

# Marketing Supply Chain

## Understanding the Critical Factors to Achieving Marketing Supply Chain Operational Effectiveness & Optimization

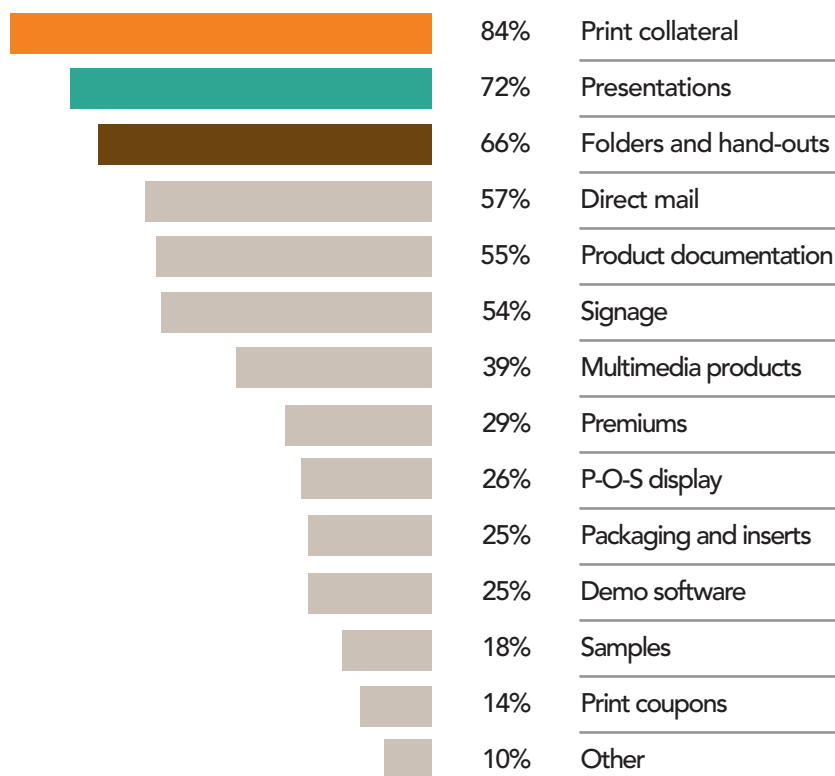
There is an epidemic that threatens the optimized Marketing Supply Chain. As marketers seek to provide the most timely, fresh and of-the-moment content to customers and channel alike, old, over-ordered or un-utilized materials tend to be stored, destroyed or ignored, left to sit and occupy costly space in offices to warehouses. High levels of waste can generally be attributed to limited access to material utilization, a lack of visibility into the operational process, and a general lack of forecasting and operational rigor. All of these

factors combine to create an epidemic of waste that can be summed up most accurately as *Obsolescence*.

Obsolescence is not a single excessive order or single pile of un-used collateral not the issue. The pile is merely the visible symptom. In fact, it is what cannot be seen—that is behind the scenes and invisible—that makes an indelible impact on marketing effectiveness and can derail, detract or damage the customer experience.

The shelf-life of marketing consumables and promotional materials has never been shorter or more challenging to manage. Marketers are spending billions of dollars producing, warehousing and shipping marketing literature, packaging, documentation, point-of-sale displays, premiums, giveaways, signage and hand outs for all channels of market contact and engagement. How well this portion of Marketing Operations is managed and controlled can materially impact go-to-market effectiveness, as well as the optimal use of marketing dollars in creating business value and competitive advantage.

What promotional materials and marketing consumables do you produce?



## The Ramifications of Marketing Supply Chain Inefficiency

There are two key aspects to investigate while discussing impact of obsolescence: the impact on budget and the impact on experience. Even as marketers admit to the criticality of content, 51 percent also admit to having sent out old materials containing out of date content. Why you may ask? For a small few, warehousing error (2 percent) can be blamed. And an additional 61 percent can point to their printer/agency/creative for not having the materials ready in time for launch. It is the 23 percent of marketers who simply did not know that the old material was sent that is the concern. Are these marketers not interested in this point of the experience and engagement? Or could it be more likely that regardless of their desire to have this level of visibility, it is simply not available?

## Waiting for a Priority Shift

The question still remains that if content is king, and if content is constantly updating and changing to deliver the most relevant and timely information to customers, why are marketers not applying more rigor to managing the flow of these critical consumables within the supply chain?

However, there are still companies who are finding transformation to be a challenge. Most

simply do not view the reduction of obsolescence as not a key priority (50 percent). As one marketer stated, “Waste is just taboo and a can of worms. To open it holds little reward and no compensation, so there is little motivation to start down this road.”

Yet transformation is on the minds of savvy marketers dedicated to operational efficiency and effectiveness. Additionally, there are very real strategies and opportunities to engage that can work to streamline the Marketing Supply Chain.

### Obliterating Obsolescence

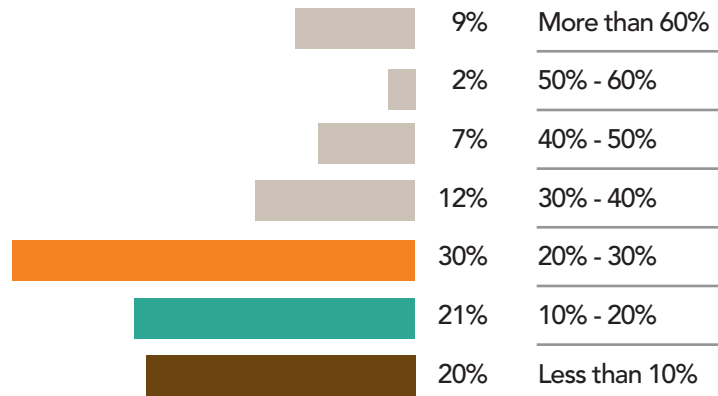
The opportunity lies with marketers to transform the Marketing Supply Chain operations and make significant strides to reduce obsolescence and in turn, redeploy budget that was once wasted on these out-of-date materials.

**Leverage digital printing strategies – including Print On Demand (POD):** Digital printing technology has come of age, enabling economic production of low print. Lower production quantities result in a lower total cost of ownership by reducing capital investment in inventory, storage charges, and waste. A POD strategy can further reduce costs by eliminating inventory, storage, and in-bound freight costs. POD also enables more current and customizable content through the application of Web-to-Print and variable data printing, allowing marketers to send personalized messages with up-to-date content, without fear of wasted material with out of date of off -strategy messages being stockpiled in inventory.

**Cross-Functional Collaboration:** Marketers are looking to work more closely with cross functional teams in finance, sales, procurement, warehousing and operations to better forecast and eliminate over ordering. Far too many marketers indicate that orders tend to revolve around “per piece orders” or on unknown utilization levels. Through collaboration across various functional areas, marketing will be able to better forecast, monitor and manage Marketing Supply Chain operations.

**Go-Green to Gain-Green:** When it comes to the reduction of obsolescence, the more impact made on waste reduction, the greater the green-gains. Obsolescence creates a very real environmental impact that goes beyond paper. Excessive ordering and a lack of process, visibility and measurement in the Marketing Supply Chain often necessitates rush ordering, additional shipping, handling and logistical

How much of your marketing budget is spent on marketing consumables, including packaging, literature, promotional items, signage, exhibits, or point-of-sale materials?



demands that all impact emissions, natural resources and carbon footprint. By applying a clear strategy that is focused on reducing obsolescence, marketers can transform the Marketing Supply Chain into a greener operation that optimizes spend and operates as a global green steward.

**Bringing in the Big Marketing Supply Chain Brains:** Marketers are sensing that to truly affect change, they must turn to experts and third party resources who are better equipped to identify key areas of needs and transformation. As noted in the *Define Where to Streamline* research, less than one quarter of marketers have undergone a comprehensive audit of their Marketing Supply Chain. As customer experience and budget are on the line, and as more marketers are becoming attune to the money being left on the table because of a poorly managed and constructed Marketing

Supply Chain, experts who can apply leading practices and measures to help optimize operations have become essential to transformation.

Marketers must begin to look at these individual symptoms of inefficiency with the Marketing Supply Chain in order to optimize budget allocation, operational management and even the delivery of customer experience. Obsolescence is one of the most serious challenges to Marketing Operations as it looks to undermine budget and operations. The good news is that a streamlined Marketing Supply Chain is possible. The challenge is that in these critical times where customer engagement is top of mind and budgets are restricting how far and wide programs can potentially reach. Waste and unchecked obsolescence are no longer issues left to other departments or hidden in a marketing closet.

How do you forecast the utilization of these items and materials?

