

## Marketing Spend Management across Customers and Channels Drives Share Gain and Profit Improvement

### *Industry & Client Situation*

A leading component supplier to the Personal Computer market spends a significant amount of marketing funds to generate demand for their products. These components are sold to PC manufacturers (OEMs), large ones directly and smaller ones through component distribution. These OEMs in turn sell the PCs to end-users (both consumers and businesses) through direct sales and on-line, through retailers, system distributors, and/or Value-Added-Resellers (VARs). There is significant variation around the world in the mix of large and small OEMs as well as the mix of channels used to reach end-users. Allocating the right amount of marketing funds to the right OEM and channel partners across regions is a significant challenge given the complexity of the routes to market.

### *Approach*

Together with the client team, Bridge attacked this challenge from several angles:

- Conducted a value chain analysis to understand where the units, revenue, and profitability flows across OEM, channels, and regions—a number of data sources were accessed and analyzed;
- Performed competitive analysis to determine what expectations have been set with OEMs and the channels—get as granular as possible, for example analyzing co-op advertising activity by tracking number of ads by product, by OEM, by retailer;
- Determined the appropriate marketing cost for different kinds of products, OEMs (sales-in marketing) and by channel (sales-out marketing)—the funds required varied substantially based on the market power of these partners;
- Measured return on marketing spend to ensure that the funds were being effectively spent and established integrated performance dashboards of metrics to monitor returns on an ongoing basis;
- Allocated the aggregate marketing budget to each region around the world based on the mix of business (OEMs and channel partners);
- Integrated data sources, tools, and performance metrics into the quarterly marketing planning processes;

The new tools and processes were initially piloted in one region; feedback and learning were incorporated, and then rolled out to other regions.

### *Results*

Implementation of a new marketing spend management process with marketing funds allocated in a much more systematic, objective, and fact-based way than in the past. As a result of having the marketing funds in the right place at the right time, our client was able to dramatically gain share and improve profitability. They are now able to more accurately track where the money is being spent and whether or not the expected return is being achieved.

Bridge went on to help the client build an internal capability (including hiring people with the right skill set and transferring knowledge) to support the marketing planning processes with the new information and tools.