

Maverick marketing spend rife in Europe's top 500 firms

Submitted by: Man Bites Dog

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- Two thirds of procurement professionals claim maverick marketing spend is widespread.
- Four fifths of firms struggle with immature marketing procurement practices.
- Almost half feel pressure to improve marketing procurement.
- Almost a third face conflict with the marketing department as a result.

Europe's top 500 businesses are struggling with 'maverick' buying of marketing products and services, with suppliers being selected ad hoc across organisations.

Over two thirds (67%) of procurement professionals in Europe's largest companies say maverick buying is rife, leading to significant overspend and missed savings.

David Fincham, Business Development Director at Charterhouse, comments: "Maverick marketing procurement is a costly problem for Europe's largest businesses, but can be very difficult to identify.

"Yet it represents the tip of the iceberg in 'hidden' savings. Firms need to take a fresh approach to marketing procurement to tackle uncontrolled and inefficient buying practices."

The findings are outlined in 'The Marketing Maturity Matrix' (<http://bit.ly/maturitymatrix>) a new report released today by marketing production specialist, Charterhouse (<http://www.charterhouseproduction.com>). The report is based on research among 200 procurement professionals from across Europe's 500 largest companies*.

A legacy of inefficiency

The report finds that 80% of the companies surveyed struggle with immature marketing procurement practices, and could be wasting a combined €716m each year as a result.

Organisations identified legacy marketing procurement processes as a major reason for this inefficiency, with over a third (34%) saying their processes have been developed ad hoc over time with no overarching strategy.

As a result, almost a third (30%) fail to evaluate long-term value and savings from external marketing providers. More than a third (36%) have no mechanism for measuring return on marketing investment.

David Fincham comments: "Without a proactive marketing procurement strategy, it's easy for marketing budget to be committed without procurement involved. In large businesses, this can equate to huge amounts of investment not procured in the right way. The potential lost savings here could be ploughed back into additional effective marketing activities.

"Those inheriting legacy processes should start building relationships with marketing immediately, and work together to develop a strategy that identifies potential improvements."

Stuck in a vice

While procurement professionals are under pressure to resolve this situation, many are not yet in a position to do so.

Almost half (42%) have experienced pressure to improve their organisation's procurement of marketing products and services.

Despite this, the majority (58%) have no remit within the marketing department, while just one fifth (21%) hold ultimate responsibility for marketing spend in their organisation.

As a result, over a third (37%) of procurement professionals state that driving savings in marketing purchasing is a struggle.

David Fincham comments: "Tension still exists between marketing and procurement and common misconceptions about their respective objectives remain. But this is no longer about seeking savings in spite of consequences; both parties demand best value and there are joint benefits to be had.

"Both functions must find a way to work together to drive efficiency and maintain, if not improve, effectiveness as a result."

A battle for savings

Procurement professionals are adamant that marketers will find it hard to improve the situation without their expertise. Despite this, resistance to procurement involvement in marketing persists.

Over two thirds (67%) say marketing will struggle to improve cost efficiency without procurement's help. The same proportion (69%) say marketers will also struggle to cope with dwindling budgets without their involvement.

However, almost a third (30%) have experienced conflict with the marketing department over procurement matters, while more still (35%) characterise their marketing department as resistant to procurement oversight of its purchasing activities.

Despite this resistance, procurement professionals are well-qualified for the challenge. Over half (59%) say they have good or expert knowledge of the marketing discipline.

David Fincham comments: "Procurement professionals are under pressure from above to tackle marketing spend, but lack influence over this expenditure, which is subject to very little central control."

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Editor's notes

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About Charterhouse

Charterhouse is a leading marketing services production company that delivers cutting-edge communications for global brands. Charterhouse brings its clients' creative ideas to life through expertise in: Print Management; Digital Marketing Production; Studio Services; Data Management; Permanent POS; and Promotional Merchandise. Passionate about the quality of its service, Charterhouse focuses on its clients' marketing goals and delivers cost-effective, sustainable solutions.

For more information please visit: www.charterhouseproduction.com

*About the Maturity Matrix Report

The Maturity Matrix report is based on an in-depth survey amongst procurement heads at 200 of Europe's largest 500 companies by turnover. Charterhouse analysts employed data from the research study and a proprietary Marketing Maturity Model, to calculate potential marketing procurement savings. The model and other key research results are further explained in the report PDF, available [here](#).