

Building Competitive Advantage Through Effective Marketing Operations Management

3 Keys to Adding Value and Outperforming Your Market Segment



Competitive Advantage Ebook

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PURPOSE OF THIS EBOOK

The purpose of this eBook is to help organizations understand the fundamental role marketing operations plays in building competitive advantage. This thoughtful compilation and examination of the latest industry research, analyses and expert opinions brings the keys to building competitive advantage into focus, and reveals why marketing operations is a vital function in businesses today and those of the future.



INTRODUCTION

Competitive advantage – it's that special sauce that enables an organization to outperform its competitors and create greater value for its customers. Examples of competitive advantage include things like a unique geographic location, distinctive customer service and intellectual property, such as a patent.

The rise in customer expectations, coupled with disruptive new business models and the intensity of competition in business today, has created an imperative around building and maintaining competitive advantage. Take the banking industry, for example, where mid-sized banks find themselves competing with larger banks, whose bigger marketing budgets and greater digital capabilities position them to win some 45% of new primary banking relationships.¹ Since they cannot match the budget resources of their mega rivals, mid-sized banks must find ways to carve out competitive advantage through differentiation, market focus and operational efficiencies.

Competitive advantage takes on new importance during periods of disruption and uncertainty. Among the many lessons of the pandemic is the understanding that short-term circumstances can have a lasting impact on our competitive market position. Consider the restaurant industry, which has had to quickly adapt to restrictions on operations and consumer behaviors that changed almost overnight. Restaurants seeking a competitive advantage in this environment are driving the latest industry trends² related to:

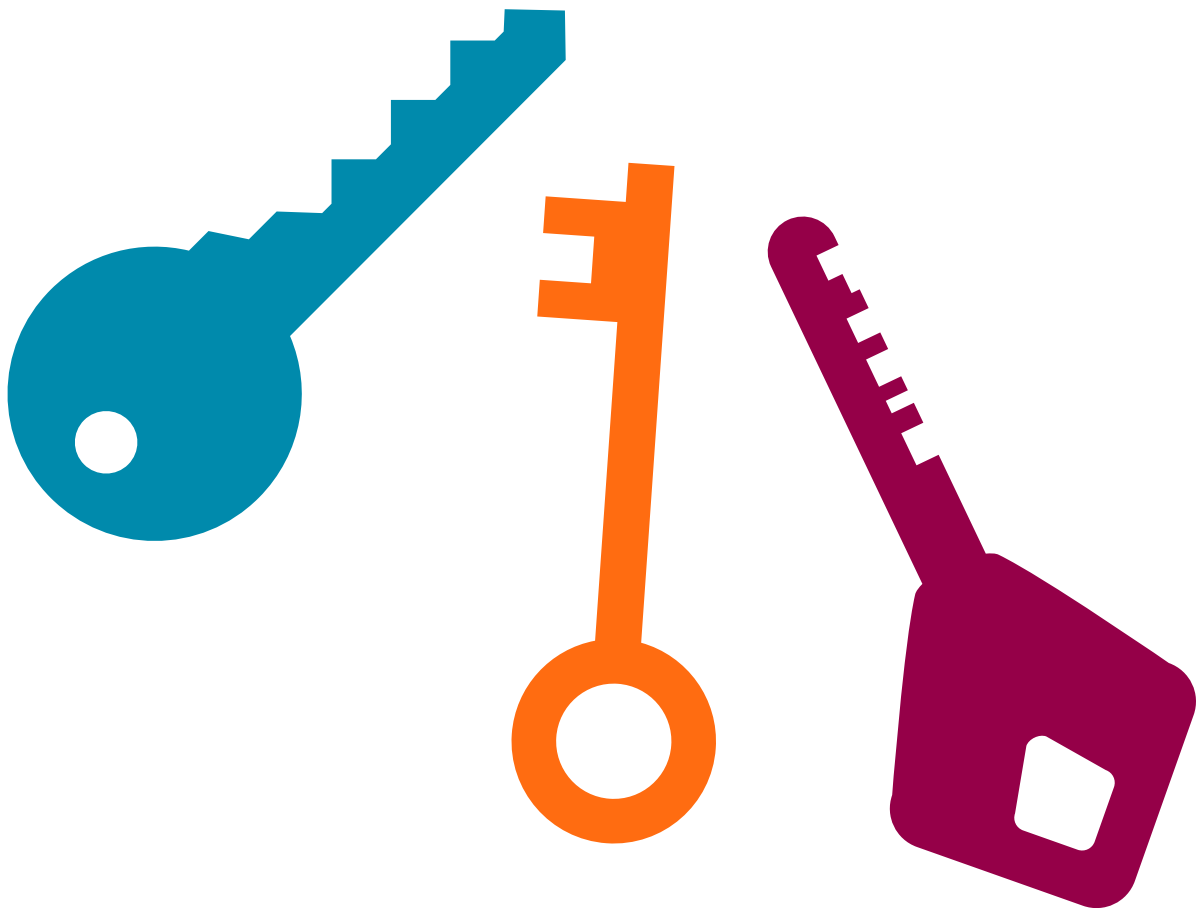
- Service: single-serving packaged meals, curbside pickup, custom meal kits, drive-in restaurant service and adapting menus for delivery and takeout
- Delivery: no-contact delivery, grocery delivery services

- Technology: QR code menus, individual POS system checkout, advanced online ordering technology, sanitizing technology, and
- Supplies: hand sanitizer kiosks, instore signage and floor labels for social distancing, face shields, cashier shields.

Many of these crisis-driven changes are becoming permanent features, offering restaurants new opportunities to build competitive advantage.

The Role of Marketing Operations Management

Achieving competitive advantage requires a company-wide effort. In the pages that follow, we'll explore how that company-wide effort begins with the marketing operations function and the **3 keys to unlocking competitive advantage through effective marketing operations management.**



3 KEYS TO BUILDING COMPETITIVE ADVANTAGE

1. Actionable Marketing Data



“The ability to gather, organize, interpret, and act on data and analytics will be the defining competitive differentiator of our lifetimes.” – McKinsey³

Most marketers understand that data has become essential to achieving their objectives. But not all organizations have learned how to leverage data to impact their competitive position.

Knowing your customers and what is important to them requires not only actionable data, but the ability to analyze it properly. It is through this data and analysis that a company comes to understand what matters to its customers and how its organization is responding. With this insight, an organization can focus its resources and efforts throughout the company to differentiate and build competitive advantage.

Research and advisory firm Forrester has identified a growing segment of organizations it refers to as “insights-driven.”⁴ These highly customer-focused firms harness insights across their organizations and implement them to create competitive advantage. Forrester affirms that, “In the age of empowered customers, competitive advantage hinges on an organization’s ability to harness data to improve customer understanding and engagement.”⁵

This points to marketing’s opportunity to create competitive advantage through data-driven marketing strategy, execution, and performance analysis and optimization.

Data Quality

Of course, the insights that drive marketing strategies are only as good as the data from which they are derived. Forrester warns marketers they cannot afford to make marketing and media data quality considerations an afterthought.

When data isn't clean, accurate and easy to interpret, Gartner estimates it can cost businesses an average of \$15 million annually,⁶ related to lost revenue opportunities, deficient customer experiences and lack of compliance with government regulations.

Usable data is vital to ensuring marketers are targeting the right customer with the right message at the right time via the right channel.⁷ It enables businesses to access their customer intelligence more quickly, provide better insights, and market more effectively.

This is essential for engaging customers who are bombarded with more marketing messages than ever. In its 2021 Global Marketing Trends report, Deloitte suggests relevance is critical to breaking through the noise that consumers are exposed to – an estimated 400 to 10,000 promotional messages daily.⁸ Delivering relevant content “relies largely on data-driven insights—understanding your customer, keeping track of what’s trending, and having the real-time delivery capability to craft relevant customer messaging.”

ADVANTAGE SNAPSHOT

Research by Acxiom suggests there are three fundamentals that bank marketers have to master: 1) getting the right data, 2) getting the data right, and 3) using data in the right way.⁹ Acxiom identified financial services marketers' biggest challenges to getting the data right:

- 53% Getting actionable insights
- 44% Dealing with the volume and complexity of data
- 44% Recognizing customers across channels
- 43% Managing and executing multichannel campaigns
- 38% Maintaining and validating data

So, how are financial services marketers faring with their actionable data and analytics imperatives? Through Vya's own research with Cornerstone Advisors,¹⁰ we learned that few mid-sized banks have embedded advanced analytical capabilities into their operational and decision-making processes. However, they are making progress. Nearly two-thirds (63%) of high-impact institutions say they have common data views across functions and processes, and data delivery. Even moderate-impact (57%) and low-impact (53%) institutions benefit from common functional data views.

2. Adaptability



“Instead of being really good at doing some particular thing, companies must be really good at learning how to do new things.” – Harvard Business Review

Nearly 10 years ago, Harvard Business Review published a paper titled, “Adaptability: The New Competitive Advantage.”¹¹ This paper offers ideas that are as relevant today, or perhaps more so, than they were in 2011. The authors suggested that “Traditional approaches to strategy assume that the world is relatively stable and predictable. But globalization, new technologies, and greater transparency have combined to upend the business environment. In this period of risk and uncertainty, more and more managers are finding competitive advantage in organizational capabilities that foster rapid adaptation.”

Three sources of advantage that are called out in the HBR paper clearly relate to marketing operations and merit examination by today’s marketers seeking opportunities for competitive advantage.

1. The Ability to Read and Act on Signals

The ability to adapt to a changing business environment requires a business to be tuned into what’s happening. This ties back to the point discussed earlier about usable data and how it impacts a business’ relevance in responding to trends.

One of the most remarkable achievements of the 2020 economy was how businesses were able to rapidly pivot to new methods of operation, new business models and even new markets. Many of those who were most successful were not only highly attuned to events that were unfolding, but were tapped into potential impacts in the weeks and months that followed.

Indeed, this ability to react and adapt influences customer relationships. Deloitte’s Global Marketing Trends Consumer Pulse Survey⁸ found almost four in five people could cite a time a brand responded positively to the pandemic and one in five strongly agreed it led to increased brand loyalty on their part.

ADVANTAGE SNAPSHOT

Franchise Marketing & Acting on Franchisee Requests

Kona Ice, the popular shaved ice truck franchise organization, uses a marketing resource management system to reduce the number of custom requests from franchisees for marketing pieces. Franchisees access templated marketing materials in the system, which they can now customize themselves, significantly reducing the number of custom requests that must be handled by corporate marketing.

When a custom request is necessary, it is initiated using an in-system form which provides the Kona designers the detailed information they need to fulfill the request, eliminating the inefficient back and forth of emails. The design process is managed and tracked within the system, providing transparency and a referenceable history of requests.

Custom request activity can be analyzed, enabling Kona to identify trends. For example, if they notice many requests for the same type of marketing piece, they can proactively create a template and have it added to the system. This is just one of the ways the marketing resource system enables Kona to be tuned in and respond quickly to the needs of its franchisees.¹²

This underscores the impact of marketing at the local level on the overall customer experience. From customer-facing employees to marketing messages directed at local customers, it is more important than ever for organizations to be in tune with the customer experience.

2. The Ability to Experiment

What people say and what they actually do can often be different. Location-based marketing and adtech company GroundTruth confirmed this with research it commissioned to examine differences between perception and reality for fast food behaviors. It surveyed 60,000 consumers and then observed their visitation patterns to identify disconnects. Among their findings was that 52% of consumers who said they “never eat out,” still visited McDonald’s during the previous month.¹³

The lesson is that marketers cannot always take research at face value. There’s an imperative to test and experiment in order to uncover and tap into actual customer motivations and behaviors. Organizations that embrace experimentation can gain insights that enable them to improve their competitive position.

Leaning In to Consumer Science

Product leadership expert and former VP of Netflix and CPO of Chegg, Gibson Biddle has said, “I found that consumer science – the scientific method of forming hypotheses, then testing them – is the best way to build a culture

of customer obsession and to discover what delights customers in hard-to-copy, margin-enhancing ways.” Among the research techniques Biddle and his teams used to power consumer science and customer obsession were: ¹⁴

- Use existing data to understand past and current behavior
- Qualitative research – focus groups, one-on-ones, usability – to hear how people think and react to your work
- Surveys to capture who the customer is and how to think about them – by demographics, by competitive product usage, entertainment preferences, etc.
- A/B test the hypotheses formed via the above inputs to see what worked

A/B Testing

As Biddle suggests, one of the most effective research tools at the marketer’s disposal is A/B testing. This research method is almost 100 years old and it’s one of the simplest forms of a randomized controlled experiment.¹⁵ It allows a marketer to compare two versions of an asset – an email, web page or special offer – to determine which performs better.

A/B testing enables marketers to optimize marketing campaigns and assets, while allowing them to experiment and discover previously untapped opportunities to gain an edge in the marketplace.

ADVANTAGE SNAPSHOT

Utilities Marketing – Reading and Interpreting Data

A Midwestern utility wanted to increase enrollments in its Fixed Bill Program without increasing its marketing budget. Four customer segments were identified with the greatest potential to enroll.

Two messaging versions were tested across the four segments. Overall, the two messages performed at similar levels with only a 0.2% difference in response rate. But when the results were analyzed at the customer segment level, two segments showed greater response rates for one of the message versions. The results of its message testing and analysis enabled the utility organization to optimize its campaign and maximize its results.¹⁶

Pre-Launch Pilot Campaigns

A pilot enables marketing testing across a smaller sample group to gain insights prior to investing in and rolling out a larger campaign. Marketing pilots can test creative, messaging and offers, providing insights that can be used to maximize a campaigns success.

“In the utilities industry, pilot programs are a smart practice, not only to test the market acceptance of a new program, but also to gather the information necessary to support the case for approval by the regulatory commissions.” – Bob Hughes, Executive Director, Utility Communicators International

3. The Ability to Mobilize

Technology has become essential to operational responsiveness in today’s customer-driven marketplace. For its 2021 Global Marketing Trends report,⁸ Deloitte surveyed 405 C-suite executives, 41% of whom said the top outcome they hoped to achieve by implementing more digital technologies and platforms was to react more quickly to customer needs.

Often, the lack of marketing operational technology impacts marketing’s ability to mobilize. According to Gartner’s 2020 Marketing Operations Survey,¹⁷ approximately 43% of marketers surveyed still do not use any kind of modern martech to manage key marketing activities, hindering the marketing team’s ability to meet objectives.

Without adequate marketing tools and technology, organizations can lose ground to competitors, simply because they are not operating optimally. A study by London Research revealed that more than half (53%) of content marketers surveyed said they waste too much time trying to find content assets that may or may not exist.¹⁸

It is critically important to quickly get campaigns to market in order to stay ahead of the competition. This can be especially challenging in industries with distributed marketing and sales models, like franchising, insurance and banking, where marketing not only needs to mobilize itself but also a distributed field of franchisees, agents, or branches and loan officers. It requires effective marketing distribution and supporting local grassroots efforts. This is one area where marketing technology plays an essential role.

ADVANTAGE SNAPSHOT

Franchise Marketing – Mobilizing a Distributed Organization

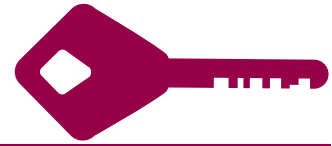
Wayback Burgers, one of the nation's fastest-growing burger franchises, believes strongly in the ability of limited time offers (LTOs) to drive business to local franchisees. But, deploying LTOs across more than 150 locations presents logistical challenges, as each location has its own unique configuration and requirements.

Wayback has solved this distributed execution challenge by integrating a marketing resource management system. When Wayback's marketing team creates promotional items for a new LTO, its marketing resource management system uses location profiles to determine which materials are sent to each franchisee location.

Wayback's LTOs typically include an average of a dozen items, from window clings, sneeze guards and menu board labels to napkin holder inserts, flyers, as well as a kit instruction guide, with directions on how and when to use each promotional piece. The marketing resource management system's location profiles include details, like the number of tables and windows at each location, ensuring the right types and quantities of each marketing item are shipped to each location, reducing waste and cost. With its marketing resource management system, Wayback Burgers is able to efficiently deliver the marketing materials each franchisee needs to maximize its own success around LTOs. ¹⁹



3. Effective Marketing Spend



“The companies that prepare for the unknown—by focusing not just on top-line growth but also on cost excellence—will be well positioned to prosper in any environment.” – Boston Consulting Group²⁰

In a survey of 1,000 marketers worldwide by Rakuten Marketing,²¹ respondents estimated they waste an average of 26% of their budgets on ineffective channels and strategies. And about half of respondents said they misspend at least 20% of their budgets.

Cost inefficiencies in marketing impact a range of resources, including money, time, and personnel. Marketers who find a way to spend more effectively are able to invest in areas that can contribute to competitive advantage. Think growth areas, like new product launches or establishing a broader market presence.

Investing in Data Quality

Among the areas where effective marketing spend can contribute to competitive advantage is data quality. In a survey by Forrester,⁵ marketing and media performance decision makers revealed:

- 21 cents of every media dollar spent by their organization in the last year was wasted due to poor data quality
- 32% of their marketing teams’ time is spent managing data quality
- 26% of their campaigns in the last year were hurt by poor data quality, on average

Depending on your company’s available resources, it may make sense to outsource the building of a data warehouse to a trusted vendor. A quality vendor should be able to take your data in any combination of formats. They can standardize it and perform analysis, such as segmentation, profiling, modeling and predictive analytics.

Sometimes organizations will go through the process of cleaning and organizing their data, without updating their processes for maintaining their data, causing it to decay all over again. Whether you are maintaining your data internally or with help from a knowledgeable vendor, it's important that your organization does not revert to its old ways of data management. You can guard against this by building in periodic reviews to level set and revisit recommendations for achieving and maintaining data quality and usability.

Effective Staffing and Talent Development

A global study conducted by Sapio Research²² reveals many marketing organizations are not optimizing their talent resources. Among the survey's findings:

- Marketers waste nearly 7 hours a week on pure duplication of work
- Only 28% of marketers' time is spent doing the job they were hired to do
- More than 60% of their time is spent on low-value or unnecessary tasks such as searching emails for information, managing shifting priorities, sitting in meetings and communicating about the status of projects
- 90% of marketers believe their teams aren't as effective as they could be, due to not having the right processes in place to help manage and streamline their work

This suggests the effective use of staff resources could represent a hidden path to competitive advantage. Talent and the effective management of personnel resources have to work in parallel with other efforts to carve out competitive advantage. In its 2021 Global Marketing Trends Report, Deloitte suggests, "A new era of marketing requires a new outlook on talent. The organizations that do it right can elevate marketing's standing within the organization and even disrupt their industries along the way."⁸

The effective use of personnel not only makes an organization more efficient, it provides a more rewarding work environment for your marketing talent by enabling them do the job they were hired to do, rather than bogging them down in the low-value, unnecessary tasks that can consume a less efficient marketing organization.

ADVANTAGE SNAPSHOT

Bank Marketing & Staffing Efficiencies

In 2014, the marketing group at WesBanco Bank, a community-oriented bank with nearly 200 branches across nearly a half dozen states, was straining to keep pace with the bank's exponential growth. Marketing leadership determined the need for a marketing resource management solution to automate key processes that could help its marketing staff work more efficiently and focus on more strategic activities for the growing, distributed organization. The MRM solution enabled a 75% reduction in administrative tasks, which allowed WesBanco to reallocate marketing staff to proactive campaigns that help the organization grow for the future.

“Our marketing team is no longer consumed with administrative execution, which makes us feel like marketers doing the jobs we were hired to do.” – Vice President and Regional Marketing Officer for WesBanco Bank²³



CONCLUSION

Competitive advantage is essential to achieving success in an increasingly competitive business environment, driven in part by rising customer expectations and new, disruptive business models.

Identifying and achieving that advantage requires company-wide commitment and contribution. In line with this view, Gartner identifies “Total Experience” as a top trend of 2021. The firm explains total experience combines customer experience, employee experience and user experience to transform a business outcome. The goal is to improve the overall experience where all of these pieces intersect. Tightly linking all of these experiences will differentiate a business from competitors in a way that is difficult to replicate, “creating sustainable competitive advantage.”²⁴

Marketing operations is not only vital to this effort, it is where competitive advantage takes root. Effective marketing operations management – in the form of actionable data, adaptability and effective marketing spend – lays the foundation for changes throughout your organization that enable your company to create “total experience” and build lasting competitive advantage.

VYA RESOURCES

Vya addresses marketing's imperatives for building competitive advantage through a combination of its marketing resource management system, data analytics, and production services.

Marketing Resource Management System

Vya's marketing resource management system becomes your company's one-stop-shop for marketing materials including collateral, ads, marketing and event kits, promotional products, and more. Enable marketing agility at the local-level by providing users with templated, customizable marketing materials, as well as self-service marketing lists and on-demand campaigns, that can be ordered through a simple online shopping experience.

Streamline processes and ensure brand and regulatory compliance with automated workflows. Redirect corporate marketing talent to high-impact projects by eliminating redundant work such as minor creative requests, ad resizing, etc.

Data Management Services

Vya's data professionals partner with your company to make your marketing data usable. Data from separate systems both internal and external are aggregated into one hosted, consolidated marketing information hub. Data is organized, cleaned, and validated. Through data feeds or file transfers, data is regularly updated, and data quality is maintained on an ongoing basis.

Data Analytics and Insights

Through its data analytics services Vya enables you to turn data into actionable insights such as customer segmentation, target modeling, next best product identification, and more. Vya's analyst team can design campaign pilots, measure campaign performance, develop dashboards, analyze results and help you develop optimization plans. Additional insights about your customers and marketplace, such as awareness measurement, customer satisfaction drivers, customer experience measurement, channel

preferences and more can be uncovered through Vya’s market research services.

Campaign Execution and Marketing Distribution

Vya’s campaign execution and marketing distribution services enable you to efficiently deploy locally customized campaigns and easily manage the distribution of “just right” marketing kits to the field. Leveraging the power of the Vya system, campaign materials are automatically customized with local contact information and kit item order quantities are automatically right-sized based on the location’s profile. Vya manages the execution end-to-end which can be further streamlined by using Vya’s in-house print, direct mail (including EDDM®), and fulfillment services. Applying Vya’s data services, campaigns can be designed based on your objectives, pilot tested, measured, and optimized.

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Vya is an independent provider of marketing services that is not associated, sponsored, or otherwise approved by the United States Postal Service to provide these services.

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About Vya

Vya simplifies marketing execution with local customization to help distributed and multi-location businesses increase efficiency and maximize performance. With its combination of marketing resource management technology, data analytics expertise, and production services, Vya enables marketers to customize, localize, optimize and efficiently manage marketing campaigns, messaging and materials for greater relevance and impact. Marketers across a range of industries, including banking and financial services, franchising, insurance, manufacturing, and energy and utilities, choose Vya to elevate their marketing operations and advance overall business success.

Contact Vya to learn more about how we can help your organization build competitive advantage through effective marketing operations management: (800) 426-7921 or consult@vyasystems.com.



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