

# OPTIMIZING MARKETING SPEND FOR THE MODERN CMO

Strategies to fuel the delivery of modern marketing



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CEO, blur Group

# EXECUTIVE SUMMARY

While the customer is increasingly the driving force behind marketing strategy and decision making, a significant shift in the general business landscape and the growing complexity of modern marketing is placing new expectations on all marketing professionals to deliver.

In particular, senior marketing leaders must find ways to handle four key challenges:

- How to operate in a world where corporate cost-cutting strategies are driving CEO decision-making more and more.
- How to adopt new, agile marketing tactics that are better suited to the increasingly complex behavior of savvy consumers.
- How to better understand the disruptive role of digital channels that are already absorbing more than 50% of total advertising spend.
- How to address the current inefficiencies and wasteful purchasing within the marketing function will come under ever-greater scrutiny during a period of cost reduction.

So, though Chief Marketing Officers (CMOs) and Marketing Directors will remain accountable for innovation, customer experience and the bottom line, they will also now need to be seen to be fully optimizing their spending.

That means not just being able to justify their every purchase, but also to ensure that each cent of every marketing dollar is money well spent and clearly demonstrates real value in return. Adopting such a detailed, 'cellular' approach to spend management will require a revised understanding of how best to buy marketing goods and services in an increasingly digitally-driven world.

This paper was created to inform Chief Marketing Officers and Marketing Directors of new trends in the purchasing and delivery of marketing goods and services in a world of fast changing consumer behavior and the rapid expansion of digital marketing channels. Real world data, case studies and third-party research are used to demonstrate the need for senior marketing leaders to build spend optimization into their skills framework to ensure that all marketing spend is of proven value. This report includes industry insights, best practices and key recommendations to help senior marketing leaders reshape the way they apply, measure and optimize their spend.

# DEFINING THE ISSUES

## Where We Are Now - a CEO's view of marketing spend

90%

Of organizations are planning cost reduction strategies in 2016-17

The art and science of marketing is changing. It will continue to do so against an economic backdrop of global business being reshaped by technology, concerns over future growth, a slowdown in China, a Europe left disrupted by Brexit, and with the future of the US yet to be decided.

Against this backdrop, Deloitte's biennial survey of cost improvement practices and trends in Fortune 1000 companies<sup>1</sup> presents a picture of retrenchment with 90% of organizations worldwide planning to cut costs in 2016-17 (regardless of their revenue growth) and 73% of CEOs already doing so. Of those companies surveyed, 59% were looking to reduce spending by over 10%, while 33% were seeking reductions of more than 20%.

85%

Of procurement executives rank cost reduction as their highest strategic priority in 2016

The Hackett Group<sup>2</sup> reports that increased business uncertainty and risk are leading to a resurgence in cost reduction strategies. According to their study of procurement executives from nearly 180 large companies in the US and globally,<sup>3</sup> reducing and avoiding purchase costs is their highest ranking priority in 2016, cited by some 85% of respondents.

If CEOs and Chief Procurement Officers (CPOs) are intent upon driving down costs across their business, then savings will be naturally be expected within every function. Marketing is likely to be one of the first areas to come under the microscope. As a result, all marketing professionals will increasingly be called upon to demonstrate even greater accountability for their marketing spend.

## The Challenge for CMOs - a new set of rules

However, during periods of doom and gloom, marketing has always seen itself as something of a 'special case' - protecting and defending the brand from 'bean counters' and their harmful cost cutting assaults. Heads of marketing have generally pushed back at these times arguing that when the going gets tough one should not compromise the company's ability to generate revenue by questioning investment in the brand. Research from McGraw-Hill often creeps into the conversation at this point in support.

1. <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Process-and-Operations/gx-operations-cost-survey-report-2016.pdf>
2. <http://www.thehackettgroup.com>
3. <http://www.thehackettgroup.com/research/2016/key16fn/>

In a study of 600+ American businesses with relatively similar sales revenue, McGraw Hill Research's Laboratory of Advertising Performance (LAP) found firms that increased their ad spend during the early 1981-82 recession, actually grew sales during the next three years by over 250% compared with those that had cut back.

Unfortunately, if marketing wishes to present itself as something of a protected species, it can't rely on single moments of historical success, but instead must overcome one big hurdle: how to consistently prove and justify the value of what it spends each and every time a marketing dollar comes off the budget.

## Marketing Procurement - under the microscope

Chief Financial Officers (CFOs) and procurement teams are particularly looking to identify wasteful and inefficient purchasing when it comes to indirect spend (being that 20% or so of total spending which is spread between some 80% of an organization's suppliers). Many of these are providers of marketing services.

Compared to direct spend, indirect spend is an untapped source of potential savings. In fact, the annual global cost of indirect procurement waste due to inefficient processes and wasteful purchasing is estimated to be \$2.28 trillion.<sup>4</sup>

Indirect spend is expenditure on goods and services, such as marketing services, office equipment and property services, which are not directly related to the creation of an enterprise's core products.

UP TO  
\$2.28T

The estimated global cost of indirect procurement waste due to inefficient spending processes and wasteful purchasing behavior

Calculate wasted purchasing in your marketing spend  
[www.blurgroup.com/procurement-waste-calculator/](http://www.blurgroup.com/procurement-waste-calculator/)

### Estimated Procurement Waste in Indirect Spend by industry and company



**Oil & Gas - Integrated Operations**  
Revenue \$265b  
Employees 94,000  
Indirect Spend \$80b  
Potential Savings: \$3.9b



**Biotechnology & Drugs**  
Revenue \$15b  
Employees 46,000  
Indirect Spend \$6.9b  
Potential Savings: \$3.9b



**Educational Services**  
Revenue \$1.3b  
Employees 6,000  
Indirect Spend \$245m  
Potential Savings: \$11.8m

Estimates created via blur Procurement Waste Calculator [www.blurgroup.com/procurement-waste-calculator/](http://www.blurgroup.com/procurement-waste-calculator/)

This creates a massive opportunity for cost reduction. If procurement teams are to successfully cut costs in this area of spend, they need to apply the same razor-sharp attention to all indirect purchases as they currently do to direct transactions. Therefore, with marketing often being the majority shareholder of this kind of spend, it is critical that CMOs and their teams demonstrate that the indirect spend that they oversee is being efficiently spent and managed so as to deliver the greatest value possible.

4. <https://www.blurgroup.com/blogs/procurement/white-paper-procurement-waste/>

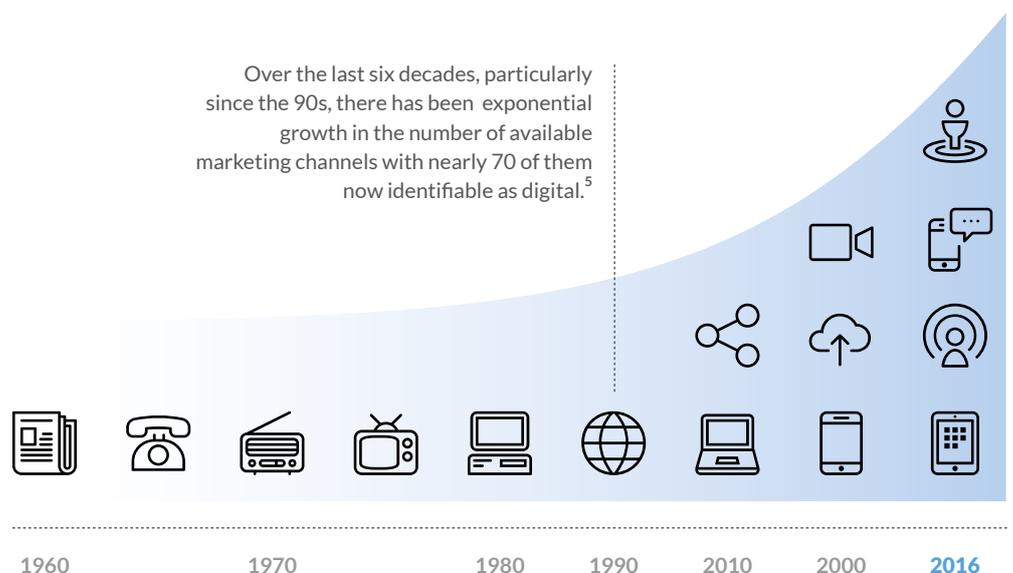
A 'traditionally thinking' marketing team would consider any third party review of their spending as a threat to their autonomy that will impact upon the brand. On the other hand, an informed, modern-thinking CMO or Marketing Director would see joining forces with procurement as an opportunity to implement agile, innovative purchasing solutions that transform the procurement of complex marketing services at all spend levels.

In the past it's been difficult for marketing to defend its spend alongside more core operational functions within a business and it's no less so now. The growing diversity of modern marketing channels and the rapid emergence of technology-driven digital marketing has done little to diminish internal stakeholder skepticism towards investment in marketing services that are becoming more and more fragmented and unfamiliar.

### Digital Marketing - its unavoidable impact

In addition to the board-level pressures to keep costs down, modern marketing and specifically technology-driven digital marketing, has drastically reshaped the landscape for today's CMOs and Marketing Directors.

Now marketers can tap into a highly sophisticated mix of affiliate marketing, display advertising, email campaigns, SEO, SEM, PPC, online PR, apps and text-based messaging. This is both good and bad. So, while there is now much greater choice and access to delivery channels, marketing professionals are faced with having to manage consumer-driven behavior that can change within moments and require marketing teams to be more reactive and faster in their response.



5. <http://www.smartinsights.com/online-brand-strategy/multichannel-strategies/selectmarketing-channels/>

£8.61B<sup>6</sup>

Annual UK Digital Ad Spend 2015

The transformational ascent of Google, for example, with its Analytics and Adwords has created a remarkable platform for customer engagement. It has also created the reporting tools necessary to understand, reach and retarget audiences in ways not previously possible. While evolving social media channels and sites like LinkedIn, Pinterest, Facebook and YouTube offer new opportunities to create multi-dimensional, highly dynamic relationships with consumers and stakeholders that further enhance marketing's capabilities.

\$59.6B<sup>7</sup>

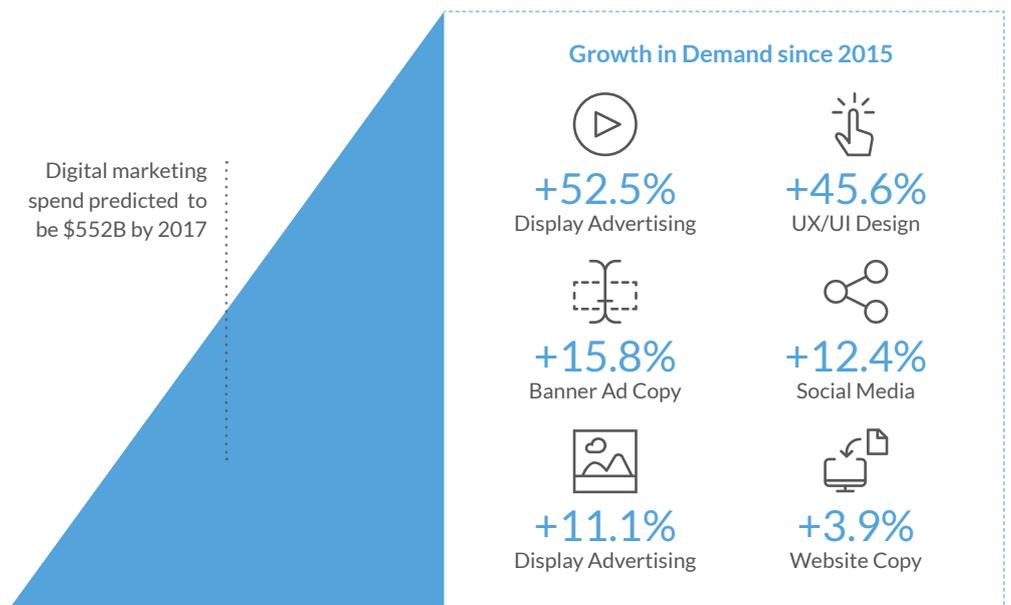
Annual US Digital Ad Spend 2015

The development of this diverse mix of new channels has completely reshaped the nature of marketing as companies have sought to discover the 'magic bullet' that will carry their message to increasingly fragmented markets.

Digital marketing - the marketing of products or services using digital channels such as the Internet, mobile phones, display advertising and other digital media. Digital marketing extends beyond Internet marketing as it includes channels that do not require use of the Internet.

As a consequence of the growing number of marketing channels, annual spend on digital marketing in 2016 - including spend on search engines, mobile apps, newspaper websites, video-on-demand services and similar - is set to consume 50% of total advertising budgets in the UK<sup>8</sup> and 30% or so in the US. This makes digital the fastest growing marketing investment today as it leaves behind the more traditional channels of radio, TV and cinema looking for innovative ways to compete.

### The Increasing Impact of Digital Marketing



Sources: GroupM This Year Next Year Report and blur Data

6. <https://www.iabuk.net/about/press/archive/digital-adspend-grows-at-fastest-rate-for-seven-years#YMhFtPDPf8BqSC6E.99>  
7. <http://www.iab.com/insights/iab-internet-advertising-revenue-report-conducted-by-pricewaterhousecoopers-pwc-2/>  
8. <http://www.emarketer.com/Article/UK-Achieve-World-First-Half-of-Media-Ad-Spend-Goes-Digital/1012280>

## The Customer's Journey - the increasing complexity of 'touchpoints'

Marketing has always had one overarching ambition - to reach and influence potential buyers at key moments of their decision making. As digital marketing channels are constantly being refreshed, marketing professionals have more and more ways to engage with today's savvy consumer.

And yet paradoxically, in creating more 'touchpoints' where consumers can be influenced, digital has actually muddied the marketing waters, not made them clearer. Now so fractured and granular is the customer journey and so complex consumer behavior that traditional marketing is falling short when it comes to successful delivery.

Buyers are now no longer mere passive purchasers of products and services, willing to take what they are given. Astute and far more critical, they don't see themselves as secondary citizens in a marketing game they don't control. As leadership and management expert Simon Sinek points out:

*"People don't buy what you do; they buy why you do it. The goal is not to do business with everybody who needs what you have. The goal is to do business with people who believe what you believe."*

In this fast evolving consumer-driven environment, marketing professionals are having to design new engagement strategies that are in tune not just with the decision-making processes and channels used by their potential customers but also their behavior.

- B2B buyers now conduct an average of 12 searches before ever visiting a specific brand's site<sup>9</sup>
- 89 million of Facebook's users choose 'mobile only' for all their online activity<sup>10</sup>
- America's Internet users spend 23% of their online time visiting social media sites and reading blogs<sup>11</sup>

According to the National Center for Biotechnology Information<sup>12</sup>, the average attention span of a human being dropped from 12 seconds in 2000 to just 8 seconds in 2013 - 1 second less than the attention span of a goldfish.

Now, more than ever before, those in marketing must understand and reflect upon these changes if they are to be confident in their own agility and properly equipped to respond to the diverse behaviors of potential buyers in and beyond their target markets.

9. <http://resources.kapost.com/blueprint-of-product-launch-marketing.html?rs=The%20Content%20Marketeer?rs=Resources>

10. <http://www.fastcompany.com/3021749/work-smart/10-surprising-social-media-statistics-that-will-make-you-rethink-your-social-str>

11. <http://blogs.salesforce.com/company/2013/06/content-marketing-stats.html>

12. <http://www.statisticbrain.com/attention-span-statistics/>

# SHAPING THE PROBLEM

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## \$552B

Predicted spend on digital advertising

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## \$1T

Estimated total spend on marketing services in 2017

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*"Half the money I spend on advertising is wasted; the trouble is I don't know which half."*

US marketing pioneer  
John Wanamaker

## Digital precision: a myth or a measurable reality?

Given digital's ability to lower the cost of marketing and to deliver highly focused messages that engage non-intrusively with the right people at the right time, it's no surprise that digital advertising spend is predicted to reach \$552 billion by 2017<sup>13</sup>. If it does, that will take total spend on marketing services to more than \$1T<sup>14</sup>.

What may raise eyebrows however, is marketing's inability to show and commercially measure how digital actually delivers. This absence of effective reporting has the potential to further fuel the skepticism surrounding digital success in the eyes of internal stakeholders who manage costs for a business.

Instead, what matters most for the likes of CEOs, CPOs and CFOs is the continued waste in marketing spend. For example:

- 1 ... half of all digital advertising in the UK - some £7.9bn (\$10.5bn) is not being seen by its intended audience - some \$43bn is similarly wasted in the US\*<sup>15</sup> ...
- 2 ... the Association of National Advertisers in America estimates that marketers will waste around \$7bn globally in 2016 buying ads that no one watches<sup>16</sup> ...
- 3 ... B2B marketers commit roughly \$5.2 billion annually to content marketing, but \$1 billion of this total is reported lost due to 'inefficient' spending<sup>17</sup> ...
- 4 ... around one-third of all web activity is deemed fraudulent or artificial and over half (54%) of online ads not viewed by a human at all ...

With statistics like these 'digital precision' it seems could be something of a myth. So, it's no wonder that many marketing professionals are still finding it difficult to directly demonstrate a specific ROI for digital marketing that contributes to an organization's commercial objectives.

Despite the explosion of digital knowledge and access to new channels, when it comes to convincing their C-suite peers that digitally-enhanced strategies now drive brand building and acquisition, many somewhat embarrassed CMOs are still having to beg for forgiveness for their spending.

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13. <https://www.research-live.com/article/news/global-marketing-spend-will-break-1tr-barrier-in-2017/id/5010522>  
14. <https://www.research-live.com/article/news/global-marketing-spend-will-break-1tr-barrier-in-2017/id/5010522>  
15. <http://www.proximagroup.com/catalytic-thinking/stop-wasting-your-digital-advertising-budgets>  
16. <http://www.journalofadvertisingresearch.com/content/56/2/122>  
17. <http://kapor.com/content-marketing-facts/>

## Inefficiencies in the Marketing Delivery Process

In addition to the complex mix of digital marketing channels, several operational factors within the marketing delivery process contribute to the apparent sub-optimal spend management that keeps marketing costs unnecessarily high.

-  **Too much data, often inconsistently collected** means marketers have no clear picture of what they need to do. The science of marketing analytics may be constantly improving, but so too is the volume of structured and unstructured data being generated that it's often impossible to know what it actually means.
-  This leads to **'a paralysis of uncertainty'** over what's best to do next. To make things simpler and more manageable, many organizations opt for the least worse scenario by using just one tried and tested planning and performance management approach.<sup>18</sup> A recipe for sub-optimal marketing spend.
-  As a consequence of this 'do something rather than nothing' approach, **inputs are measured rather than true business outcomes. As a result**, effort becomes the measure of success instead as being seen as the precursor of it.
-  **A lack of digital acumen and creative 'soft skills'** within the marketing team compounds the issue and means data isn't used or leveraged in the way that it could be. Senior marketing executives are often behind the curve and so fail to see the true importance of digital marketing and therefore don't embrace the opportunities that it offers.
-  As a result, **technology isn't used to advantage or properly integrated.** A failure that leads to higher marketing costs - research by McKinsey suggests that as much as 20% of marketing spend could be freed up by better integration of relevant systems.
-  **Legacy or 'best mate' providers are left in situ** for too long. Often inefficient and high cost, they also create the potential for conflicts of interest, bid-rigging and procurement fraud.

*"The impact of media consumption migrating to digital platforms, and the flow of advertising investment with it, must not be underestimated by advertising clients. This fragmentation of billions of consumer impressions across thousands of platforms demands the use of data and technology to create bespoke and meaningful targeted audiences for brands. This is the transition from media planning to audience planning ..."*

Dominic Proctor, President, GroupM Global (the world's largest media investment group with over \$102bn in billings).

18. <http://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/using-marketing-analytics-to-drive-superior-growth>

## So what does this mean for today's CMO?

***Is this the moment to replace established 'traditionally-minded' in-house marketers with fresher talent?***

Probably not. We all know that overhauling any team completely is costly, time-consuming and offers no guarantee of improvement.

***Is it time to redefine marketing budgets and focus more on revenues?***

Joint research by Forrester and Heidrick and Stuggles suggests that 82% of CMOs consider revenue targets as the core drivers behind their goals.<sup>19</sup> However, using revenues alone as measure of success is insufficient. Although it can be insightful, it still falls short in ensuring that every purchase adds value.

Perhaps instead the question should be: ***Is now the point at which to see optimizing marketing spend as the way to manage costs, leverage the strengths of existing in-house resources and also demonstrate alignment with corporate commercial objectives?***

A much greater emphasis on **spend optimization**, with a particular focus on how purchases are made, is what is actually needed to truly ensure that marketing spend is both budgeted and fully maximized.

Spend optimization challenges the buyers of business services to make certain that every dollar expended generates clear value for the business. In marketing's case, this means demonstrating value for the business beyond a pure defense of the brand.

## A new way forward for marketing

Some say the idea of optimizing spend is just distracting and takes senior marketing professionals away from their core responsibility - 'breathing the brand'.

Yet, there are three very clear reasons why every CMO should fully embrace spend optimization as a key competency in their skills framework.

1. The CMO's role in the boardroom is changing<sup>20</sup> as they move increasingly from being seen as mere functional experts towards becoming full business partners who help drive the business commercially. Now their relationships are not just with traditional bedfellows such as head of sales, but also CFOs, CIOs and CEOs who are falling to their circle of influence. As a result, CMOs have the power to create real change in the business beyond their key role in maintaining the brand. But to do that, they need to step up to the plate and play their role when it comes to effectively defending marketing spend and confidently demonstrating its value to their C-suite peers.

And there are immediate opportunities for CMOs to step into the spotlight.

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### Spend Optimization

A coordinated approach that improves the way goods and services are purchased, particularly the many smaller, lower value transactions that make up tail end spend.

19. [http://www.heidrick.com/~media/Publications%20and%20Reports/The\\_Evolved\\_CMO\\_in\\_2016\\_CMOs\\_broaden\\_their\\_influence\\_and\\_leadership.pdf](http://www.heidrick.com/~media/Publications%20and%20Reports/The_Evolved_CMO_in_2016_CMOs_broaden_their_influence_and_leadership.pdf)

20. [http://www.heidrick.com/~media/Publications%20and%20Reports/The\\_Evolved\\_CMO\\_in\\_2016\\_CMOs\\_broaden\\_their\\_influence\\_and\\_leadership.pdf](http://www.heidrick.com/~media/Publications%20and%20Reports/The_Evolved_CMO_in_2016_CMOs_broaden_their_influence_and_leadership.pdf)

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### **Saving to Grow**

Strategies focused on cost reduction pursued to fund investment in growth areas or to gain competitive advantage

2. Despite stated ambitions, nearly 60% of corporate cost cutting programs don't reach their targets.<sup>21</sup> Sometimes that's because organizations have set the bar too high, but often it's because too many conventional cost cutting measures are being employed - such as classic staff reductions or strategic cost cutting activities. In reality, more innovative approaches are required. For instance, rather than just decreasing headcount and removing strategic initiatives, pioneering companies are reviewing untapped areas of expenditure. Indirect spend is on the radar, where massive savings are readily available without compromising on deliverables. The savvy CMO could follow this alternative approach and still deliver all brand-building initiatives within in budget and without compromise.
3. With many Fortune 1000 companies pursuing both growth and cost reduction at the same time<sup>22</sup>, CMOs have the opportunity to embrace the maverick reputation they have and use that talent to do something different within their business. For instance, a trend in 'saving to grow' has created a business environment in which more radical, innovative approaches could become acceptable, as long as they are based upon evidence that supports their delivery. Sticking with traditional marketing ideas may be comfortable, but they are increasingly out of step with a fast changing world.

So, if marketing is to make its mark and proactively contribute to corporate cost cutting, a more strategic, stable framework is needed to define, deliver and analyze the way in which each marketing dollar is spent and the manner by which its success is measured.

### **What does optimizing marketing spend look like in practice?**

Optimizing spend is more than just budgeting or getting the best price. Rather it is about achieving the best value for every dollar spent. This requires having access to a vibrant mix of possible solutions as well as the flexibility to consider all options. It's also equally about the effective use of resources and making the right choice the first time around. Efficiency and informed purchasing in the first instance and forever thereafter.

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21. <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Process-and-Operations/gx-operations-cost-survey-report-2016.pdf>  
22. <http://www2.deloitte.com/us/en/pages/operations/articles/global-cost-survey.html>

# SEE THE POTENTIAL FOR SUCCESS

## The mechanics behind optimizing Marketing Spend

As every marketing dollar of spend comes under even greater scrutiny, more businesses are moving to purchasing their business services through online B2B Marketplaces. In many cases, this simple step change has enabled organizations to realize 10-30% savings on every project sourced and managed online. Marketing professionals, in particular, are finding B2B Marketplaces to be 'a hidden gem' when it comes to spend management and the standard delivery of marketing requests, product development, strategic roll-outs and last minute projects.

Why such enthusiasm for B2B Marketplaces?

**One single source for global access, shortlisting, cost savings, agility and autonomy that is both a strategic and tactical solution.**

## The Strategic and Tactical Benefits of a B2B Marketplace

At a strategic level, the adoption of B2B marketplaces give CMOs complete visibility across the whole spectrum of their spend, even in those areas that were previously unmanaged. With such a high level picture of their organization's particular marketing landscape, not only are CMOs better equipped to pursue more strategic choices, but they also have the capacity to demonstrate greater control over spending behavior in marketing.

CMOs who can quantify their unmanaged spend and also implement sustainable, cost cutting practices, demonstrate an effective approach to spend management and better align with CEOs, CFOs and CPOs who are scrutinizing marketing spend.

### Estimated Unmanaged Marketing Spend by industry and company



#### Broadcasting Media & Cable TV

Revenue \$5,660m  
Indirect Spend \$2,270m  
Marketing &  
Professional Services: \$341m  
Unmanaged Mktg &  
Prof Svs spend: \$51m



#### Apparel, Footwear & Accessories

Revenue \$3,301m  
Indirect Spend \$1,260m  
Marketing &  
Professional Services: \$188m  
Unmanaged Mktg & Prof Svs  
spend: \$28m



#### Alcoholic Beverages

Revenue \$7,110m  
Indirect Spend \$2,406m  
Marketing &  
Professional Services: \$361m  
Unmanaged Mktg & Prof Svs  
spend: \$54m

*Estimates created via blur Procurement Waste Calculator [www.blurgroup.com/procurement-waste-calculator/](http://www.blurgroup.com/procurement-waste-calculator/)*

From a tactical perspective, a full service B2B Marketplace is also the perfect vehicle for delivering all customer-driven marketing activity because it gives the implementers within marketing teams access to a dynamic pool of thousands of pre-vetted service suppliers and also project management services and support throughout the delivery phase.

Having immediate access to quality service providers provides much needed agility to implement the multi-faceted marketing program required to target disparate audiences whose behavior is changing faster than ever before.

As part of a spend management strategy, B2B Marketplaces can provide PO approvals for annual marketing spend, tiered account access and managed spend levels. This enables marketing teams to draw against their allocated budget as and when needed. And by sourcing through a Marketplace they get the highest value and quality for each and every transaction. It's a win-win for both those in marketing teams and their colleagues in finance and procurement.

#### **Benefits of a B2B Marketplace**

- Access to expertise, without supplier management burdens
- Shortlisting, without sacrificing personal time
- Cost savings, without compromising on standards
- Agility, without the excess headcount

Commercial buyers on a Marketplace experience a full service, 'shopping' experience, where they have access to and choice of quality providers at highly competitive pricing. By offering account management dashboards, Statement of Work (SOW), payment options, risk management and a range of customized services for every project or set of requirements that comes through their platform, the more sophisticated B2B Marketplace becomes a delivery partner to its buyers.

Marketplaces at the forefront of this new way of transacting also employ proprietary algorithms to continually rate the success of suppliers across their communities. This level of monitoring and review provides B2B buyers with complete transparency when it comes to the quality, fit and proven experience of potential suppliers.

#### **Watch out for the pseudo Marketplace:**

Supplier agents sometimes present themselves as online Marketplaces though what they are actually offering is merely a static supplier list with pre-agreed pricing. While this may work for something like catalogue purchasing, it cannot help optimize spend or provide a bespoke deliver when buying a complex service such as marketing or IT.

## B2B Marketplaces in Action

The best way to maximize value from a B2B Marketplace is to invite your teams to apply fractional outsourcing across all marketing spend. This is an increasingly popular way to purchase services and one that can transform how marketing teams operate.

Fractional outsourcing involves breaking each business objective down into discrete, quantifiable targets. These individual targets, or requirements, are then submitted to Marketplaces as projects to which suppliers are invited to bid separately for each piece of work. In the process, costs are cut, wasteful spending is reduced or eliminated, and quality of service delivery naturally improves.

Such 'fractional outsourcing' is very much in line with a more general business movement towards a 'Size Zero economy'<sup>23</sup> in which 'just big enough' organizations ruthlessly outsource (rightsource) non-core activities that don't contribute real value.

### Benefits of Fractional Outsourcing

Access to expertise  
High quality providers  
Cost-effective delivery  
Reduced waste in spend.

### Fractional Outsourcing in Practice

Examples of B2B Marketplaces eliminating obstacles within marketing delivery

#### Advertising Spend



##### Billboard Display

Project spend: £20,000  
Obstacle: No suitable provider  
Result: Relunched project created 300% shift in income



##### Social Media campaign

Project spend: \$3,000  
Obstacle: Limited access to providers  
Result: 30% revenue increase in 6 weeks



##### Display Advertising campaign

Project Spend: €1,500  
Obstacle: Budget constraints  
Result: 2 full-page Ads in reduced timescales and budget

#### Content Spend



##### Quarterly blog content series

Project spend: £7,920  
Obstacle: Employee transfer  
Result: 60 articles in 18 weeks; no new staff



##### White paper & Launch Comms

Project spend: \$2,000  
Obstacle: Failed supplier  
Result: New supplier; successful launch of paper



##### Research & website refresh

Project spend: €1,500  
Obstacle: Insufficient local resources  
Result: Site successfully created by foreign provider

#### Content Spend



##### Medical Product Launch

Project spend: \$25,000  
Obstacle: Last minute cancellation  
Result: Rapid 4 week turnaround; event success



##### Regional Non-profit Launch

Project spend: £5,000  
Obstacle: 2-week deadline  
Result: Razor-sharp event management and lead generation



##### Video Concept Development

Project spend: \$2,500  
Obstacle: Bespoke requirements  
Result: 80 targeted concepts for new market entry

[www.blurgroup.com](http://www.blurgroup.com)

23. <https://www.blurgroup.com/sizezero/>

# REACHING THE PROMISED LAND - A PRACTICAL APPROACH TO SPEND OPTIMIZATION

Creating a cohesive spend optimization program for marketing, requires an holistic approach that's both inward and outwardly looking.

First, Chief Marketing Officers and Marketing Directors must recognize the four challenging and unavoidable pressures that every marketing function experiences today:



1. Corporate cost-cutting strategies are driving CEO decision-making around the globe
2. Savvy consumer behavior is undeniably demanding more agile marketing tactics
3. The increasing role of digital channels is going to continue to grow with estimated global spend put at \$1T in 2017
4. Inefficiencies and wasteful purchasing in marketing will increasingly come under the microscope

Seeing these challenges, CMOs need to take a hard look at the internal competencies within their teams. In other words, what your team actually needs to be able to do, must be set against what it currently can't do and the gap between the two then plugged.

Accordingly, you need to reshape In-house teams so they become better equipped to meaningfully engage with and respond to evolving buyers' needs.

In parallel, reevaluate your entire ecosystem of marketing talent to see which actions can take place through providers. And which role should internal teams play? Strategic? Technical? Or a mix of both?

It is critical to remember that attempting to build all knowledge and understanding in-house will simply take too long and likely be at the expense of quality. In contrast, by creating a talent-rich ecosystem of existing employees, new hires and equally talented external providers, you and your extended marketing teams can maintain autonomy yet also be completely agile in your delivery.

The current speed of digital change creates the need for an ultra-responsiveness that can only be achieved by niche suppliers who are each entirely focused on delivering just one component of the many that now make up the marketing spectrum.

Consequently, marketers within organizations need to see themselves not as 'doers who deliver' but as 'entrepreneurs' whose work revolves more around the initiation and organization of what others outside the organization do.

This much more strategic approach involves knowing what sort of suppliers you need and where to find them, being able to brief them appropriately and then to efficiently manage their delivery and cost.

Of course, this new model of purchasing marketing goods and services may make those more used to nurturing long-term supplier allegiances uncomfortable. So, there is a natural tendency to stick with what you know, to avoid or minimize risks. As a result many in marketing simply keep on doing what they've always done.

And yet technology, globalization and the rise of the Size Zero Enterprise are eroding the 'we've always done it like that' culture and forcing organizations to rethink how they operate – there is no 'get out of jail' card you can play to escape this.

This requires the re-thinking of current marketing procurement processes, most particularly how potential suppliers, are sourced, vetted and then managed in the most cost optimal way.

Online B2B Marketplaces provide the perfect vehicle for reaching the widest range of providers with the requisite skills. B2B Marketplaces are the 'new normal' when it comes to marketing goods and services procurement.

# A NEW DAWN FOR MARKETING

Marketing's inability to proactively optimize spend, consistently control budgets and effectively articulate accurate ROI demonstrates that in a digital world 'business as usual' approaches are failing to deliver.

If organizations want to retain competitive advantage then they need to reinvent themselves both at their core and on the margins. This is particularly necessary during what is likely to be a period of widespread cost cutting at a global level.

While simply bearing down on marketing budgets may improve profits short-term, eventually there comes a time when you can't squeeze more from your business without running the risk of breaking it. And of course, such cuts threaten morale and make it more challenging for your teams to complete their responsibilities.

Marketing to consumers looking for a fast, seamless and immediate digital experience with 'old' solutions not only keeps costs unnecessarily high, but also leads to inconsistent brand experiences, something that will have customers questioning your lack of understanding of their needs.

Companies need to better understand how to buy digital marketing tools and channels, be familiar with the online B2B Marketplaces that are available to them, and ultimately manage their marketing budget better - including their increasing digital spend.

Making radical changes to the way your business operates is of course not going to happen overnight, but it does start with a commitment to change. CMOs and their marketing teams have the opportunity to drive significant change within their business beyond brand. Now it the time to embrace that challenge and lead your organization into a new way of doing business.

# ABOUT BLUR GROUP

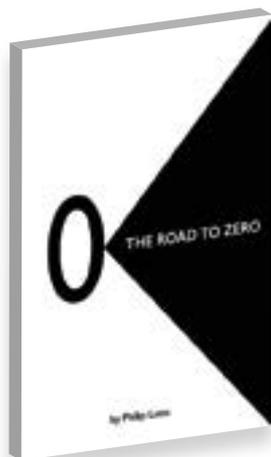
blur Group's Enterprise Platform provides a B2B cloud-based marketplace that enables companies to buy and sell goods and services more effectively. Offering extensive managed services in addition to its global marketplace, blur Group helps organizations eliminate the wasteful spending and inefficiencies inherent within indirect spend.

Companies that buy through the Marketplace benefit from better visibility of spend and experience a transparent, simple way to manage purchases, source goods and services, and streamline their delivery. Leading multi-nationals like Danone, Solvay and Berlitz trust blur's Group's global marketplace of over 65,000 vetted service providers when it comes to buying marketing, technology and professional services to everyday goods.

With blur you can effortlessly work with a combination of highly qualified service providers and suppliers from all over the world to meet your unique requirements. blur Sense™, our proprietary algorithm, creates a dynamic relationship with all the suppliers on our Marketplace by rating them for their experience, skills, performance and customer satisfaction, ultimately supporting blur's managed services team in a highly competitive shortlisting process to ensure that only the most suitable suppliers work with you to deliver your requirements.

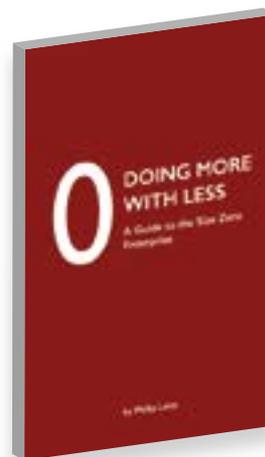
Over 10,000 projects worth \$500M have been submitted throughout the Marketplace.

In addition to the B2B Marketplace, blur publishes a number of resources to help create the next generation of business.



An examination and analysis of the Size Zero enterprise and the characteristics organizations need to have in the changing business landscape.

Available at Amazon



An 80-page handbook exploring how technology and economic necessity have spawned a new way of doing business. A smarter and more efficient way to achieve success.

Available at Amazon



A comprehensive white paper exploring the causes of procurement waste within indirect spend.

Available at [www.blurgroup.com](http://www.blurgroup.com)

# GLOSSARY

**Managed Services Platform** - an innovative and transparent way to source and manage the delivery of services that bypasses often time-intensive and ineffective traditional procurement methods.

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**Blur Sense™** - a proprietary algorithm designed by blur Group designed to maintain a dynamic relationship with all service providers on blur's Marketplace by rating their experience, skills, performance and customer satisfaction.

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**Digital Marketing** - the marketing of products or services using digital channels such as the Internet, mobile phones, display advertising and other digital medium, to reach buyers. Digital marketing extends beyond Internet marketing as it includes channels that do not require use of the Internet.

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**Indirect Spend** - is expenditure on goods and services, such as property, office equipment and marketing services, which are not directly related to the creation of an enterprise's core products.

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**Outsourcing** - using external providers to undertake tasks rather than doing them in-house.

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**Rightsourcing** - buying exactly what is needed in terms of resources and talents through non-traditional channels, such as online marketplaces, so as to achieve the best combination of cost, quality and expediency so an organization optimizes its spending on, for instance, marketing services.

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**Fractional Outsourcing** - breaking each business objective down into discrete, quantifiable targets and getting suppliers to bid separately for each piece of work. Fractional outsourcing means you get the most qualified and most cost-effective provider working on each of your business aims. That cuts cost, eliminates waste and helps to improve quality of service delivery.

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**Spend Optimization** - a coordinated approach that improves the way goods and services are purchased, particularly the many smaller, lower value transactions that make up tail end spend.

**Size Zero Enterprise** - an organization that is 'just big enough' and which operates at maximum efficiency by ruthlessly removing anything from its processes that doesn't not contribute real value so it does more with less.

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**Size Zero Economy** - an economy with a high preponderance of slimmed-down highly responsive organizations that use collaborative technologies and global marketplaces to source all the non-core products and services that they need.

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