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Time to Couple Up

25 June 2010 | By James George and Iain Buswell, iris Concise

It's official: marriage rates have fallen to their lowest level since records began. Things seem to be going a similar way in the marketing and advertising industry, with organisations continuing to 'de-couple' their operations. This involves distilling out what their creative agency does from what a production-only company can provide in the delivery and execution of marketing campaigns. But in today's landscape, does it still make sense to separate these two core parts of the process and how does this approach affect the final product's resonance with consumers?

As we enter a new era of economic uncertainty and marketers wrestle with the heightened pressure of guaranteeing an even higher level of return on campaigns with an ever-decreasing pot of money, the emphasis on speaking to consumers in a timely and relevant manner is more prominent than ever before. But unless marketing organisations begin to rethink the inefficiencies in their marketing supply chain to address this increasing need to speak to consumers in a way that is relevant to them, they'll continue to fork out more than they need to for a wasteful 'one-size-fits-all' approach.

The marketing and advertising industry is undergoing seismic changes. Ever-increasing complexity of campaigns, downward pressure on costs from price-conscious clients, and this relentless drive towards relevant and targeted marketing has created significant challenges. The marketing services industry has been – and still is – a creative industry. Creativity is what the industry sells. It's for these reasons, among others, that the industry has so far avoided an era of ruthless cost cutting and process re-engineering. But as management consultants, it is our job to constantly look for opportunities to enhance profitability and efficiency for our clients, and therefore we analyse our marketing supply chains with the same level of depth as businesses and other processes – with commercial rigour and a focus on efficiency.

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De-coupled organisations are meant to be transparent, but this is often far from the case. In reality, they are often housed in the same building, with savings only generated through using slightly less expensive labour. Combined with the lack of accountability between agency and production house, and therefore operational inefficiencies for the end client, it is unsurprising that mistrust of this method has emerged in the industry. Furthermore, de-coupling fails to address many of the key challenges facing the industry highlighted earlier – particularly the twin challenge of greater campaign volume and increased relevance.

Differences do exist in the various business models and supply chains of organisations across the globe. Europe has observed a greater emergence of technology efficiencies in the supply chain than the USA for example, where big agency networks dominate and de-coupling is in vogue. Asia on the other hand is serviced sub-optimally by big and regional networks. But each region has something in common: they are failing to harness one very important tool in their armoury.

Nowhere are marketing organisations truly utilising the power of technology in the way that they should to better service customers and clients. For example, automated templating and scaling tools, in addition to content management solutions, now allow much faster versioning across a multitude of media; permitting far greater flexibility and control on what, when, and how customers receive marketing communications. Furthermore, workflow tools have advanced from simple audit and reporting systems to those which conserve all marketing knowledge within an organisation, enabling marketers to effectively track ROI.

In tomorrow's industry, only technology-enabled marketing organisations will allow businesses to keep their marketing as timely and relevant to customers as possible, as the variety of media formats, channels, and cultural markets continues to spiral. Only technology-enabled organisations will be able to manage the demand for volume, complexity and consistency of campaigns, but also drive down costs and provide much sought after hard-success measures and ROI. In addition, technology-enabled agencies require fewer staff so costs are reduced, yet there is full accountability from end to end.

Surely this is a win-win for everybody, right? Wrong. There are some who this won't appeal to. Agencies who are determined to wring more money out of clients' budgets will struggle with the honesty and transparency associated with this process. But as they say marriage isn't for everybody.

Fig 1. Today: How agencies and production houses support the supply chain

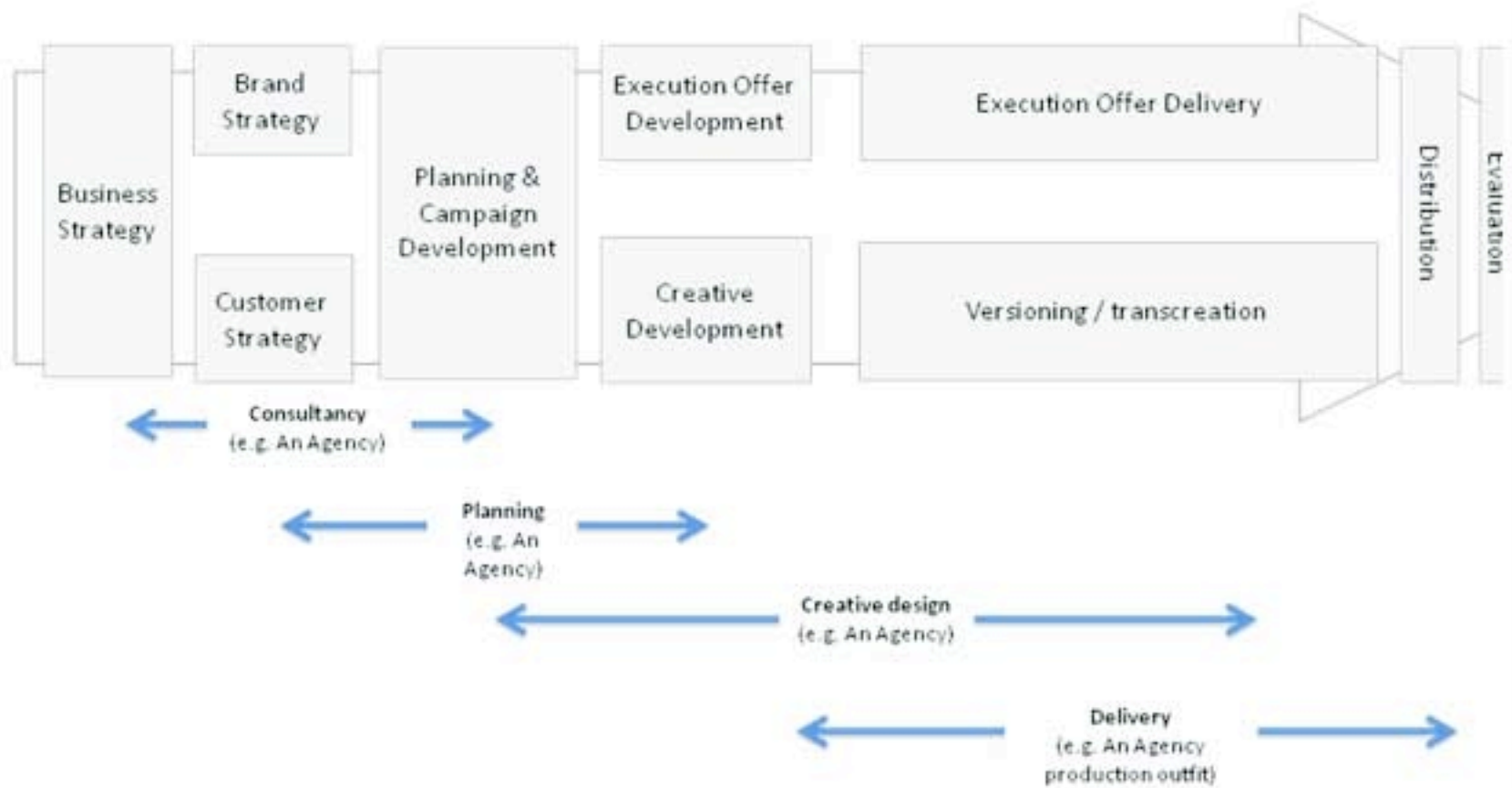
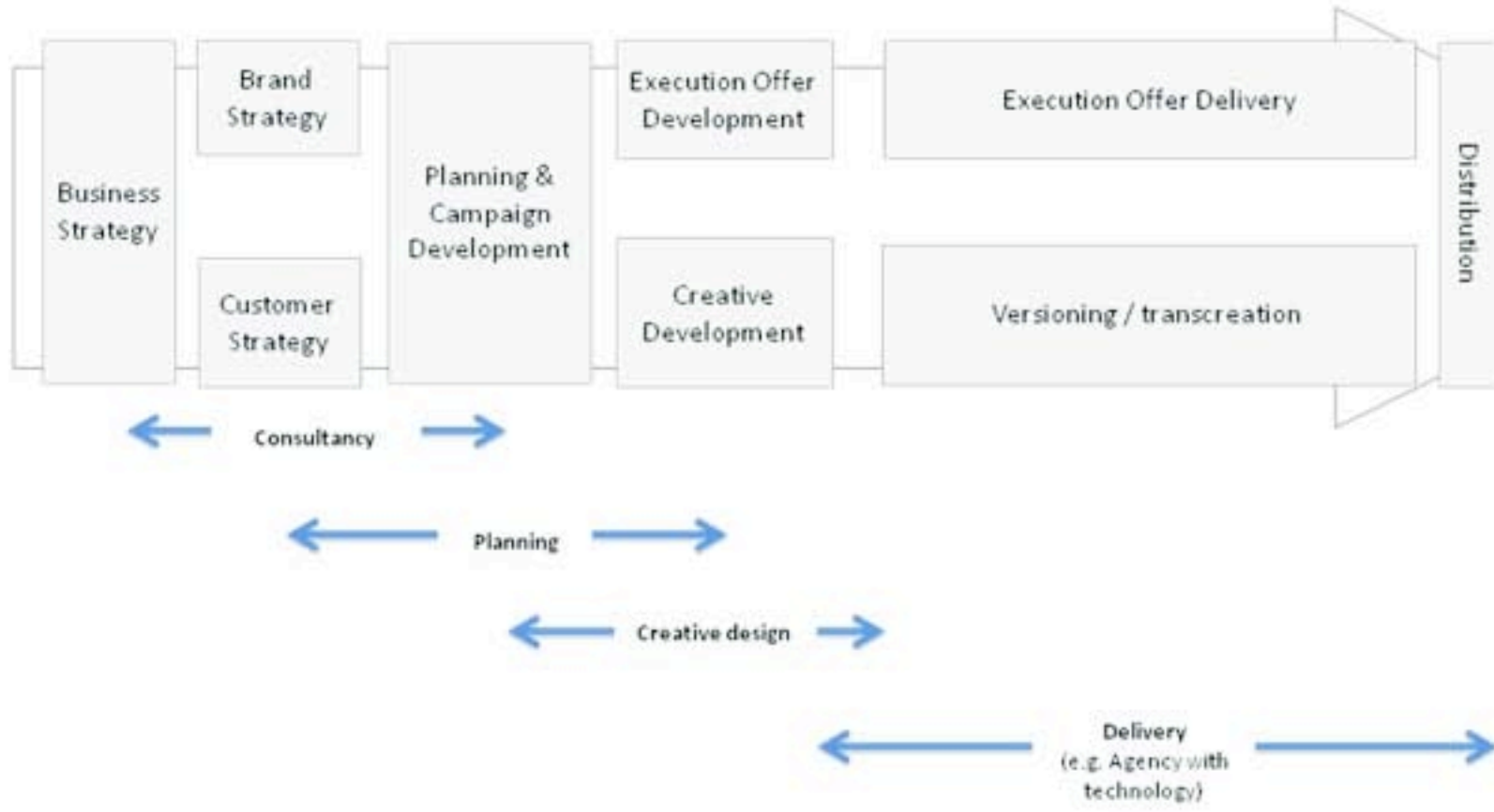


Fig 2. Tomorrow: How agencies and production houses support the supply chain



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