PROMOTION MANAGEMENT

Integrated advertising planning and production for successful retail marketing
“Marketing is the art of finding, developing and profiting from opportunities.”

Philip Kotler, American economist

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Preface

No other area of commerce is as reliant on direct, daily communication with its customers as the traditional retail sector. Yet this is exactly the point at which worlds collide: in many places, conventional promotional media, such as brochures and flyers, are now in competition with the myriad varieties of modern advertising as shaped by our increasingly digitalised world. The secret of successful customer communication lies not in the apparent contradictions, but rather in the optimum integration of diverse formats, channels and technologies. Finding, developing and profiting from opportunities – an elaborate promotion management combines the tried-and-tested with innovation. Thus, it creates new potential for successful advertising strategies. Close to the customer, every day.

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Status Quo: Promotion in Retail Sales

Although many industries are treating digital one-to-one channels as a universal marketing driver, in retail the classic promotional campaign using posters, flyers and brochures is still vastly important. It is highly topical, straight direct and reaches consumers at exactly the point where they are most receptive: their wallets.

Despite a clear move away from “the cheaper the better” to “quality chase over bargain hunt”, good offers never fail to pull a crowd even in these times of growing quality awareness. According to the POS Marketing Report 2015¹, attractive promotional prices, the right timing and creative design are just as integral to a successful promotion as a product’s good reputation. Traditional print products keep on working well as advertising vehicles – literally tangible media that customers are still loath to see disappear.

The three key elements of successful promotion campaigns:

- **Frequency driver:** an attractive (brand name) product at an unbeatably low price
- **Timing:** limited campaign duration “just in time”
- **Design:** audience-specific design with the last word in style and format

**Major sales relevance**

Especially in print, this triad of optimum value-for-money, proper timing and design (which actually reaches its audience) is both production-intensive and relatively costly – yet it is still worthwhile. The additional incentives to buy generated by limited-time offers alongside daily leaflets and flyers have an immediate effect on sales figures. According to Statista, the revenue share of price promotions for FMCG (fast-moving consumer goods) in retail reached a solid 19.5 per cent in 2014.

**Frequency drivers vs. ad space**

As mentioned above, a successful promotion relies on an attractive product. To have the desired impact, a frequency driver like this must, as far as possible, be offered at a price that no competitor can beat. However, promotions are often built on the assumption that certain concessions will be made to the supplier. So, as an example, they could demand discounted prices to be offset by a guaranteed and profitable placement in a high-impact advertising campaign. Generally, this constitutes a fair deal for both sides, although suppliers can never be truly satisfied until they see the proof of a campaign’s effectiveness in black and white. They also want to ensure that the retailer has actually fulfilled their advertising obligations. As self-confidence continues to grow particularly amongst brand name suppliers, retailers that run promotions increasingly need to establish professional controlling mechanisms to deliver the requisite transparency.

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**REVENUE SHARE OF PRICE PROMOTIONS FOR FMCG IN FOOD RETAIL IN GERMANY**

![Revenue Share Chart](image)

Note: Germany; excluding fresh foods; Source: GfK; ID 205714, Consumer Index 12(2014, p.4)

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High pressure for marketing agencies
Once the product has been identified and the price set, the next step is implementation. This is where timing and design come into play. Many retailers have evolved highly convoluted process chains over the years. Every week, different teams and departments produce a variety of flyers, coupons and special advertising. Communication issues ensue due to the high number of interfaces that a single advertising product has to pass through before it is finished. Concerned employees tend work to operate in parallel rather than completing each other—a situation that is less due to a lack of motivation or expertise but more the result of inadequate infrastructure. In this era of cutting-edge technologies and marketing methods, this already fragile working environment is now being put through the wringer by additional factors, such as increased pressure to regionalise, micro-targeting concepts and even contextually optimised communication activities. Consequently, the planning and design of individual variants requires a considerable degree of process conformity to guarantee that content is as consistent across all possible dimensions as it needs to be (see text box page 12).

As already mentioned, the growing range of methods and activities will most presumably pump up the complexity of modern advertising strategies. A progressive rethinking in promotion management nevertheless carries tremendous potential to prosper in all affairs.

Examples of promotion variants

➢ Roll or bun? – an example of a classic content variant from the bakery segment. Bread rolls are a popular lunch item all over the country, but whether you call them rolls, buns or baps depends entirely on where you come from.

➢ Organic or home-style? – when it comes to producing flyers, there is often a need to consider special features where communication with target groups is linked to specific regions. For example, a campaign promoting a select range of high-end organic products would likely reach an especially large number of potential buyers in East London, whereas the residents of a rural village with a population of 1,000 would be more likely to browse through a “game and sausage” special supplement.
The Challenge:
High Complexity meets Fast Results

One key characteristic of retail promotions is their limited duration. As a result, the speed at which they have to be developed, produced and delivered to customers in multiple variants via suitable channels is an extremely critical factor in their success or failure.

The already tense situation in sales and marketing divisions of stores and marts is under further pressure from the paradigm shift currently being driven by the day-to-day reality of advertising using digital formats and media. As content becomes ever more complex, the customer expects communication to be consistent across all channels. The content of the future will become progressively multidimensional in retail as well: regions, languages, channels, target groups and media types must be optimally orchestrated so as to account for the different lead times of single product groups. This will guarantee maximum effectiveness and optimum efficiency when it comes to producing advertising materials. Given these new requirements and the hugely complex marketing processes with which numerous retailers are struggling, timing a promotion becomes a real challenge.

Current challenges in advertising planning and production:

- **Complex variant planning:** content and cost planning lacks clarity
- **Short-term advertising agreements:** planning overviews are often insufficient to secure optimum placement
- **Isolated stand-alone solutions:** systems and applications are decoupled
- **Lack of process continuity:** multiple manual processes generate significant issues
- **Hardly manageable complexity:** significant cost and time pressure at the expense of quality
- **Gaps in controlling:** Analysis and reporting become highly challenging due to decentralized processes
Complex variant planning
One aspect of promotion management that is critical in terms of both time and cost, and also bears a certain potential for conflict, is the management of different variants of a single promotional product. For example, an attractive frequency driver may have been selected to be placed centrally in all advertising materials, yet it is entirely possible that this particular item might not be available in every region or for every store. In this case, a “neutral variant” is required to serve as an alternative and take the place of the universal frequency driver. As for sales and advertising matters, it may simply be more useful to place different variants in different regions – both in terms of individual content elements (roll vs. bun) and of the entire editorial concept for an advertisement (organic vs. home-style). Besides content design, there are other issues in variant planning as regards cost planning for individual variants: What will additional costs be for the layout and printing of additional pages? What financial effects will additional variants have on logistics?

Short-term advertising agreements
In a similar way to variants, advertising agreements in retail do not always come with long lead times. It is often necessary to check whether additional advertising agreements can be taken on while other advertisements are still in production, or whether it is possible to shift these to a medium that will be output later on. Information regarding specific preferences, i.e. preferred product groups or publication dates, is often lost in the course of daily planning. This situation is aggravated by the fact that product groups can have hugely different lead times: fresh produce by its nature has a much faster lifecycle, and subsequently there is more pressure to conclude agreements and plan than for non-food products. Whilst fruit, vegetables and meat or fish are typically bought in every day and often not placed until just before the copy deadline, products such as tableware, bicycles or decorative items can and must be scheduled and incorporated into the logistics chain weeks in advance.
Isolated stand-alone solutions
At this time, many companies are noticing that their infrastructures have reached the limit in terms of coping with the above-mentioned challenges. Retailers still rely on a variety of in-house, stand-alone solutions that steer every process from the advertising agreement to the management of promotional products and prices. These systems are often decentralised and based out of the purchasing department, and are not linked with other applications relevant to advertising production. Editorial solutions customary in the industry are decoupled from upstream systems and are completely autonomous. In these circumstances, there is no way to compare data and content. The isolation aspect of stand-alone solutions is also reflected in the organisational breaks between targeted CRM – for example, one-to-one communication with existing customers via newsletter – and the acquisition of new customers, which usually happens by way of advertising. Here neither the departments nor the applications used by individual employees are connected. The same is often true of digital communication and sales channels, such as the online shop or corporate website.

Lack of process continuity
The lack of efficient process chains is another pain point in today’s retail marketing structures. In the end, this situation reflects the lack of an integrative and thus overarching collaboration strategy on the system side. The result is an enormous number of manual processes that could be considerably more efficient in digital or even automated form. For example, sales departments frequently work on action plans via digital whiteboard, later printing these out and distributing hard copies to internal and external production teams. There is a clear organisational break here between digital and conventional means of handling campaign content. Since the editorial part of flyer production is isolated from its preceding processes to the same extent as its underlying applications, here too significant additional and manual work is required, which increases with every correction, change and variant. In addition, organisational breaks often occur.

The ultimate question: speed or quality?
Against this background, the efforts to produce individual promotions and marketing campaigns also including corresponding formats become evident. Networking the purchasing and sales departments, jointly producing and selecting content and graphics in internal teams, plus exchanging and comparing content, takes up a great deal of time – a valuable resource that is often in very short supply. The result: decentralised systems and an absence of seamless processes and handovers leads to friction and delays, often at the expense of quality. In this situation, the third element of a successful promotional campaign is usually neglected entirely: creative design. Context-based marketing that is optimally tailored to the target group is almost impossible to realise in these circumstances; the thread that turns a brochure made up of multiple content modules into an attractive advertisement, is lost. This phenomenon can eventually spread across entire promotions and campaigns.
Gaps in controlling
The decentralised organisation of campaigns and promotions across isolated systems and convoluted process chains bears another disadvantage. It is difficult to realise a holistic yet detailed analysis of advertising effectiveness and corresponding reporting. A fundamental deficit, especially where it is important to consider the effects of different channels, media and formats on each other – from the customer club to the flyer campaign to radio and print advertising. Not only that, but there are also one-to-one channels, e.g. newsletters, as well as targeted communication via digital media such as apps and the Internet. No controlling means that it is impossible to derive strong metrics regarding the sales relevance of previous campaigns or forecasts for future activities. The transparency demanded by suppliers may not be achievable here either. However, analysing campaigns and individual promotions would not only provide evidence of compliance with advertising obligations, it would simultaneously allow for placement recommendations to satisfy retail partners in advance.

The bottom line: retailers wishing to efficiently orchestrate their advertising and promotion activities across all dimensions to ensure optimum variant design must rely on completely new technological approaches. System-based support is essential to the future of promotion marketing.
The Solution: Promotion Management That Links Content and Processes

*These profound challenges carry a clear message: the specific aspects of advertising planning and production can no longer be addressed decentrally and in isolation.*

System, data and process consistency, sustainable variant management and the implementation of overarching controlling mechanisms will be the key prerequisites for successful promotion management in future. Intelligent promotion management takes advantage of state-of-the-art technologies and enables advertising planning and production that is ultimately driven by the integration of all involved systems, content-related dimensions and processes.

DIMENSIONS OF CONTEXTUAL MARKETING

There is a variety of dimensions that are fundamental for advanced variant definition. Thus, they also have great impact on the efficient orchestration of a promotion campaigns:

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<th>Dimension</th>
<th>Consideration</th>
<th>Examples</th>
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| Region             | Local features                       | Different product portfolios based on culturally or demographically specific demand  
Example: Broad assortment of organic items where there is a strong presence of young families |
| Language           | Language requirements                 | Adaptation of individual product names according to the local flavour of the respective sales region  
Example: “rolls” in the South, “buns” in central regions and “baps” in the North of GB |
| Target audience    | All relevant targeting messages       | Customised customer approach via channels and media compliant with target audiences  
Example: classic leaflet design for audience aged 50+ vs. reduced-content flyer with QR code for audience aged 18 to 39 |
| Channel / medium   | Communication and distribution channels | Flexible multichannel content for combined sales strategies  
Example: leaflet was developed in close consultation with the online editorial team and includes a prize code for a competition on the company website |
Performance features of integrated promotion management
An integrated promotion management solution achieves the following:

➤ Integration into existing system landscape
  ➢ Integration of existing systems such as CRM, CMS, MDM or ERP to protect of existing investments of current investments
  ➢ Central management of distributed systems
  ➢ Central collaboration platform
  ➢ Integration of all relevant data sources

➤ Comprehensively managed responsibility model across all departments and distributed locations:
  ➢ Bundling of employee and team competencies
  ➢ Reliable mapping of planning, design and editorial tasks
  ➢ Clear assignment of roles and authorisations for all employees involved
  ➢ Ad hoc messages regarding creation, release and publishing processes

➤ High degree of standardisation:
  ➢ Company-wide compliance including format, structure and design guidelines
  ➢ Standardised processes based on style sheets

➤ End-to-end versioning and comprehensive lifecycle management:
  ➢ Seamless, efficient release processes
  ➢ Maximum traceability
  ➢ Process and communication documentation in accordance with compliance guidelines
  ➢ Content infrastructure becomes a “learning system” due to closed optimisation loop

The technological core of any integrated promotion management solution is the central content engine. It satisfies the key prerequisites for documenting all resources and processes involved in producing advertising materials. Here it is important to identify, standardise and, where possible, automate every single action. Thereby, employees of every single department involved, can concentrate on the tasks that are really important. As a powerful control centre, the content engine ensures that all defined workflows and the requisite applications integrate seamlessly. It delivers exactly those functions that each individual team member needs, to carry out their role as a part of the overall process.
The Benefits: Integrated Structures Keep You Close to the Customer

Above all, standardising, structuring and combining existing resources and their central management by way of a future-proof technology help to streamline processes. The resulting high-efficiency deployment of time and personnel resources is a win from the financial perspective already.

In future, integrated advertising planning and production will be essential to ensure a consistently high quality of planned promotional activities. The increasingly complex advertising, media and communication landscape demands smart solutions that allow for the fast yet high-end and audience-specific production of individual campaigns.

As well as these strategic aspects, an integrated promotion management system offers a range of benefits at operations level:

> **Comprehensive planning functions:** Annual planning ("rough planning"), campaign planning ("detailed planning"), campaign placement ("whiteboard") and cross-media output flow into an integrated process and system. Media breaks and manual duplicate effort are eliminated. Status reports on the achievement of planning targets can be issued any time at the touch of a button.

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**CONTENT-ENGINE**

The content engine supports marketing processes and output management.
Transparency and flexibility in advertising agreements: Advertising agreements with suppliers are systematically documented, compliance is monitored and proof is provided in the form of clear reports to suppliers. Volume plausibility checks can be used at any time to see whether obligations for specific product groups, regions, brands, channels and periods can be accepted at short notice or whether it is possible to shift them to media being output later on. This allows suppliers to define a selection of potential products whilst the sales department chooses the most suitable product to fit the specific context/theme, taking account of forecasts produced previously.

Targeted content management: The central content engine manages products, media objects and editorial information centrally and outputs the optimum content combination for each dimension and variant.

Straightforward variant planning: Different advertisement variants can be systematically planned by the sales department. For classic, page-based editions, placements are determined using the whiteboard. Effects such as additional costs or the potentiation of page or publication variants are displayed directly.

Partially automated layout: Media production is partly automated with continuous synchronisation processes. This means that layout and placement can occur simultaneously as changes can be forwarded to the layout team supported by the system.

Rule-based content delivery: For digital output, editorial content is delivered either fully automatically and based on rules via a content delivery server, or interactively via a composer if it will be subject to editorial design. This guarantees the integration and harmonisation of content for cross-team and cross-department CRM campaigns, advertising campaigns and one-to-one customer communication via newsletter, for example.

In-depth analytics functions: Interfaces to marketing analytics systems and to the data warehouse give real-time access to analyses of previously captured data as well as future forecasts at any time. Marketing managers are provided with valuable tools to aid their decision-making whilst a promotion is being produced and is live. This includes reports on target achievement, budget status and statements on advertising intensity.

Development of a learning system: Analysis of controlling metrics such as the number of calls, actual customer reactions to specific content, and even sales increases in specific regions and target groups makes it possible to measure the success of a promotion campaign. These results can be used to build a “learning system”: it allows content editors to create content in a more differentiated way and optimally steers the available content into each individual channel.

Combine the proven with innovation and integrate resources and processes by means of modern state-of-the-art technologies. The key to fast, efficient and high-end advertising planning and production is a smart promotion management solution. Ensure that your company satisfies the prerequisites for promotion marketing of the future – and be close to your customers, every day.