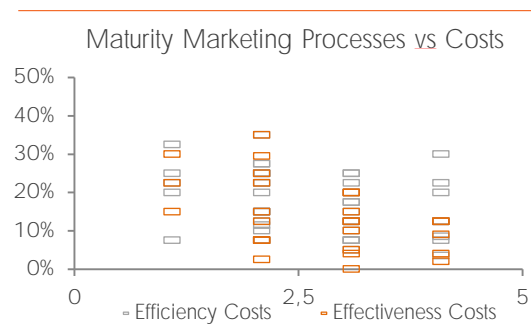
Efficiency	Rationale	Improvement Potential
Reduce Costs	More efficient use and re-use of materials	17%
Reduce Cycle Time	More efficient processes, fewer meetings, handovers	20%
Increase Compliancy	Less breach of brand, financial and legal regulations	18%
Increase Capacity	Better alignment of resources with business needs	15%

The impact of these value drivers on the overall business case of a marketing operations optimization program depends on the industry and company dynamics in which the marketing

function operates. When calculating the added value of improving their marketing operations, companies should therefore take into account sales forecasts and projected changes in allocation of marketing budgets.

Why maturity matters

The MRMLOGIQ survey indicates there is substantial improvement potential in marketing operations in terms of effectiveness and efficiency. However, further research will have to show to what extent an improved maturity of the marketing infrastructure will lead to the indicated potential cost reduction and sales increase. Survey results show a negative correlation between maturity of marketing operations and estimated improvement potential. Of these results, the correlation between maturity of processes and estimated potential cost reductions appears to be one of the most evident relationships.



A more thorough approach to data collection is required to assess relationships between maturity levels and all value drivers. For this purpose and to provide companies with the tools to assess and calculate the added value of an improved marketing infrastructure, the tools Marketing Operations DNA¹ and Marketing Operations NPV² are now available for brand owners, agencies, software vendors and system integrators.

Next steps

Now that the Marketing Operations DNA and NPV are available to help companies assess their marketing operations to identify their improvement potential and to calculate their business case, an important next step in the process often is selecting the right marketing software. There are two important things to consider in this stage:

“Tools to identify potential for improvement and to calculate the business case are now available.”

1. In case of legacy systems that need to be replaced, which functionalities and requirements should the new system have?
2. Which functionalities and requirements are required to reach the desired improvement of the marketing operations maturity level?

¹ www.marketingoperationsdna.com

² www.marketingoperationsnpv.com

With about 90-100 marketing software vendors around the world it is not easy to find out which solution will best support the company's business case. Gartner's Magic Quadrant provides a good starting point to see what is available but it does not tell which solution is the best fit for a company's unique situation. Besides that, only a small portion of the 90-100 vendors offer a mature solution for marketing operations. This is why companies need to be able to carefully pinpoint where vendors might be unable to deliver or where they might overpromise in order to avoid poor performance or additional costs because of customizations required at a later stage in the project. To be able to do this, companies need to have a thorough understanding of their current marketing resources and processes, making a marketing operations assessment the logical first step in any marketing optimization project.

"Companies need to be able to pinpoint where marketing software vendors are unable to deliver."

More information

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