

Marketing Materials and Services Spend

Getting More Bang for the Buck

August 2007



Executive Summary

The spend category of marketing is somewhat different from other indirect categories. Traditionally, marketers spare no expense to achieve high quality, superior service, and consistency. After all, their activities are ideally “revenue-generating,” thus cost is not always top of mind. This is where procurement expertise, together with marketing, can develop strategies to improve control, visibility, and even performance of marketing spend. This research explores marketing spend and uncovers various challenges and strategies that Best-in-Class enterprises have utilized to achieve superior performance.

“Our strategy (in a particular area) for expected savings was at least \$1.8 million. However, our program was a success and we were able to achieve savings of nearly \$2.5 million on a sub-category within marketing.”

**- Procurement Manager,
Large North American
Enterprise**

Best-in-Class Performance

Aberdeen evaluated survey responses of approximately 270 enterprises and distinguished Best-in-Class companies using two key measures: (1) average savings rates achieved across five major categories of marketing spend (which include printed materials, branded and promotional merchandise, direct mail, creative and marketing services, and media space), and (2) the degree of enterprise-level visibility into the management of this category. Best-in-Class companies are notable for their higher levels of collaboration between procurement, marketing, and other key stakeholders. Best-in-Class companies also experience the following advantages:

- An average of **14.7%** savings on the five categories of marketing spend, in comparison to **7.8%** for all other enterprises
- A compliance rate that is **77.5%** higher than the average enterprise (supplier compliance to negotiated contracts, SLA's)
- A **37%** lower rate of re-orders for marketing materials in comparison to all other enterprises

Competitive Maturity Assessment

Survey results show that firms enjoying Best-in-Class performance shared several common characteristics:

- **Sixty-seven** percent of the Best-in-Class utilize a competitive bidding process for various marketing categories
- Approximately **50%** have been able to aggregate and centralize enterprise-wide spend on marketing materials and services
- **Sixty-four** percent of the Best-in-Class have established standardized processes and policies on procurement of marketing materials and services

Required Actions

In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance companies must:

- Streamline procurement processes and encourage collaboration between procurement and marketing groups

- Initiate the Request for Proposal (RFP) process for each category, or a combination of categories, depending on the suppliers' capabilities
- Identify current marketing suppliers and optimize this supply base
- Track savings captured and formulate a plan for realization of savings or reinvestment into other marketing areas
- Consider the usage of technology and/or service provider to improve control and overall management of the marketing category

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Chapter One: Benchmarking the Best-in-Class

The category of marketing has traditionally managed to escape procurement’s grasp. Often, this is marketing trying its best to avoid the “cost cutters.” It is true that certain categories within marketing cannot be purchased the same way that pencils and staples are bought. However, despite the substantial potential for cost reduction, marketing spend has remained outside the confines of traditional procurement because of its unique requirements. Aberdeen’s data on the performance and strategies of Best-in-Class enterprises challenges the belief that marketing is a special category that should fall completely out of procurement’s reach. The research is centered on five major categories, **printed materials, branded / promotional merchandise, direct mail, creative / marketing services, and media space.**

Fast Facts

- √ Best-in-Class achieved on average **14.7%** savings on five categories of marketing spend
- √ Top planned strategic action (**37%**) is to utilize a strategic sourcing process/solution to address various marketing categories

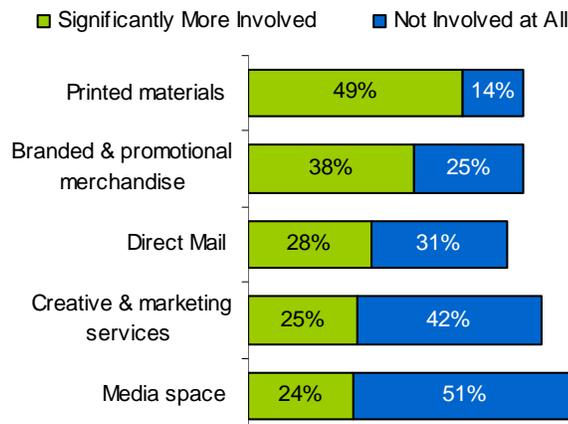
Table I: Top Driving Factors to Explore the Marketing Category

Driving Factors	%
Reduce overall enterprise spend on areas of indirect spend	42%
Understand and improve visibility into enterprise spend on marketing	30%
Procurement looking to the marketing category for further savings	26%
Need for procurement expertise in collaboration with marketing	22%
Efforts to aggregate and centralize enterprise-wide spending on marketing	19%

Note that the responses in Table I are influenced by the majority of survey respondent functions, which is procurement. Surprisingly, the marketing function’s responses (23% of survey respondents) were not unlike those of procurement. Thirty-percent reported a major driver is the reduction of overall indirect spend and 33% cited that understanding and improving visibility into marketing spend is a driver.

Figure I shows the five major marketing categories and the extent to which procurement is involved. Printed materials is one area in which procurement has continuously been increasing its presence. However, 25% of respondents report an increase in procurement involvement in creative and marketing services – with 42% citing no involvement and the remaining 33% showing some involvement. Of the Best-in-Class enterprises, a higher percentage report *significantly more involvement* for all categories.

Figure 1: Involvement from Procurement



Source: Aberdeen Group, August 2007

Maturity Class Framework

Aberdeen used two key performance criteria to distinguish Best-in-Class enterprises from Industry Average and Laggard organizations:

Table 2: Companies with Top Performance Earn Best-in-Class Status

Definition of Maturity Class	Mean Class Performance
Best-in-Class: Top 20% of aggregate performance scorers	<ul style="list-style-type: none"> • 14.7% average savings across five categories of marketing • An average of 51% have “high visibility” into data such as spend by brand, inventory levels, transaction level details, and total cost of marketing initiatives
Industry Average: Middle 50% of aggregate performance scorers	<ul style="list-style-type: none"> • 9.8% average savings across five categories of marketing • An average of 15% have “high visibility” into data such as spend by brand, inventory levels, transaction level details, and total cost of marketing initiatives
Laggard: Bottom 30% of aggregate performance scorers	<ul style="list-style-type: none"> • 5.7% average savings across five categories of marketing • An average of 6% have “high visibility” into data such as spend by brand, inventory levels, transaction level details, and total cost of marketing initiatives

Source: Aberdeen Group, August 2007

Best-in-Class PACE Model

Improving the procurement and ongoing management of the marketing category requires a combination of strategic actions, organizational capabilities, and enabling technology that can be summarized as follows:

Table 3: Best-in-Class PACE Framework

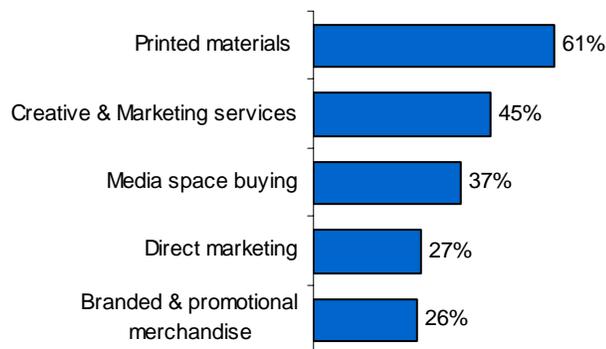
Pressures	Actions	Capabilities	Enablers
<ul style="list-style-type: none"> Reduce corporate spend on marketing materials and services 	<ul style="list-style-type: none"> Aggregate and centralize enterprise-wide spending on marketing materials and related services Instituting collaboration between procurement and marketing Applying procurement principles to various categories of marketing spend Rationalize suppliers for marketing materials and related services 	<ul style="list-style-type: none"> Conduct competitive bidding process to select preferred vendors for this category Ability to measure performance of suppliers (e.g. lead-times, pricing) Ability to monitor and enforce internal compliance with negotiated supplier agreements Procurement expert focused on the spend category of marketing 	<ul style="list-style-type: none"> E-procurement capability for purchasing marketing materials Outsourced third-party or managed service provider Online design collaboration and approval Collaborative workflow capability (allows buyers and suppliers to manage specifications, quotes, costs, etc online) Change order/audit trail tracking Supplier management and monitoring

Source: Aberdeen Group, August 2007

Savings Opportunity

Research showed valuable data in terms of identifying where respondents believe the largest opportunities lie for savings within the five marketing categories. According to 61% of respondents, printed materials are a sub-category that offers the largest opportunity for savings. However, spending on creative / marketing services and media space (two areas where procurement is rarely involved) was also reported to have savings potential, according to 45% and 37% respectively.

Figure 2: Largest Opportunity for Savings



Source: Aberdeen Group, August 2007

To provide some context around the amount of spend enterprises in this study are dealing with, spend data was collected for these five categories (Table 4).

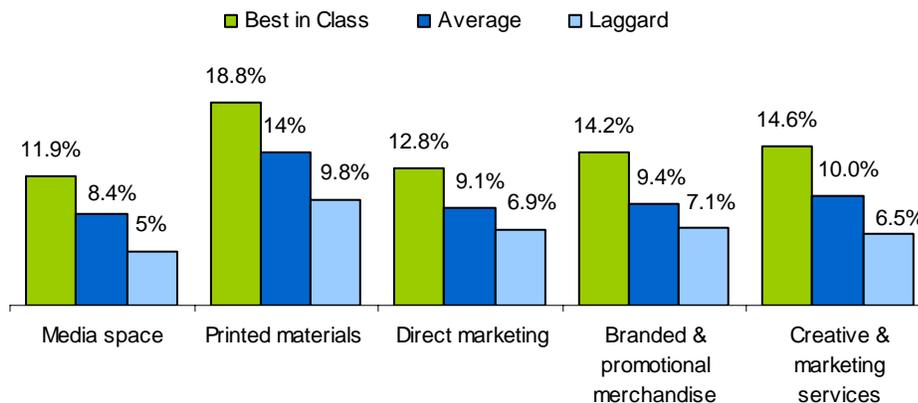
Table 4: Average Annual Spend on Five Marketing Categories

	Mid Market	Large	Maximum
Media space	\$ 2,675,546	\$12,224,093	\$84,000,000
Printed materials	\$ 1,851,597	\$ 8,974,302	\$70,000,000
Direct Mail	\$ 854,483	\$ 4,491,716	\$28,000,000
Branded/promotional merchandise	\$ 1,002,097	\$ 6,182,354	\$75,000,000
Creative/Marketing services	\$ 1,105,968	\$ 7,392,156	\$50,000,000

Aberdeen Group, August 2007

With an indication of the amount of spend involved, Figure 3 shows the average percentage savings that Best-in-Class, Industry Average, and Laggard enterprises have been able to achieve.

Figure 3: Average Savings Achieved



Source: Aberdeen Group, August 2007

Aberdeen Insights – Marketing Sourcing Strategy

The first step for procurement is to engage with marketing during the budgeting phase to better understand the various initiatives and identify opportunities. Then, target savings goals should be developed while keeping mind the amount that will be realized versus reinvested into other marketing initiatives. Procurement should work towards a better understanding of the various marketing sub-categories and based on enterprise-wide demand, develop a procurement strategy for each category.

Initiate a Request for Information (RFI) process to determine a short-list of vendors for a specific sub-category (or combination of sub-categories). With the short-listed vendors ask for an RFP submission (face-to-face presentation suggested, due to creative nature). Move on to contract negotiations, if appropriate.

Chapter Two: Benchmarking Requirements for Success

What are enterprises doing to place more marketing spend under management? Aberdeen research explores the various actions that enterprises have already implemented, are currently underway, or are planned for initiation. This will provide further insight into enterprise strategies for tackling this category.

Case Study – Large Financial Services Enterprise

With nearly 400 print suppliers and 48 million pieces of direct mail and other communications per year, a large financial services enterprise needed to consolidate their marketing spend amongst all their subsidiaries and centralize their processes.

The procurement individual overseeing the marketing category came from a marketing background and this group essentially serves as an extension of the marketing group. The procurement department was able to successfully reduce their supplier base to only 17 vendors by initiating an RFP process. By doing so, the enterprise was able to realize a cost savings of nearly 60% for their total print spend, specifically a 75% cost savings for their direct mail campaign spend.

“Over the last year we have sourced direct mail, commercial print, promotional items, fulfillment and even automated voice mail delivery. Next year we hope to tackle the agencies,” said the Director of Procurement.

One of the main factors of this transformation was collaboration between the marketing and procurement departments, which allowed the enterprise to more easily determine the value of printing mail campaigns internally or externally.

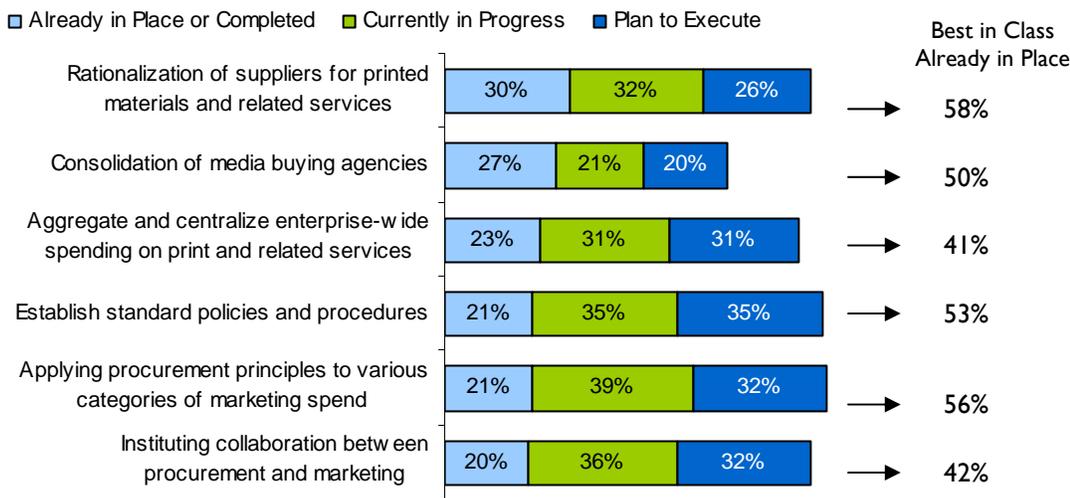
“When a mail piece has to go out, the details are sent to procurement. We tell the marketing department the best place to print,” said the Director. “When working on a new piece, they’ll also ask procurement what is the best way to do it. The big thing here is coming out as a team and collaborating with each other.”

Fast Facts

- √ **57%** of Best-in-Class companies have a procurement expert focused on the marketing category
- √ **47%** reported plans over the next year to utilize a technology or service to improve the management of this category

Figure 4 shows organizational and process-related strategies. Research showed that a surprising 39% currently have initiatives underway to apply procurement concepts to various areas of marketing spend. In terms of establishing standard policies for procurement of marketing materials, approximately 35% are currently undergoing this standardization.

Figure 4: Strategic Actions – Organization and Process Related



Source: Aberdeen Group, August 2007

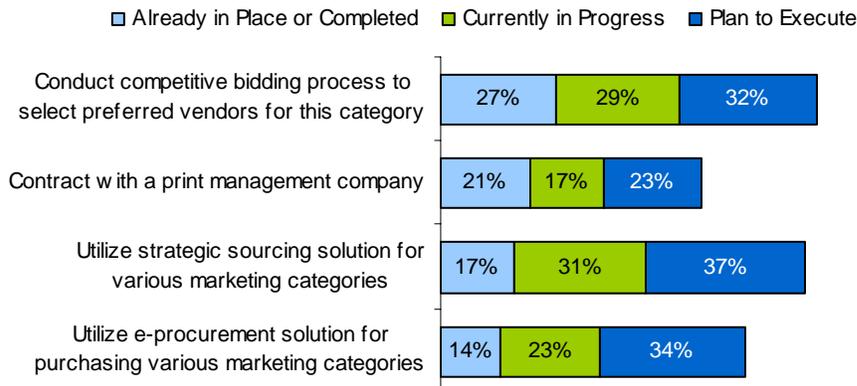
Continuing with the topic of strategic actions, survey respondents provided data on the use of technologies and services within this category. Figure 5 shows that the percent of enterprises that currently use procurement or sourcing technology for marketing spend is still minimal (under 20%). On the other hand, the use of a sourcing solution for marketing is currently in progress for about 31%, with another 37% planning to implement this capability.

Comparing this to Best-in-Class data is very telling – approximately 67% of the top-performing enterprises currently conduct competitive bidding, compared to 27% of all other companies. Best-in-Class use of sourcing and procurement solutions is also higher than other companies.

“Our major issue was that the number of people able to purchase print products was nearly 400. It was a massive issue, not to mention that there were over 250 suppliers. There was limited coordination at the corporate procurement level, which resulted in limited visibility at the service level.”

- Director of Procurement, Large North American Manufacturer

Figure 5: Strategic Actions – Technology and / or Service Related



Source: Aberdeen Group, August 2007

Competitive Assessment

The aggregated performance of surveyed companies determined whether they ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) process (standardization, procurement concepts); (2) organization (collaboration between procurement and marketing, demand aggregation, and centralization); (3) knowledge (supplier performance measurement, reporting, and analysis); (4) technology (sourcing and / or procurement solutions, print management providers); and (5) performance management (ability of the organization to measure the benefits of a program and use the results to improve key processes further).

Table 5: The Competitive Framework

	Laggards	Average	Best-in-Class
Process	Establish standard policies and procedures		
	8%	22%	64%
	Applying procurement principles to various categories of marketing spend		
Organizational Structure	11%	16%	52%
	Procurement expert focused on the spend category of marketing		
	14%	19%	57%
	Regular collaboration between procurement and marketing in purchasing of marketing materials and services		
Knowledge and Data	10%	15%	49%
	Aggregate and centralize enterprise-wide spending on marketing materials and services		
	14%	24%	49%
Technology and / or Service Usage	Reporting and analysis capability on marketing spend categories		
	5%	21%	60%
	Utilize e-procurement solution for purchasing various marketing categories		
Performance Metrics	7%	15%	42%
	Utilize strategic sourcing solution for various marketing categories		
	7.5%	13%	45%
	Contract with a managed service provider (i.e., third-party to manage all printing / marketing needs and related services)		
	6%	16%	39%
Performance Metrics	Conduct competitive bidding process to select preferred vendors for this category (RFP, RFQ)		
	13%	30%	67%
	Ability to monitor and enforce internal compliance with negotiated supplier agreements		
Performance Metrics	8%	12%	39%
	Ability to measure performance of suppliers (e.g., lead-times, pricing)		
	13%	18%	50%

Source: Aberdeen Group, August 2007

Level of Visibility

With “Marketing ROI” being a key metric for any marketing organization, it is surprising to see the limited level of visibility that enterprises have into data such as spend by brand, inventory level, transaction or job level details, and compliance to SLAs or contracts. On the other hand, Best-in-Class enterprises have substantially higher levels of visibility. For example, 60% of Best-in-Class companies have “high visibility” into spending by brand, versus the average of 27%.

Table 6: The Percentage of Companies that have High Visibility into Various Data Types

Data Types	Best-in-Class	Average
Spend by brand	60%	27%
Spend by project (e.g., marketing campaign, print campaign)	56%	22%
Cost savings	54%	18%
Total costs (including logistics, rush charges, re-orders, etc.)	53%	19%
Inventory levels (e.g., printed materials)	49%	26%
Total amount of spend on marketing materials and services	48%	26%
Transaction / job level detail (e.g., specifications, estimates, orders)	40%	13%
Agency compliance to SLAs / contracts	30%	13%
Supplier compliance to SLAs / contracts	28%	10%

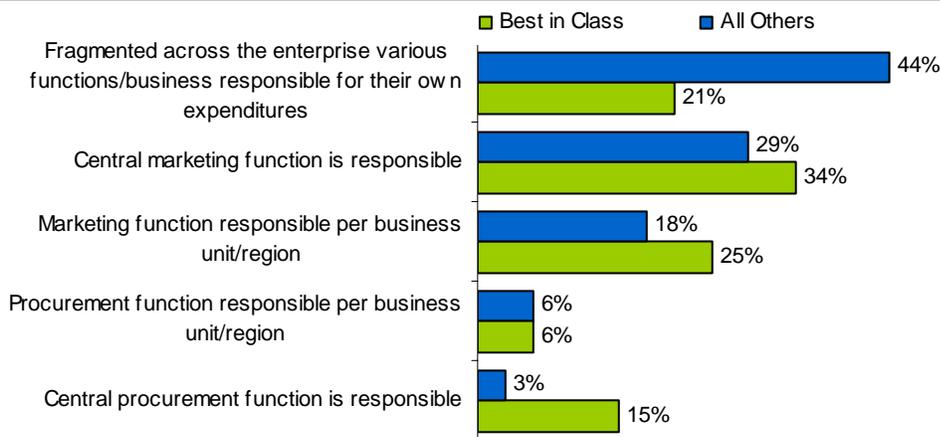
Source: Aberdeen Group, August 2007

Organizational Capabilities

An effective initiative to understand and control marketing spend can be accomplished through the application of strategies that addresses marketing’s unique and dynamic operational, organizational, and behavioral issues. Figure 6 is a depiction of the organizational structure of the survey pool, comparing Best-in-Class companies to all other companies. It is clear that a large percentage (44%) of enterprises still have a very fragmented approach to managing spend on marketing materials and services.

Best-in-Class enterprises have a slightly different approach, with approximately 20% having a fragmented structure, 34% having a central marketing function responsible, and 15% having a central procurement function in place.

Figure 6: Responsibility of Marketing Materials and Services Spend

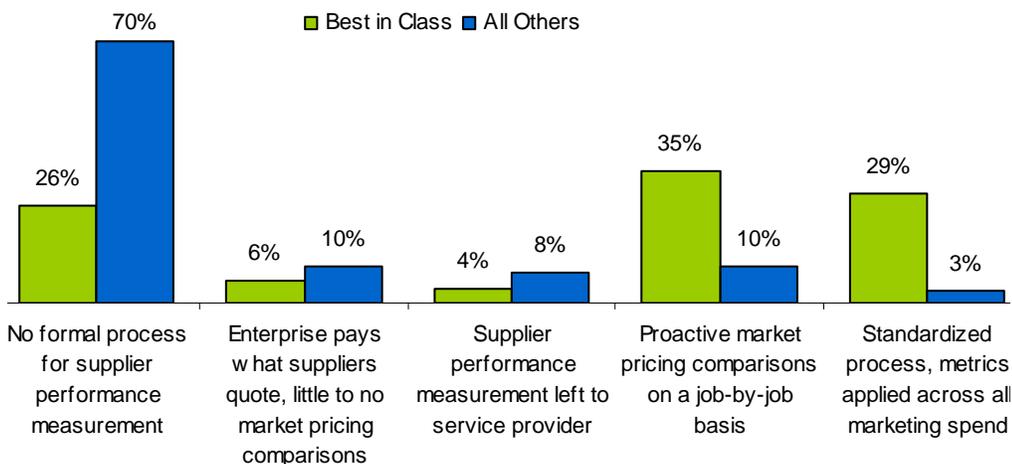


Source: Aberdeen Group, August 2007

Supplier performance measurement is clearly a procurement activity, however, since procurement’s influence over marketing spend has been limited in the past, a majority of enterprises do not measure the performance of their marketing suppliers. As shown in Figure 7, 70% of all other enterprises have no formal process for performance measurement, whereas, 29% of Best-in-Class have a standardized process and 35% conduct proactive market pricing.

As procurement begins to better understand the marketing category, the dynamics behind **ROI** goals, and the importance of quality and service-levels, they will be able to improve their ability to measure these suppliers. Supplier relationship management is critical in the marketing category, with the key word being *relationship*. Ideally, enterprises want a very well-managed relationship with their marketing suppliers to ensure top quality and service.

Figure 7: Performance Measurement of Marketing Materials Suppliers



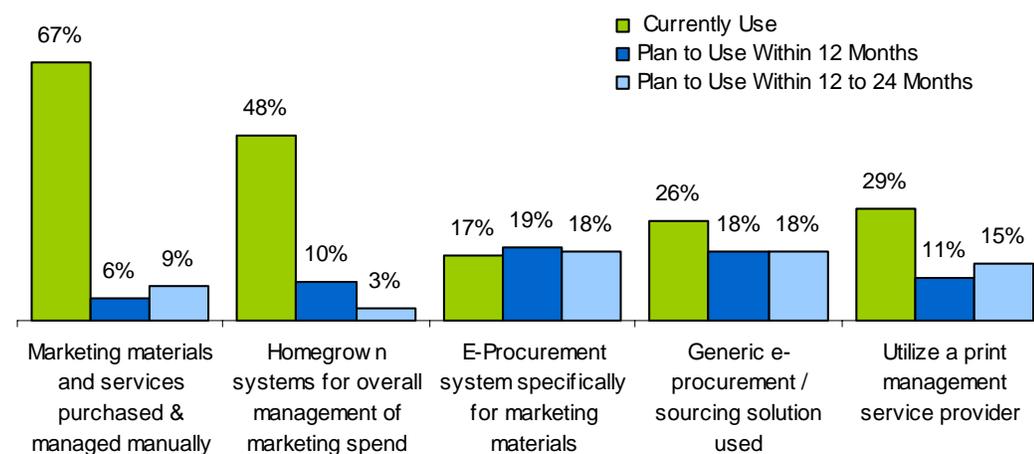
Source: Aberdeen Group, August 2007

Technology Usage and Enablers

In terms of the technologies and services that can enable more efficient processes and greater visibility within this category, there is nothing new here for procurement functions, especially the more sophisticated ones. Figure 8 shows the solutions enterprises are currently using versus how they plan to use these various technologies and services in the coming years. Currently, a large percentage of respondents are using manual methods or homegrown systems, however, a significant amount (29%) of respondents report using a print management provider.

Over the coming year or two, there is clearly more interest in utilizing technologies such as **e-procurement** or **strategic sourcing** but also in utilizing **managed services**. Also, over this time-frame, use of the more manual or homegrown systems seems to be dramatically decreasing.

Figure 8: Technology and/or Service Usage

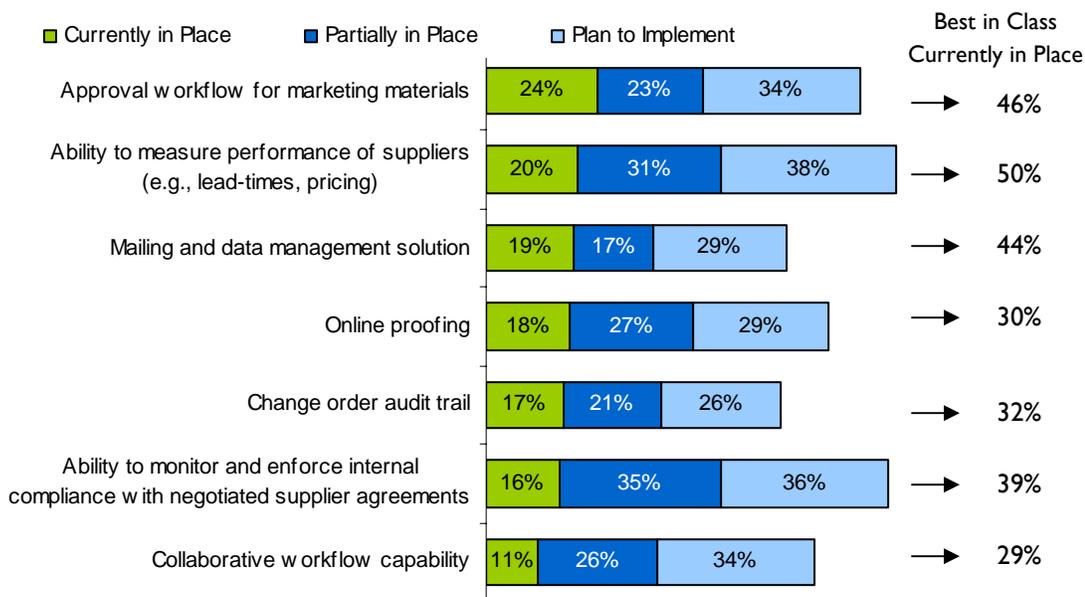


Source: Aberdeen Group, August 2007

Utilizing a managed services provider (essentially a business process outsourcing provider) usually means that a contracted third-party manages the end-to-end process of purchasing marketing materials. Although this sort of service traditionally involves printed materials, providers are expanding their services to include creative support, document reproduction and proofing, post-production inventory management, and logistics (including direct mail services).

Regarding technology capabilities that are more specific to managing marketing materials, Figure 9 shows the extent to which certain automation capabilities are being utilized. For example, research shows that enterprises are showing significant interest in improving their **workflow capabilities**, both between buyers and suppliers, as well as internally. This capability goes along with the collaboration theme. Also, enterprises are looking to gain the ability to measure and track **supplier performance** and **compliance** (38% and 36%, respectively). Additionally, research showed that a higher percentage of the Best-in-Class companies have these capabilities in place already.

Figure 9: Current and Planned Implementation of Various Capabilities



Source: Aberdeen Group, August 2007

Aberdeen Insights — Understanding Marketing

Marketing is typically differentiated into two major buckets: **above the line** (ATL) and **below the line** (BTL). ATL is used to describe traditional marketing activities that do not require a direct response but instead build awareness of goods or services (including television, radio, posters, and press). BTL is typically non-media advertising or promotions where commission has not been paid to the advertising agency (including direct mail, point of sale displays, and printed collateral).

The ATL activities are typically more difficult to address and cannot work using standard sourcing procedures, thus a more tailored approach is needed. If enterprises conduct ATL marketing, media space acquisition is likely to be a large portion of the budget and can result in significant savings. Also, creative service providers often provide more standard services (such as print production) and often tack on sizable margins. A good approach with ATL marketing spend is to separate various activities (such as creative services) from print production, thus close collaboration is needed with marketing.

According to a vice president of marketing for a large consumer products company, “We recently consolidated our media planning and buying to improve the effectiveness and efficiency of our global spend. We see this as an opportunity gain economies and media leverage”

Chapter Three: Required Actions

No matter the level of spend on marketing materials and services, enterprises should develop a strategy to gain further control of this spend category. Although this is a complex area of spend that certainly needs marketing expertise, there is a substantial opportunity to involve procurement and for the two functions to work together. Below are some recommendations that will help enterprises improve management of this category of spend:

Laggard Steps to Success

- **Assess and map out current processes for purchasing the various categories of marketing.** Before developing a strategy around marketing spend, it is critical to understand the current process through a combined effort between procurement and marketing. How much is being spent on this category? Who are the suppliers? How is that relationship managed? How many people have the ability to purchase marketing materials and services?
- **Understand the key market dynamics for each marketing sub-category.** For an effective spend management strategy to work within the marketing category, it is critical that procurement understand the market dynamics behind the various marketing sub-categories. For example, understanding the fee structure of an agency is critical because a lot of the charges are service or production related.
- **Encourage collaboration between procurement and marketing groups.** Instituting this collaboration is something approximately 50% of Best-in-Class enterprises have done (while only 13% of all other enterprises have this collaboration in place). Often the procurement group in charge of the marketing spend category has come from a marketing background. For this collaboration to work, procurement must improve their knowledge of the marketing business, and ensure clear role and goal definition and prove that their value-add goes beyond cost savings.

Industry Average Steps to Success

- **Initiate an RFP process for each category, or a combination of categories, depending on the suppliers' capabilities.** Create a short list based on internal requirements and evaluation, and then invite these vendors to an RFQ process. Due to marketing suppliers' misconceptions about sourcing activities, be sure to educate and communicate the sourcing process and plan (i.e., more than just cost cutting). Sixty-seven percent of Best-in-Class companies go through this process, versus 20% on average.
- **Identify the current marketing suppliers and optimize this supply base.** Often enterprises have too many suppliers of marketing materials and services. In order to gain control of this category, rationalization is critical. Almost 60% of the Best-in-Class enterprises have rationalized their supply base in this category, versus 24% on average. It is important that marketing work with procurement during this process so that the resulting list serves as a

Fast Facts

- √ **50%** of Best-in-Class companies have instituted collaboration between procurement and marketing
- √ **60%** of Best-in-Class companies have rationalized their marketing supply base

dependable network of approved suppliers that can be utilized for all marketing needs.

- **Consider utilizing a technology and/or managed service provider.** Procurement/sourcing solutions that cater to the special needs of this category can certainly add significant value in terms of more streamlined processes and enhanced spend visibility. Third-party expertise can be used to augment internal competencies by providing sourcing, procurement, and marketing experts. In addition to the current suppliers of marketing, these providers often have their own network of suppliers which are evaluated and measured consistently.
- **Consider implementing collaborative workflow capabilities.** Such capabilities will allow buyers and suppliers as well as internal collaboration around specifications, quotes, and costs in a more automated fashion. Approximately 30% of the Best-in-Class have this capability in place, compared to 5% of other enterprises.

“Although at first we were hesitant to involve procurement in our marketing activities, we realized the value they bring and are now considered an extension of the marketing group.”

**- VP of Marketing,
Large Consumer
Goods Manufacturer**

Best-in-Class Steps to Success

- **Track savings captured and formulate a plan for realizing savings or reinvesting into other marketing areas.** While savings generation is key, it is just as important to track these savings to ensure that they are captured (the result being budget cuts). Once captured and confirmed, investment into other marketing opportunities can be pursued – something that should be agreed upon between procurement, marketing, and finance prior to the exercise.
- **Measure and report on savings, performance, and compliance with contracts.** Establishing a method for measurement allows enterprises to continuously benchmark program performance. It is also important to track realized savings for allocation purposes as noted in the previous bullet. Active communication about program benefits, training, and updates is also a key to participation and involvement from internal stakeholders.

Aberdeen Insights – The Marketing Materials Supply Chain

Marketing’s objective is creating opportunities, customer satisfaction, revenue generating activities, product and service messaging, etc. (a lot of which is done via printed materials, branded merchandise, direct mail, creative/marketing services and media space). Procurement and supply chain, on the other hand, are tasked with cost reduction and efficiency, supplier performance measurement, coordination of activities from suppliers to customers (including developing optimal inventory strategies), ensuring product availability and on-time delivery, etc.

The development of marketing materials has numerous sub-processes:

- Budgeting and Planning
- Design and Review
- Production (including Localization)

Aberdeen Insights – The Marketing Materials Supply Chain

- Distribution
- Performance Measurement and Reporting

Additionally, there are numerous moving parts to the marketing materials supply chain that require co-ordination and collaboration such as agencies, writers, marketing departments, public relations, print buyers, fulfillment, warehousing, logistics, etc.

We believe that an effective way to manage this process is to view it as an extended supply chain to ensure visibility throughout the process and to maintain acceptable levels of both quality and cost.

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Appendix A: Research Methodology

Between July and August 2007, Aberdeen Group examined enterprise spend on marketing materials and services, including the experiences, and intentions of more than 270 enterprises in a diverse set of enterprises across the globe.

Responding executives completed an online survey that included questions designed to determine the following:

- Strategies for managing the spend of marketing materials and services
- The structure and effectiveness of existing structures and technology
- Current and planned use of tools, technologies, and strategies for managing this category of spend

Aberdeen supplemented this online survey effort with telephone interviews with select survey respondents, gathering additional information on marketing materials / services spend strategies, challenges, and results.

The study aimed to identify emerging best practices for managing marketing materials / services spend and thus provide a framework by which readers could assess their own management capabilities.

Responding enterprises included the following:

- **Job title/function:** The research sample included respondents with the following job titles: Manager (38%), Director (24%), Vice President (11%), Staff (8%), Consultant (6%), CEO / President (4%), as well as others. Job functions included Procurement (66%), Marketing (14%), Finance (5%), and other areas.
- **Industry:** The research sample included respondents industries such as Finance / Banking / Accounting (15%), Retail (14%), Manufacturing (12%), High-Technology / Software (12%), and many others across 24 other industries.
- **Geography:** The majority of respondents (63%) were from North America. Remaining respondents were from the Europe (19%), and Asia-Pacific (15%) with rest of world being 4%
- **Company size:** About 57% of respondents were from large enterprises (annual revenues above US\$1 billion); 32% were from midsize enterprises (annual revenues between \$50 million and \$1 billion); and 11% of respondents were from small businesses (annual revenues of \$50 million or less).

Solution providers recognized as sponsors of this report were solicited after the fact and had no substantive influence on the direction of the *Marketing Materials and Services Spend* report. Their sponsorship has made it possible for Aberdeen Group to make these findings available to readers at no charge.

Table 7: PACE Framework Key

Overview

Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:

Pressures — external forces that impact an organization’s market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)

Actions — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product/service strategy, target markets, financial strategy, go-to-market, and sales strategy)

Capabilities — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products/services, ecosystem partners, financing)

Enablers — the key functionality of technology solutions required to support the organization’s enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)

Source: Aberdeen Group, 2007

Table 8: Competitive Framework Key

Overview

The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance

Best-in-Class (20%) — Practices that are the best currently being employed and significantly superior to the Industry Average, and result in the top industry performance.

Industry Average (50%) — Practices that represent the average or norm, and result in average industry performance.

Laggards (30%) — Practices that are significantly behind the average of the industry, and result in below average performance

In the following categories:

Process — What is the scope of process standardization? What is the efficiency and effectiveness of this process?

Organization — How is your company currently organized to manage and optimize this particular process?

Knowledge — What visibility do you have into key data and intelligence required to manage this process?

Technology — What level of automation have you used to support this process? How is this automation integrated and aligned?

Performance — What do you measure? How frequently? What’s your actual performance?

Source: Aberdeen Group, 2007

Table 9: Relationship Between PACE and Competitive Framework

PACE and Competitive Framework How They Interact

Aberdeen research indicates that companies that identify the most impactful pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute.

Source: Aberdeen Group, 2007

Appendix B: Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report includes:

- [Category Management Series: Print and Print Services](#)
(October 2006)
- [Expense Management Automation](#) (February 2007)
- [The CPO's Strategic Agenda: Managing Performance, Reporting to the CFO](#)
(February 2007)

Information on these and any other Aberdeen publications can be found at www.Aberdeen.com.

**Authors: Vishal Patel, Senior Research Analyst, vishal.patel@aberdeen.com
Christopher J. Dwyer, Research Associate, chris.dwyer@aberdeen.com**

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