



Efficient marketing supply chain management: Growth, without growing

Cut costs. Raise turnover. Despite increasing complexity and strapped resources. Two goals that aren't necessarily a contradiction. Dovetailing services with all stages of the marketing supply chain helps processes run more efficiently. So you access huge pools of untapped potential – boosting profitability without long-term investment in resources.

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Marketing Supply Chain 2010
How integrated solutions can add oomph to marketing campaigns

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Best practice: intelligent supply chain management
Huge savings, thanks to arvato's best-in-class methods

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Caught between efficiency and complexity

Editorial

Tight margins, increasing complexity, less time to implement marketing campaigns – modern business presents companies with a variety of new challenges at every stage of the marketing supply chain.



To hold their own against stiff competition and meet intensifying demands, with the same or even fewer internal resources, companies need new solutions. Today, businesses face a number of issues. For example, how can increasingly interwoven processes be implemented efficiently? Can costs be cut while simultaneously improving the impact of advertising campaigns? Can increasing levels of complexity be managed in a way that creates value? Is it possible to do justice to marketing and procurement goals when saving money is also a priority? Where is there still untapped profit potential? What opportunities lie in different partnership options – inside and outside the company?

In this edition of Spotlight: The Marketing Supply Chain, we highlight potential solutions to these issues and ways to pinpoint profit potential. Is it possible to grow without growing? Most certainly – see for yourself!

Yours,



Boris Scholz

Vice President
arvato services | corporate information management

The global movement of goods is increasing all the time. Hand in hand with this, it's becoming increasingly important to share the right information and materials about the product or company. As well as giveaways, point-of-sale materials and merchandising, supplementary media in particular are increasingly popular – campaign collateral such as marketing materials and information packages (pre- and post-sales) tailored to the target group. And these materials need procuring, creating, stocking and distributing, in every corner of the globe – either physically, digitally or both.

In multi-brand companies, it's not uncommon to find marketing campaigns running in parallel across several departments at the same time. This makes it easy to lose track of what's going on – which has a knock-on effect on the efficiency of internal processes. Marketing logistics are intrinsically highly complex, so the only way to add value and ensure that marketing campaigns achieve their full impact is to dovetail processes intelligently so that they link seamlessly.

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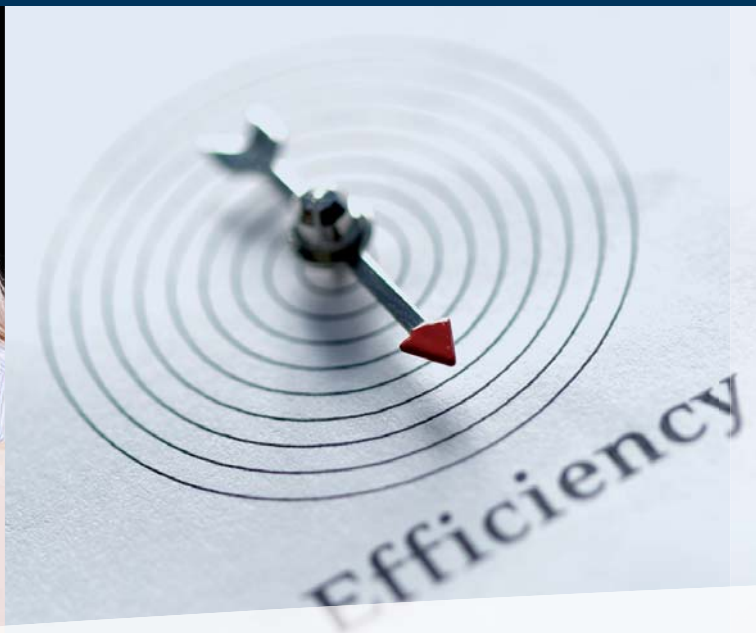
arvato services can truly be called a 'business partner' as it provides us with end-to-end solutions that enable us to fulfil key customer loyalty goals. Not only were we won over by their know-how, understanding of CRM fulfilment and B2C logistics, we were impressed by their flexibility and the reliability of their IT solutions, which link processes together efficiently.

Dagmar Klein, CRM Process & Insight
Mazda Motor Europe

➔ Integrated solutions, maximising the effectiveness of marketing

Central to this is the ability to look at the process as a whole, and knowing how to continually optimise key influences in an integrated fashion along the entire marketing supply chain. Essentially, the key is to proactively steer all processes. This becomes increasingly important as the product portfolio and communication channels grow in complexity.

Pigeonholing marketing logistics as 'just' warehousing, or the distribution of materials or information, no longer reflects modern business practice. It also does not do justice to existing and emerging requirements. These aspects are just part of a bigger picture. Demand-based procurement, transport management at optimised cost, and packaging and customisation of marketing materials are part and parcel of marketing logistics. As are financial services, multilingual B2B and B2C customer management,



We make sure your products and advertising materials reach the POS – right first time, on time.

modern content services for digital marketing logistics, and customer relationship instruments linked efficiently using appropriate cross-media logistics concepts.

“Given the rising number of demands, we’re consciously banking on integrated solutions. Pivotal to this are our IT systems, which are scalable, totally modern and matched to the specific nature of marketing logistics. They’re based on the experience and development know-how we have gained from working with over 30 leading multi-branded goods companies over the past four decades. It’s this knowledge that allows us to link the various fulfilment activities seamlessly. This creates transparency across the board, maximises process efficiency and creates tangible savings,” explains Andreas Rempe, Vice President of Sales & Business Development at arvato services.

→ **Managing promotions in a targeted manner**

It already becomes apparent how crucial transparency is at the beginning of the process chain. Historical data, web-based demand definition tools and targeted point-of-sale profiling make it possible to determine how many promotional items, banners or displays are needed at each point of sale, before the marketing campaign has even begun. This information can be used in a targeted way to plan, produce and organise materials as needed for marketing campaigns and mailings. Further down the line, this data is tremendously useful, as Holger Nitsche, who manages the VW key account at arvato services, explains: “Because so many promotions run in parallel, the people at the POS often don’t realise something’s missing. We use a continuous ‘negative reporting’ system, so we know early on if a point of sale or even the end customer has not got what they need. This allows us to react in time and make sure there are no skipped deliveries. So the advertising or promotional items are made use of as planned, rather than disappearing into thin air.”

Given the trend towards digitalisation, content services are also essential. When used properly, these can link information, processes and people in an efficient way. Especially in areas where information is needed frequently, constantly and quickly across several media, web-based solutions can be extremely useful. This is particularly pertinent to marketing departments in large, multi-brand companies. Here, in a similar way to sales and marketing materials, information is a time-to-market factor that plays a pivotal role in gaining competitive advantage.

→ **Digital marketing logistics – one step ahead**

Thanks to user-friendly online front-end solutions, customers can now look at information any way they choose and download data at the click of a button. Modern knowledge-based data and marketing logistics bring benefits to colleagues, too. With more and more product customisation and complexity, up-to-date information available to employees 24/7 in just a few clicks is increasingly vital. It must also be reliable and uniform as staff need this to serve and advise customers professionally. Add to this fully integrated web-to-print solutions, and it’s now possible to generate information and communications in keeping with CI at the click of a mouse – quickly, up to date, made to measure and across a number of countries. This is particularly useful in decentralised companies.

“We’ve noticed a tendency to tweak processes on an individual basis – without looking at the broader picture or all processes together. Processes skipping from one medium to another, or information being stored unnecessarily in more than one place adds cost and superfluous time investment. Companies should focus on integrated solutions, as they act as a solid foundation for the challenges of the future,” summarises Boris Scholz, Vice President at arvato services | corporate information management. ■

Growth, without growing

Increasingly complex product portfolios and distribution channels combined with tighter margins are creating new challenges for many companies – at all stages of the marketing supply chain.

Mr Scholz, with all your experience in marketing services, what for you are the biggest challenges faced by marketing departments these days?

The difficult economic situation is forcing lots of companies to scrutinise cost structures – and of course, this includes marketing budgets. But instead of simply slashing spends, they ought to be using this as an opportunity to put the whole process under the microscope – from campaign planning to implementation of marketing plans at the point of sale, looking closely for untapped profitability. The key here is to change things systematically, at all stages of the value chain – not just in one or two places, as is so often the case. That's more like 'muddling through' than proactive solution-finding. The overall objective has to be to implement the stated marketing goals despite lower budgets, such that there's no negative effect on advertising impact – this is the real priority. And the current economic crisis is certainly a challenge.

So what do you believe the future still has in store for marketing departments?

Marketing management is now much more complex than it used to be. There are more and more products, so there are more campaigns that have to be implemented at shorter intervals, internationally and cross-channel. We live in fast-moving times and this is particularly noticeable in marketing. Often, there's no time for long-term planning. More than ever, quick reactions and flexibility are called for. The marketing departments of our clients have to gear themselves to this increased complexity. But as a rule, they don't have increased resources. So the magic formula is 'growth without growing'. This entails professional project and process management, which is where we come in.

What can you do to support company departments?

We've been working closely with the marketing departments of large international multi-brand companies for more than 40 years. We know the demands our clients face and have been providing them with marketing support for years. But that's not the whole picture, as all this does is shift the onus. We provide our clients with proactive support in implementing processes and campaigns based on our 'Marketing X-Change Solution' – an ingenious combination of sophisticated IT solutions and dedicated back office support.

And what exactly are the benefits of the 'Marketing X-Change Solution'?

Our solution integrates all parties involved in the marketing process. Different departments, such as marketing, product management or procurement, interface with different creative or production agencies, as well as international suppliers and logistics providers. Frequently, our clients don't have a consolidated overview of every single marketing activity within the organisation – many of which are decentralised. Quite rightly, the question that people pose in this context is, 'How can marketing do justice to its role of proactively holding the reins?' Imagine something changes, such as the circulation or a specification, and that cascades into a change of supplier, which has a knock-on effect on the delivery date and logistics. Currently, communication is handled manually and on an ad-hoc basis. The outcome: emails with distribution lists as long as your arm and dozens of stressful phone calls. Our approach is to simply turn the allocation of responsibility upside down. Rather than 'we retrieve information', it's 'they provide information'. So every person or link in the chain

only delivers the information the IT system asks them to. The 'workflow engine' of the 'Marketing X-Change Solution' automatically sets the next step in motion. If something changes in the way I described earlier, the system proactively makes sure the information is handed on to the people it actually affects. So the system links up parts that belong together and channels the information efficiently to the people or places where it's really needed. As well as making everything highly transparent, this makes it possible to monitor costs and take quick and effective action.

Mr Scholz, one last point: what makes arvato services the right partner for customers to do business with?

I can think of two key reasons: as a provider of supply chain management solutions for marketing materials, we've always had a detailed understanding of how to manage processes 'end to end'. We already dovetail neatly with the most important people and parts of the process, so we know their specific needs. Also, by being part of Bertelsmann, one of the world's biggest media concerns, we have a natural predisposition for understanding media products – from their initial conception to final delivery to the customer. This gives us unique abilities and specialist know-how that make a decisive difference to our customers. ■

Boris Scholz is Vice President of corporate information management and a specialised service provider for the field of marketing logistics at arvato. Scholz pinpoints the latest trends and defines potential areas of activity.

Large-scale cost cutting

Companies often cut costs when the going gets tough – an understandable knee-jerk reaction. Cost cutting seems to be the order of the day to safeguard business liquidity. But cutting corners by skimping on material quality in purchasing, or by scaling down marketing campaigns, can lead companies into a downward spiral – potentially causing serious damage to their brands. So what can companies do to strike the right balance between marketing and purchasing goals? Where is the best place to make savings? One solution: intelligent procurement.

Pinpointing the right supplier in terms of product, quantity and timing can be a tremendously effective way to cut costs. Experience with actual projects shows that compared to straightforward price negotiation, this alternative approach to procuring products offers significantly higher potential to save money. But how do you go about finding the 'right' supplier? With over 11,000 potential suppliers in Germany alone (according to the German Printing and Media Industries Federation), this is easier said than done.

Best-in-class – drawing on a wealth of know-how to achieve success

The approach of arvato services is based on the 'best-in-class' system. During client invitations to tender, arvato services only approaches the best of the best. This is where company strengths really come into play: direct access to an international network and highly relevant marketing knowledge. As market leader in the field of marketing logistics, with over 30 clients in the international multi-brand segment, arvato services has been monitoring the supply markets for years. The insights gained from this have been captured in a detailed database. As well as 'conventional' market data, arvato services evaluates inbound delivery data for all of its clients (with their consent) and stores it in a specially created database. By referring to this systematically condensed information, arvato services can pinpoint the best supplier

for any given product, volume and delivery deadline. Many of our clients support us with this mutually beneficial system.

Identifying the crème de la crème

Depending on the specific requirement, arvato services can then conduct a search and identify the 'best of the best' for the respective product volume. We then invite the best suppliers to submit competing offers, hence the term 'best in class'. This ensures that the database only contains suppliers that have won at least one invitation to tender. Trials carried out for clients confirm that the approach works and that potentially huge savings of more than 30% can be made on a single tendered product.

"What makes the best-in-class database so unique is that it continually updates itself automatically, with every inbound delivery. This allows us to provide clients with our very latest knowledge at any given time," explains Markus Kern, Head of Procurement at arvato services | corporate information management. "Combined with procurement offered as a managed service, we can then offer clients even more ways to cut costs – overall savings that the company could scarcely achieve by itself." ■



corporate information management



arvato services | corporate information management

As a member of the arvato AG group of companies, arvato services employs over 35,000 people in more than 110 locations worldwide, making it one of the world's biggest internationally networked media, communications and logistics service providers. The corporate information management division develops, implements and operates integrated, end-to-end supply chain solutions for the provision

of marketing materials, documentation and sales materials. From professional procurement management to the multi-channel distribution of media, arvato services supports its clients in making continual improvements to their processes, thus enabling measurable value-added at all stages of the value chain.



Solutions that create value.

GETTING IN TOUCH

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