



Marketing Spend Program

Market Trends

The ability for procurement to impact marketing decisions within an organization has transformed over the past year. Previous to the economic challenges beginning in 2008, marketing was broadly seen as an area for limited to no procurement involvement – creativity decisions dominating any price point decisions. Economic challenges placed on companies in 2008, and ongoing, have shifted the view on marketing to now one of value-creation – how much value can be obtained from marketing firms, market research, marketing mediums for every dollar spent.

In 2008, revenue for US-based marketing-communications agencies managed to increase by 3.7% to just under \$34M. However, this revenue declined through 2008, and 2009 projections are bleak, with customers demanding much more for their money in order to justify their buying decisions.

Other non-price marketing trends to consider are the gradual shifts away from traditional media channels such as print, radio, and increasing marketing transactions in newer channels such as Twitter, blogs and web-based outlets.

Customer Challenges

Marketing is a new area for procurement involvement at many companies, so the following challenges need to be addressed with a solid strategic approach from the start:

- **Stakeholder Engagement** – Procurement should be seen by key marketing stakeholders as a partner, not a force to work against. This takes up-front communications and careful messaging.
- **Category Knowledge** – Procurement will have an initial ramp-up period to build knowledge of key market dynamics, suppliers, and approach.
- **Resource Constraints** – Addressing a new spend area requires an initial investment in analyzing spend and building and managing a pipeline.

Customer Case Study

Customer Background:

- \$10B US-based global consumer goods company
- Sought an ad agency to assist in building and maintaining a new web site
- Key objectives included identifying a firm with alignment and understanding of target market, strong creative recommendations and a secure and robust IT infrastructure

Customer Challenges:

- First-time leadership of Procurement in one of the most strategic divisions of the business, within a key marketing spend area
- Large, multi-functional team with representation from IT, Procurement and multiple areas of Marketing and Product Management
- Multiple incumbent suppliers to consider, from other, similar business areas, and willingness to evaluate new suppliers

Ariba Expertise

Ariba is the world’s preeminent sourcing organization, with extensive experience providing category knowledge, project execution support and performance improvement services to companies throughout the world.

Within marketing spend, Ariba has experience across all major phases of marketing-communications including: media, market research, web design and management, promotional items, trade show management, graphics and advertising agencies.

Ariba can assist customers in overlaying a well-defined and tested procurement process on top marketing focus and objectives. This can include, but is not limited to:

- Assistance with stakeholder engagement and communication
- Supplier and market research and category knowledge sharing
- Multi-phased RFx support to identify the right business award decisions against marketing objectives
- Leverage of Ariba’s world-class technology to understand and analyze spend, conduct RFx phases and to store knowledge for future review

Ariba Approach

Ariba’s approach is flexible based on business needs and objectives.

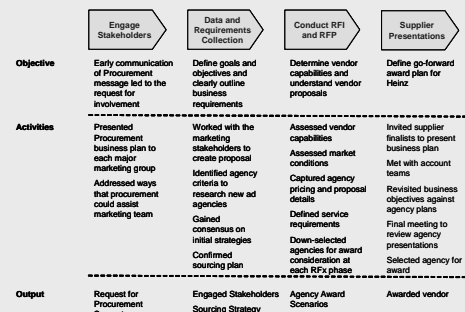
Ariba can lead a series of broad or narrow marketing initiatives in any or all of the following disciplines:

- Spend Assessments
- Organizational Reviews
- Pipeline Building
- Stakeholder Communications and Engagement
- Project Execution
- Sustainability and Global Category Knowledge

Strategies can include parts of each of the above disciplines, just one discipline, or any combination of the above areas.

Ariba Solution:

- Ariba assisted the stakeholder team through a rigorous, multi-phase RFx process



Impact:

- Identified and awarded business to a new agency
- Fully functioning web site that met or exceeded all objectives within three months of award decision