

Gleansight Benchmark Report

Localized Marketing Automation

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There are some very important nuances to this report that will make it either the most relevant report on next generation marketing technology you will read this year, or completely irrelevant to your needs. If you looked at the title of this report and saw “localized marketing” and not “marketing automation” then we’re off to a good start and this Gleansight is for you. This report is for marketers in organizations that manage a national or global brand via a centralized corporate marketing function and a network of localized marketing entities who also represent the brand (distributors, franchisees, regional locations, affiliates, partners, etc.). This model is very common in industries such as financial services, insurance, manufacturing, retail, restaurants, franchises, healthcare, and pharmaceuticals. So if you are a marketer in any of these industries you definitely need to read on.



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There are technologies specifically designed to address the unique (and sometimes conflicting) needs of corporate and local marketers in these industries. Gleanster estimates that less than one-third of brands in these target industries deploy localized marketing automation (LMA) technologies.

Dependence on the wrong marketing technologies leads to rampant brand consistency challenges, poor customer experiences, inefficient marketing cycle time, and excessive spending on marketing. In short, legacy systems and processes need to change.

The good news is that marketers can mitigate these challenges – but solving them will require technology solutions designed to address the nuances of a distributed marketing environment. We aren't talking about an traditional email marketing or marketing automation platform; 9 times out of 10, platforms designed for a centralized marketing

environment (a single corporate marketing department) will deliver diminishing returns and require excessive customization to support localized marketing execution. You need to find ways to make localized marketing scalable and templated to build relationships that result in sales. The survey data suggests that personalizing localized marketing materials is a top priority in 2014 – but there's a right and a wrong way to mitigate this challenge. It's up to marketing leaders to learn what LMA technologies do, why they are unique, and how to justify investments moving forward. This report will answer all of these questions.

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Survey Stats

The research findings featured in this Gleansight benchmark report are derived from the Q2 2014 Gleanster survey on localized marketing automation.

- Total survey responses: 240
- Qualified survey responses: 191
- Company size: <\$1M (5%); \$1 - 10M (10%); \$10-250M (61%); \$250M - \$1B (20%); >\$1B (4%)
- Geography: North America (84%); Europe (16%)
- Industries: Financial Services (24%); Insurance (10%); Manufacturing (9%); Retail (8%); Healthcare (5%); Restaurant (9%); Life Sciences (4%); Hospitality (7%); Other (24%)
- Job levels: C-level (5%); SVP/VP (22%); Director (31%); Manager & Staff (42%)

Sample survey respondents:

Preston Anderson, Director,
Marriott International, Hospitality

Todd Webster, Director,
Wellbiz Brands, Franchise

James Kerley, LL Global
Services, Insurance

Juli Rose, Manager, Erbert & Gerbert's
Sandwich Shops, Restaurant

Samantha Bradburn, Berghaus Ltd

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Part 1: Topic Overview

A rose by any other name would smell as sweet. Over the last decade, these unique technologies have been classified under a variety of categories: Marketing Asset Management, Distributed Marketing, Brand Management, Marketing Resource Management, Multi-Channel Campaign Management, and, of late, Localized Marketing Automation. To complicate matters further, some LMA tools are heavy on features that address brand/digital asset management challenges, some are heavy on features that address multi-channel execution challenges, and some offer a hybrid of both. What makes LMA solutions unique is that they are specifically designed to make localized marketing scalable, efficient, and more effective. This Gleansight report will explore an emerging classification of marketing technology that addresses brand consistency, multi-channel campaign execution, asset management, financial management, and holistic visibility into marketing effectiveness exclusively for organizations that manage a brand through corporate and local constituents.

Perhaps the biggest challenge facing adoption of LMA is awareness. For solution providers, it's very difficult to target and educate marketers about the benefits of the tools because the roles responsible for corporate, channel, and field marketing vary dramatically from one organization to the next. That makes awareness and branding expensive for solution providers. What's more, marketers often think they already have LMA capabilities internally. Make no mistake: a disconnected and eclectic mix of disparate marketing investments in corporate and redundant investments in the same tools at the local marketing level is not a winning strategy. This report will highlight how Top Performing organizations are solving distributed marketing challenges. It turns out that Top Performers are actually 8x more likely than Everyone Else to deploy an LMA technology. Eyebrows should be raising about now.

For years distributed marketers have relied heavily on traditional marketing channels like print, broadcast, and email. In fact, internal stakeholders may not even value emerging channels in digital (social media, mobile, digital, etc.) because historically the organization has grown just fine via investments in traditional media. Before the internet and social media, brands could hide under generic communications. But consumers are savvy and connected, which amplifies poor customer experiences and makes it easier for buyers to move to a competitor. Today, customers are in control, and they expect to engage your brand when, where, and how they prefer – in-store, mobile, email, web, social media, phone, etc. That makes digital the new frontier for distributed marketing; it's real-time, dynamically reactive, and measurable. But local marketers may not have the expertise to represent the brand appropriately via digital channels. That leads to excessive spending on agencies tasked with customizing or personalizing regional marketing materials and executing campaigns.

What's the problem LMA addresses?

Distributed marketers (corporate and local marketers) face a myriad of challenges with brand communications:

- Lack of visibility into overall communication effectiveness.
- Local marketers seek autonomy, corporate marketers seek compliance.
- Renegade local marketing campaigns that are not approved by corporate.
- Potential for inconsistent brand communications between corporate and local marketers.
- Redundant technology spend. (How many email marketing tools are sending brand communications between corporate and local marketers?)

What's does the solution actually look like?

LMA tools can simultaneously address the needs of corporate marketing and local marketers from a centralized platform – with permission-based security to meet the needs of different constituents. What differentiates LMA tools from marketing technologies built for single marketing departments is the ability for corporate marketing to centralize brand assets and disseminate corporate-approved templates (for one or more marketing channels) for local affiliates. This capability is often called “dynamic templating,” and it allows corporate marketing to determine which parts of the campaign or marketing communication can and can't be edited by local marketers. Local marketers in turn have centralized on-demand access to these templates (or campaigns) to personalize copy and images for local

target audiences.

LMA tools generally include overlapping capabilities that may already exist in an organization. This includes things like digital asset management, email marketing, social media marketing, landing page hosting, financial management, and workflows. But only LMA technologies are designed to help corporate marketing centralize brand assets and disseminate customizable templates to local marketers so they can easily execute highly personalized localized marketing campaigns. Centralized tools are the ONLY way for the CMO to gain visibility into effectiveness of communications from brand and local marketers.

LMA tools also help to offload the burden of campaign execution and optimization from local entities through a scalable rules-based centralized platform; best practices are built into the templates. LMA tools replace disparate marketing technologies for local entities so campaign execution can be supported and measured by corporate marketing. This gives local marketers autonomy in communications but also ensures corporate marketing can oversee the brand for a consistent customer experience. Usually LMA tools can be customized to meet the unique skill sets of different local entities; more sophisticated marketers can customize their campaigns while less sophisticated marketers can merely opt in to corporate managed campaigns for local target audiences. LMA tools are also an ideal fit for highly regulated industries because they make compliance scalable and they can keep an audit log of all outbound communications between local constituents and customers.

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What are Reasons to Implement?

Reasons to Implement are the reasons Top Performers invested, or plan to invest, in a technology. These also represent the most common ways to justify the investment.

Benchmark KPIs

Gleanster uses 2-3 key performance indicators (KPIs) to distinguish “Top Performers” from all other companies (“Everyone Else”) within a given data set, thereby establishing a basis for benchmarking best practices. By definition, Top Performers are comprised of the top quartile of qualified survey respondents (QSRs).

The KPIs used for distinguishing Top Performers focus on performance metrics that speak to year-over-year improvement in relevant, measurable areas. Not all KPIs are weighted equally.

The KPIs used for this Gleansight are:

- Year-over-year increase in revenue
- Year-over-year increase in response rates

To learn more about Gleanster’s research methodology, please click [here](#) or email research@gleanster.com.

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Part 2: Reasons to Implement

Distributed marketing initially started to gain traction under the concept of “marketing asset management,” which is also closely related to “digital asset management.” Initially LMA tools helped marketers centralize and manage brand assets. That meant the core value proposition behind first-generation LMA tools was largely linked to productivity, operational efficiency, and cost reduction. Naturally, customizing collateral for local or regional audiences is certainly a lesson in futility for distributed marketing organizations. In most cases massive budget is allocated to agencies or dedicated marketing operations departments that oversee the development of localized marketing communications. This proves to be expensive, manual, inefficient, and worst of all slow. In the financial services sector, slow can be toxic to the customer experience – especially when the speed of reaction to current events in published market briefs can deliver a competitive advantage.

But over the last decade, LMA tools have rapidly expanded from managing assets to supporting multi-channel communications. Today, the core value proposition behind LMA is relevance at scale, and the channels used to build relationships with customers are based on customer preference. The reality is that many distributed marketing organizations are ill prepared to usher the brand into the digital revolution, as they tend to cling to legacy practices via traditional channels. Top Performing organizations are 5x more likely than Everyone Else to leverage 2 or more digital channels in ongoing marketing communications. In fact, digital is amplifying the divide between corporate and local marketers. Local marketers know their target audiences are hungry for digital engagement, and this leads to one-off investments in local marketing technologies – search advertising, email marketing, landing page hosting, mobile marketing. The evolution of digital channels also sparked an evolution in LMA technology. Most vendors now offer tools that not only help support back-office marketing efficiency in corporate marketing, but also help facilitate personalized customer engagement at the local level.

As a result, justification for LMA can now be linked to top line revenue growth, which makes the reasons to implement much easier to circulate internally. Top Performers are 2x more likely than Everyone Else to say that the most important reason to implement LMA is to accelerate personalization of localized marketing materials (93% of Top Performers). This is followed by a desire to increase revenue (62%) and reduce costs (54%). What we see from the top three reasons to implement from Top Performers is that LMA technology is perceived to not only boost productivity and reduce costs but also increase revenue through relevance at scale.



MOST COMPELLING REASONS TO IMPLEMENT LMA FOR TOP PERFORMERS*



93%
Say:

Personalize local marketing materials.

** versus 47% of Everyone Else



62%
Say:

Increase revenue.



54%
Say:

Reduce costs.

* According to Top Performers, based on 191 Qualified Survey Responses to the Q2 2014 survey on distributed marketing.

**According to Everyone Else shown only when a notable disparity occurs relative to Top Performers

Personalize local marketing materials. LMA solutions offer a scalable means to empower local marketers to customize marketing communications without sacrificing brand consistency. The fact that this is the top reason to implement highlights how important localized marketing has become for Top Performers. It's paying off. Top Performers report 18% higher click-through rates on localized communications (paid search, email, and social media).

Increase revenue. LMA is about more than back-office efficiency and cost savings. Personalized communications should result in more intimate relationships with loyal customers; relationships that result in sales. When stakeholders are being evaluated by their ability to affect revenue, it's much easier to drive the investment in LMA. The trick is to demonstrate exactly how increases in response rates or conversion can be linked to increases

in revenue based on your organization's average order value and customer lifetime value metrics.

Reduce costs. A very strong case can be made for justifying LMA investments if you map out how many redundant technologies your organization supports across corporate and local affiliates. The average distributed organization supports 7-9 email marketing tools for the brand. Sometimes eliminating the annual cost of these tools alone can justify the LMA licensing fees – and LMA brings a lot more than email to the table. Productivity and marketing cycle time also have an impact on cost savings, but these are more difficult to justify. You can actually back into the cost of existing processes by linking an hourly rate to time spent conducting a task. For example, a process that takes a \$55/hr resource 10 hours to support costs \$550 to complete. But if that task is done hundreds of times a year by dozens of internal or external

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resources, it's a sizable metric. You can then compare this to "expected" increases in productivity after the new tool is implemented and allocate a cost to existing inefficiency.

Manage brand consistency. In a digitally connected world, brand compliance mistakes become instantly visible and can spread like wildfire on social media. Unfortunately, most of the time it's not so obvious to the buyer when the customer experience stinks – they may not even know why, but your brand is tarnished subconsciously. The online customer experience remains a top three source of competitive differentiation for Top Performers. But managing brand consistency is complicated in a distributed marketing environment where multiple stakeholders manage brand communications. That's why this ranks as a top five reason to implement LMA for Top Performers.

Empower local marketers. Seventy-

four percent (74%) of local affiliates believe they have a "better level of understanding about local target audiences" than corporate marketing. It's important for corporate marketing stakeholders to understand that LMA essentially gives local marketers a structured way to personalize materials. In most cases, local marketers have no desire to re-invent the wheel every time a campaign needs to be sent.

Reduce campaign cycle time. Manual inefficient processes and disconnected marketing technologies lead to excessive marketing cycle time on campaigns. In some industries this can be detrimental to the brand. For financial services marketers, the speed at which the brand can publish market briefs and analyst perspectives on recent news or events can actually deliver a competitive advantage. According to Top Performers, campaign execution takes an average of 40% less time to execute with LMA.



COMPELLING REASONS TO IMPLEMENT LMA FOR TOP PERFORMERS*



47%
Say:

Manage brand consistency.



40%
Say:

Empower local marketers.



33%
Say:

Reduce campaign cycle-time.

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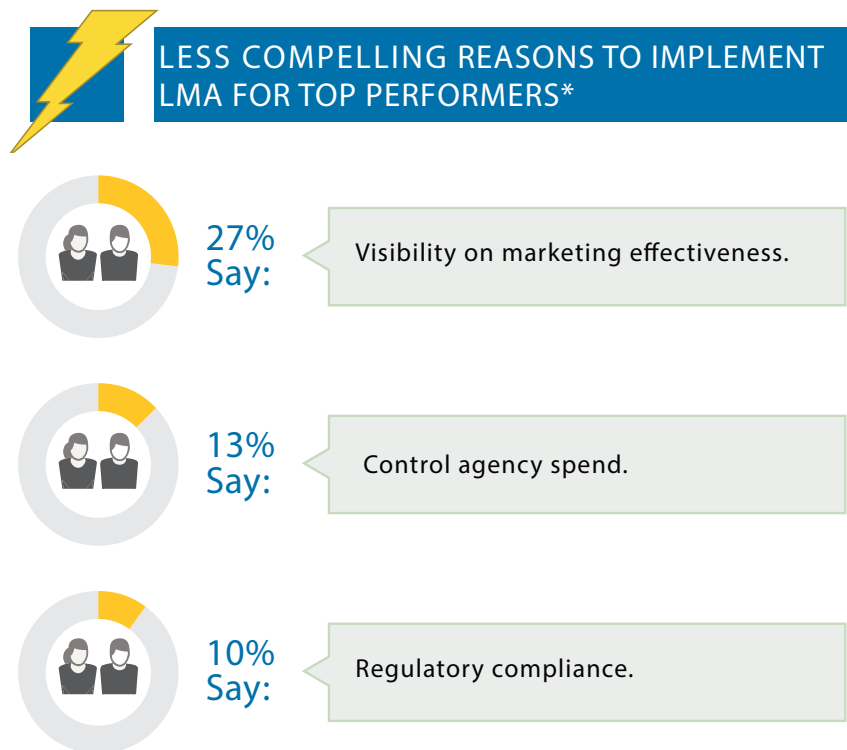
Visibility on marketing effectiveness. As Peter Drucker once said, “If you can’t measure it, you can’t manage it.” When multiple disconnected technologies are used to manage corporate and local execution, it’s difficult to tell what’s working and what’s not. LMA centralizes campaign performance so corporate marketing can disseminate messaging and best practice strategies in local marketing templates. This helps make brand communications more effective and efficient.

Control agency spend. According to respondents, approximately three out of four local marketers rely on relationships with local agencies and constituents to create localized versions of marketing materials (outside of what corporate marketing provides). This challenge is all but eliminated for Top Performers who use LMA technologies. Keep in mind that a local agency is just as likely to create brand compliance

violations. While LMA is unlikely to completely eliminate local agency spend, it can significantly reduce it and keep marketers focused on activities that will enhance the brand and the relationship with customers. .

Regulatory compliance. In a global digitally connected world, brand compliance mistakes become instantly visible and often spread like wildfire throughout social realms. Top Performers were not as likely as Everyone Else to identify brand compliance as a reason to implement; it’s simply a byproduct of implementing a solution.

Minimize redundant spend. According to survey results, 52% of respondents indicated local marketers operated marketing technologies that captured data that was not integrated with corporate marketing platforms. Multiple email marketing platforms and



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potentially redundant search marketing spend leads to redundant investments in technology licenses and agency support costs.

Centralize execution of multi-channel communications. For Top Performers it's not really about centralizing multi-channel communications. It's about empowering local marketers to execute campaigns in a scalable way. From a measurement standpoint, LMA is critical to ongoing optimization, but communication wise, it's easier to outsource the relationship to the local environment.

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Part 3: Value Drivers

What are Value Drivers?

Value Drivers represent the processes, organizational considerations, and tactics that help Top Performers maximize the return on investment in a technology initiative.

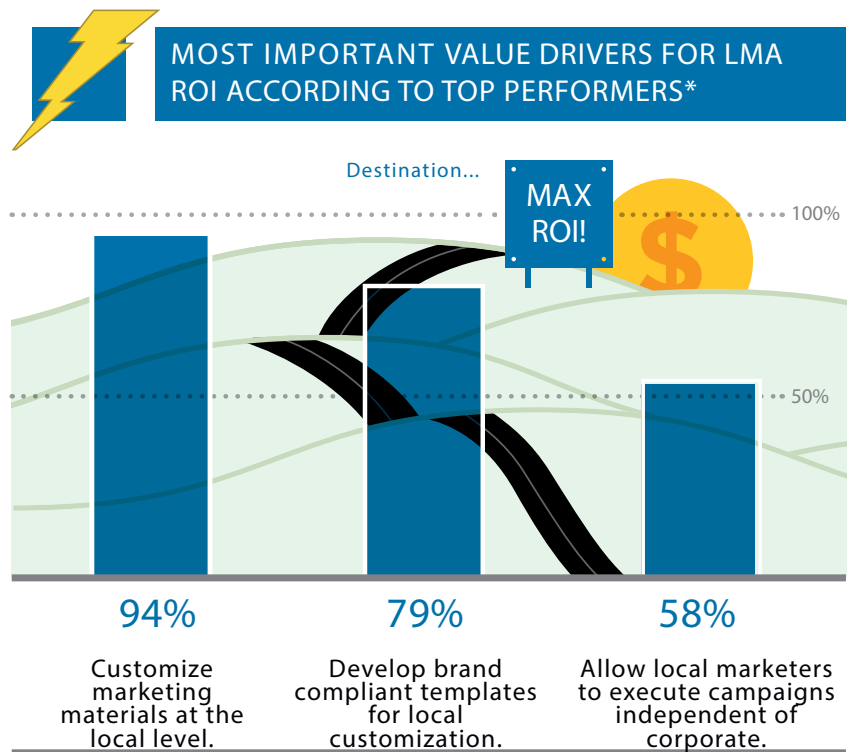
These are the things Top Performers would attribute to the successful implementation and use of a technology.

How do Top Performers maximize their return on investment in localized marketing technology? Considering the fact that LMA impacts both cost savings and revenue growth, one might expect best practices to focus on back-office operational efficiency and multi-channel communications. Any time technology helps to standardize and scale processes or customer communications, the end result is only as good as what goes in. As such, if you automate or scale poor processes or ineffective communications you accelerate mediocre results. This stresses a core theme that was very clearly highlighted by Top Performers in this data set: customer centricity. It's all about the customer in 2014. Every investment that is made in technology should be directly tied to building more meaningful relationships with customers and prospects. Can you activate the brand and layer intimacy into the customer interactions? This is what differentiates Top Performers and allows them to capture a disproportionately large share of wallet compared to Everyone Else. This is done through personalization.

The core theme in this year's data is multi-channel localization at scale. Top Performers understand that corporate marketing is ill equipped to optimize a personalized relationship with local target audiences across a burgeoning array of online and offline channels. At the same time, local marketers are ill equipped to unify the customer experience, which may reach well beyond the boundaries of a local interaction with a buyer or customer. When asked how they would maximize the value of LMA investments, Top Performing organizations cited customization of local marketing materials (94%), brand compliant templates for local customization (79%), and the ability of local marketers to execute campaigns independent of corporate (58%).

These value drivers suggest Top Performing corporate marketers are comfortable relinquishing control over brand communications. How can that be? It turns out that 89% of Top Performers invested in LMA technologies and were using these tools for over three years, compared to just 34% of Everyone Else who can claim the same. Make no mistake: technology is never the linchpin in success, but it facilitates and enables marketers to implement best practices at scale. It allows corporate marketing to create and manage brand-approved best practice multi-channel templates that can be customized by local marketers. It empowers local marketers to leverage the intimate knowledge they have about local target audiences in ways corporate marketing could never imagine. It helps transform the brand into something that resonates more intimately with customers. That leads to higher customer satisfaction and loyal customers. At the same time, early adopters of LMA continue to make life hard for laggards because they are setting the bar with respect to superior customer experiences. If you aren't setting bars, guess where your brand is in the pecking order.

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Customize marketing materials at the local level. If personalization at a local level is a top reason to implement LMA, it stands to reason that actually doing it is a best practice for extracting a return on the investment. But then again there are many cases where technology is adopted but not used effectively. The fact that this is the top value driver and that 89% of Top Performers used LMA sort of validates that the tools do what they say.

Develop brand compliant templates for local customization. Top Performers are 4 times more likely than Everyone Else to support corporate approved templates for multi-channel marketing materials. Keep in mind that this is frequently done without the use of LMA technology, but it's more cumbersome and difficult to measure. One common challenge among Top Performers is excessive customization inside templates. As a general rule, keep it simple, sweetheart. There are quite a few case studies of failed

implementations that local marketers didn't adopt. The lesson learned is to make it easy for local marketers so they actually want to use LMA for assets.

Allow local marketers to execute campaigns independent of corporate. The survey data uncovered a mishmash of approaches for managing local marketing. In an effort to control compliance risks and brand consistency, sometimes corporate marketing will lock down local communications and centralize all campaigns through corporate marketing. The survey data tells us this is not a best practice for establishing more intimate relationships with customers. Top Performers that use LMA should be more comfortable with local marketers sending campaigns via corporate-approved templates.

Process re-engineering to streamline marketing cycle time. Garbage in, garbage out. If your organization is currently struggling with legacy

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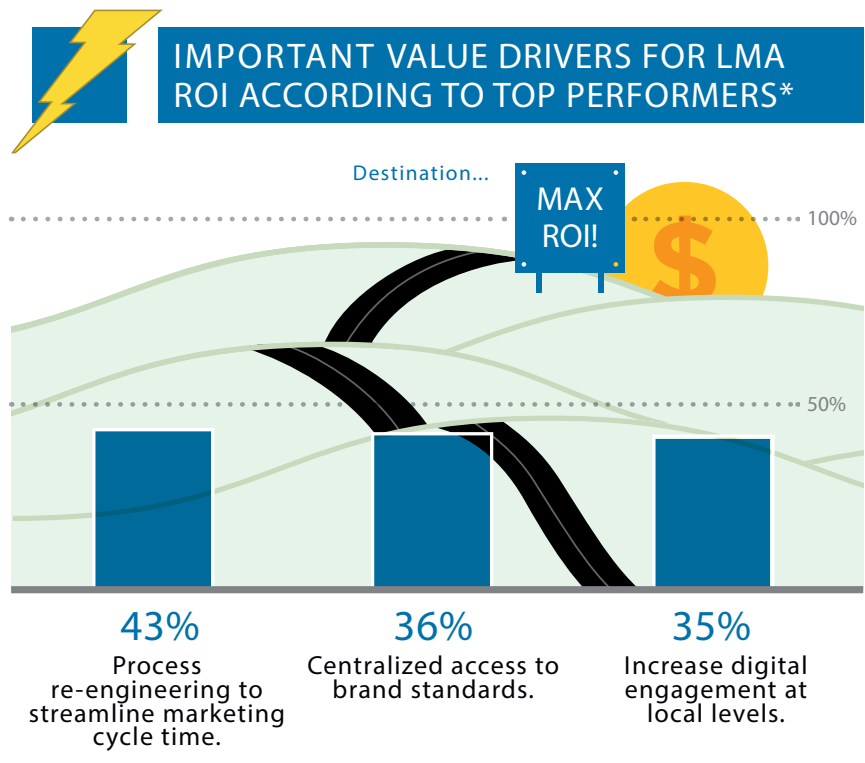
technologies and processes, you are unlikely to fix the problem if all you do is replace the technology. LMA is as much an effort in internal change management and process re-engineering as it is a technology investment. You need to sit down and challenge legacy processes. Chances are good you don't need to continue doing things the way you always have when the new system is in. So if stakeholders are reluctant to change, you need to mitigate that risk or accept mediocre efficiency and effectiveness.

Centralized access to brand standards. Sometimes what you really need is a brand portal – someplace local marketers and channel partners can turn to for the brand guidelines, color palette, most recent logos, fonts, and licensed imagery. Top Performers rank this as a top five value driver for maximizing the return on investment in LMA. Eliminate the chaos and centralize the brand. What's that, you have a brand portal already and nobody

uses it? One additional benefit to LMA is that the system makes it attractive for markets and channel partners to consistently log in; they can track campaign performance, set up new campaigns, customize collateral, and more in LMA. That makes LMA a lot more than a "compliance portal."

Increase digital engagement at local levels. Most distributed marketers still heavily rely on traditional channels. It's nearly impossible for corporate marketing to take on dozens or even hundreds of localized campaigns. Given conversations with advisory clients, Gleanster anticipated digital engagement would be a top 5 value driver because it's measurable, affordable, and scalable. It clocked in at #6.

Divest of fragmented marketing technologies. After Top Performers successfully roll out LMA, they manage the ongoing success by eliminating investments in legacy technologies that



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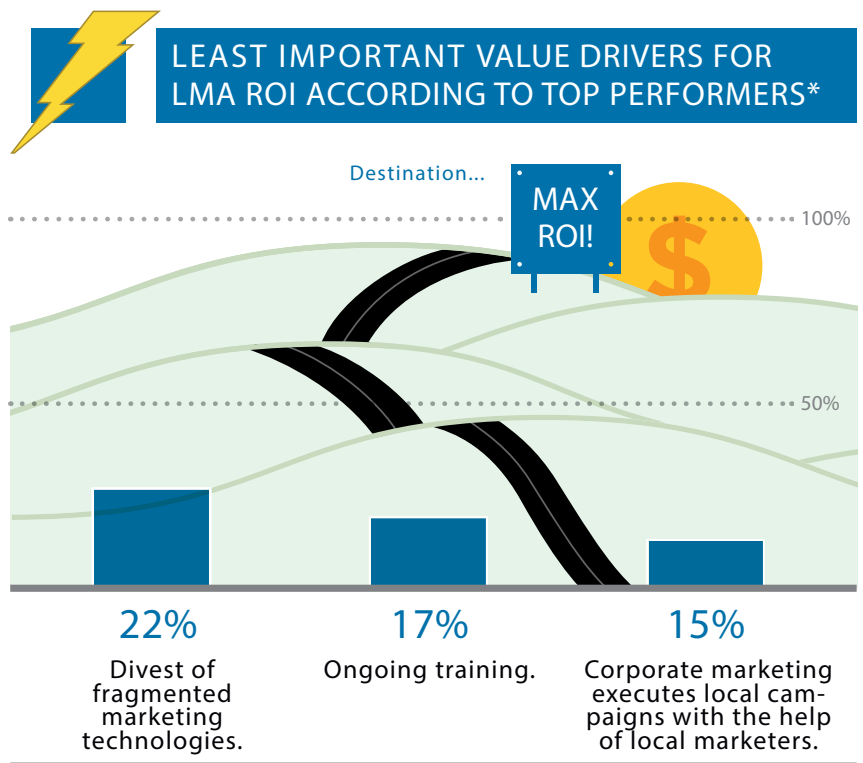
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may be redundant. Marketers are a finicky bunch, and they may gripe in the short term, but if you cut off their ability to go back to the old ways, eventually they fall in line. That's a lesson learned for Top Performers.

Ongoing training. Technologies like LMA are only beneficial if they are adopted and used. As such, it's important to constantly optimize brand templates with best practice findings that bubble out of reporting. But you also want to make it easy for local marketers to learn the system and give them options with respect to the level of customization they are conformable with. These days learning management systems can be used for on-demand training, which tends to make more sense than personal training sessions when it comes to distributed environments.

Corporate marketing executes local campaigns with the help of local marketers. Top Performers are more

likely to allow local marketers to execute campaigns, but in many cases it's easier to allow local marketers to opt in to corporate run campaigns. LMA systems can be configured to support both options, which helps drive buy-in to changes in process and justify retiring redundant technologies at the local level.



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Challenges

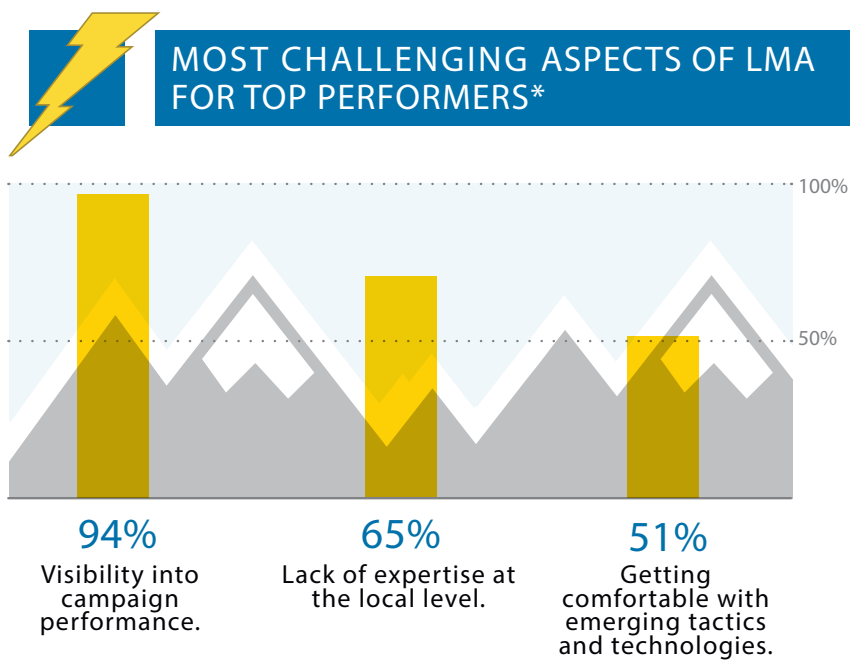
Challenges represent the various roadblocks to watch out for before, during and after a technology implementation. These are the things that prevent Top Performers from maximizing the return on technology investments.

Part 4: Challenges

LMA adoption faces two prominent challenges that are really up to the internal stakeholders and champions to help overcome. One challenge is education about what LMA tools actually do and how they are fundamentally different from existing investments in marketing technologies that were designed to address the needs of a single marketing department. It's extremely cumbersome (and in most cases impossible) to customize a marketing tool to behave like a purpose built LMA tool. Additionally, centralized workflow and approval capabilities in LMA tools have been known to reduce marketing cycle time by an average of 150%, suggesting many distributed marketing organizations have considerable room for improvement in back-office efficiency. But in a recession, organizations tend to place investment in efficiency on the back burner, so stakeholders would be wise to highlight localized personalization and increases in revenue as top reasons to implement. Gleanster has developed a significant body of research around justifying and measuring the ROI of LMA. These days decisions are made in committees, so it's not just about educating marketing leaders about the benefits of LMA over existing marketing technologies; it's about also demonstrating to a CFO and IT how the tool can be linked to a return on investment and increased sales.

The second challenge with LMA adoption is marketing expertise. Brand marketers are not exactly used to justifying investments in technology, and local marketers may initially be resistant to a corporate solution. So making the business case requires some additional education around change management, process re-engineering, requirements gathering, and risk management. While this can at times slow investments, there are two sides to this coin. One of the biggest challenges distributed marketers face is expertise and domain knowledge at the local level. Local marketers typically don't have the time or knowledge of best practices to execute highly personalized marketing campaigns – even if they had the ability to customize templates. LMA is designed to make best practices scalable through rules-based interactions with the marketing platform. That means execution of marketing campaigns can be standardized and customized at the same time. Since LMA ultimately facilitates a more meaningful dialogue between the customer and the brand, it's common ground everyone can get behind. Likewise, a centralized platform solves the biggest challenge for the CMO: visibility into campaign performance across corporate and local entities. Holistic visibility allows corporate marketing to learn best practices and close the loop by optimizing campaign templates so all local entities can benefit simultaneously.

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Visibility into campaign performance.

Multiple systems leads to disparate data – and that’s a challenge for a single corporate marketing department. Now you can layer in performance across dozens or hundreds of local marketing campaigns, and it’s a recipe for chaos. Many organizations attempt to solve this challenge by centralizing all campaigns within corporate (even local campaigns). That may work from a performance standpoint, but you have to wonder if corporate is really delivering relevant and personalized campaigns to local target audiences.

Lack of expertise at the local level.

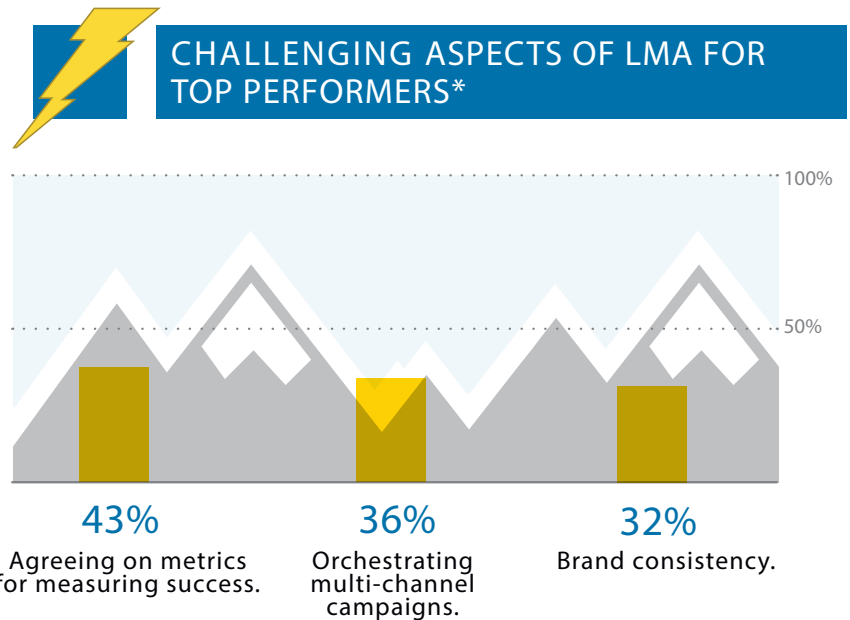
Local marketers may not have the technical skills to execute campaigns or implement best practices based on the marketing channel. This is a top two challenge for all organizations. You can mitigate this challenge by offering a hybrid approach to local campaign execution whereby local marketers can customize and execute corporate-approved campaigns in LMA or opt in to corporate-executed campaigns with feedback and approval from the local

constituent.

Getting comfortable with emerging tactics and technologies. Knowledge of best practices is especially difficult in emerging digital channels. In social media, for example, it’s very common for corporate to downright forbid local marketers from interacting via social or forcing them to use personal brands. Bottom line, LMA creates standardized business rules for campaign execution so you can deploy consultants or agency resources to optimize best practice campaigns that all local marketers can benefit from. Today it’s also quite popular to just outsource LMA as a managed service under a solution provider contract; they can field support calls from the local entities and help set up or execute campaigns.

Agreeing on metrics for measuring success. The core value proposition of any business justification for local marketing execution is efficiency AND effectiveness. So naturally you want to agree on tangible metrics that you can measure over time. Make sure all stakeholders buy into the validity of a

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metric; that includes the CFO and IT. It's also important to try to measure employee satisfaction before and after the LMA implementation and track the utilization of assets consumed in the LMA system.

Orchestrating multi-channel campaigns. Unfortunately, this is an ugly baby no matter how you spin it. Multi-channel communications are challenging for every marketing department. But it's important to take a customer centric approach to multi-channel marketing. Where do your customers actually prefer to engage with your brand? That doesn't mean you don't test new channels, but you should optimize your marketing strategy for your target audience. What is nice about LMA is that it centralizes opt-in and preference management so you never risk sending a brand communication from corporate, have the recipient opt out, and then accidentally send them another message from local marketing. It also helps to throttle campaigns so prospects are less likely to get fatigued by corporate and local marketing communications. There's really no way

to do that with separate systems.

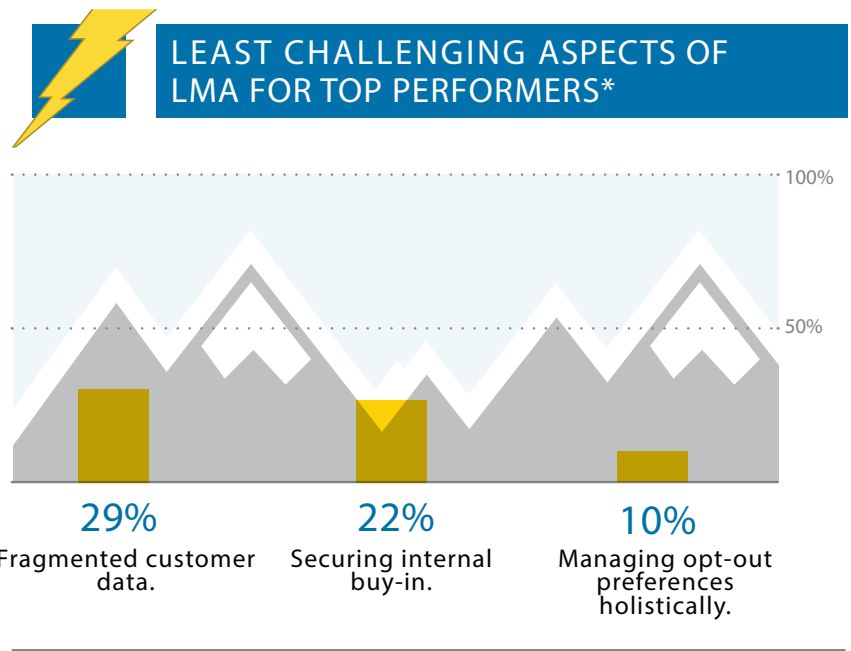
Brand consistency. You get it.

Fragmented customer data.

Fragmented data leads to a lack of holistic visibility on performance. Centralized LMA tools provide the CMO with holistic visibility into the channel, but more importantly they give local marketers standardized and turnkey performance analytics on their campaigns.

Securing internal buy-in. Distributed marketing processes typically include contributions from a variety of departments including field or channel marketing, corporate marketing, local marketing, finance, and potentially IT. Depending on the solution you choose, you may actually need to host the platform via hardware or train admins to manage templates and workflows. That makes justifying the investments an exercise in change management as much as a technology implementation. It turns out however, Top Performers don't struggle with internal buy-in for all the reasons we outline in the Reasons to Implement section, they cracked the

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**According to Everyone Else shown only when a notable disparity occurs relative to Top Performers

code on justifying the need.

Managing opt-out preferences holistically. The danger in fragmented communications across corporate and local marketing resources is customer fatigue and poor customer experiences that tarnish the brand. If communications are a free-for all from corporate or local entities you risk fatiguing or failing to manage customer expectations. For example, if customers opt-out of brand communications from corporate, do they still expect local communications from the brand? Probably not. How would you manage that in disparate technologies? A centralized tool can help with customer communication preference management.

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Performance Metrics

These represent the most common metrics Top Performers use to physically measure the success of a technology initiative before and/or after the implementation.

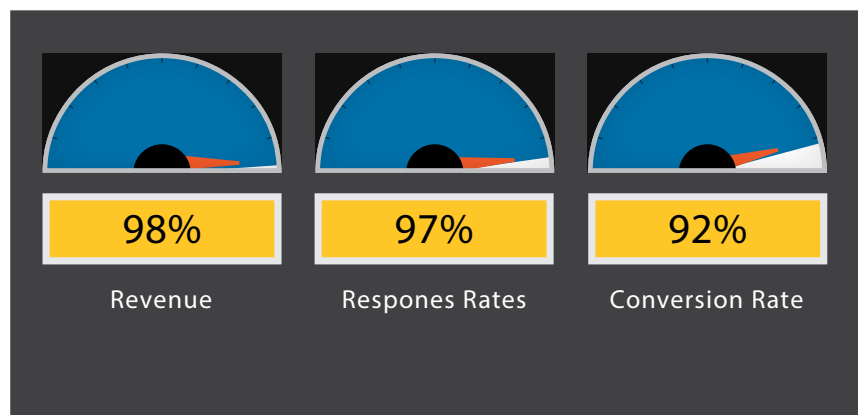
Part 5: Performance Metrics

When we talk about brand marketing, it's generally not synonymous with tangible measurement. It's branding right! It's the art side of marketing that may never change. But as soon as marketing communications start to facilitate the sale of products and services, metrics start to creep back into the equation. LMA is a considerable investment for organizations – not just because of licensing, but because it requires process re-engineering, configuration, training, change management, and support. These are real costs to the business, and they can be disruptive. So it's important to evaluate the metrics Top Performing organizations rely on for measuring the success of LMA investments. Money talks.

Top Performers are 3x more likely than Everyone Else to tie investments in LMA to growth in revenue. It stands to reason that if you are doing a sufficiently good job at personalizing localized marketing communications you should see an impact on sales. That's why Top Performers also rank response rates and conversion rates as top three metrics for justifying investments in LMA. These findings are even more interesting when we compare them to how All Other organizations frame the challenges in distributed marketing. The average organization (Everyone Else) was 2-3 times more likely to cite cost, efficiency, and marketing cycle time as top reasons to implement. While we can't quantify this assumption, advisory work with distributed organizations would suggest that marketers who are focused on revenue as a measure of success tend to make better investments in process re-engineering and marketing communications. That's because small wins can always be linked to top line growth, which to this day is a top three imperative for all organizations. The minute you can link LMA or marketing output to organizational goals that the CEO, board of directors, and shareholders value, marketing looks like a rock star.



MOST COMMON METRICS FOR MEASURING LMA ROI ACCORDING TO TOP PERFORMERS*



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Revenue. Top Performers cite revenue as the top metric for measuring the success of LMA investments. According to CMOs in a 2013 Gleanster study, 80% ranked revenue targets as the single most important metric for success in 2014. The lesson here is that estimated growth in revenue can also make for a fundable business case for LMA. Marketers can actually estimate a directional impact on sales as a result of LMA by measuring increases in response rates and linking this to average order values.

Response rates. Response rates are generally easier to measure in digital channels, and they are certainly easier to benchmark. Top Performers using LMA report an average click-through rate on email campaigns executed from the local level at 8% with a standard deviation of 1.56%. That means on average Top Performers are realizing a 6.4-9.5% click-through rate on email campaigns.

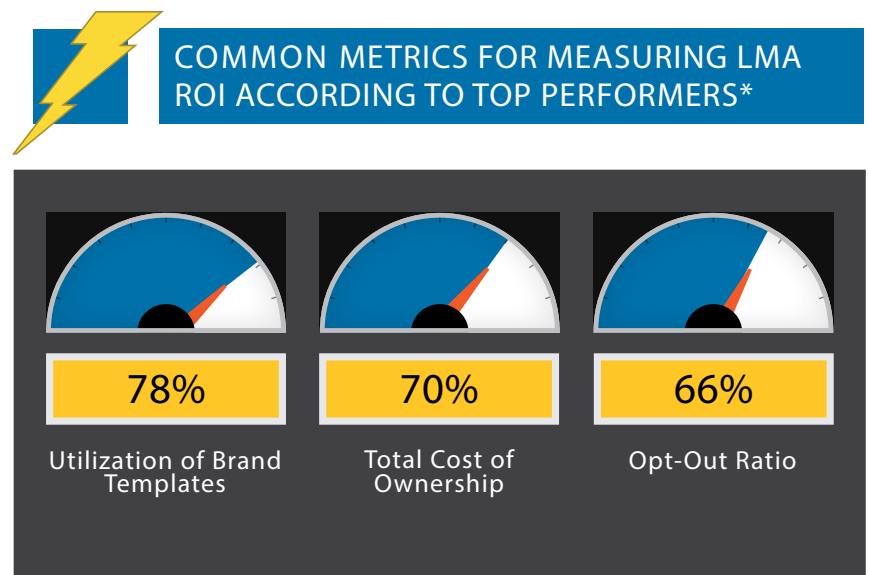
Conversion rate. Most people think of conversion as a measure of sales, which is to be expected. But conversion rates can actually be a measure of a variety of different outcomes

including consumption of information, downloading content, signing up for an event or contest, downloading an app, etc. Naturally, the use and consumption of multi-channel marketing materials managed within LMA should help inform the types of communications marketing should be delivering and the optimal channels to engage with customers. This is a top three metric for Top Performers because, generally, conversion can be linked to data driven decisions that optimize marketing.

Utilization of brand templates.

This is a simple enough metric for success. Are local marketers actually using the materials that are available to them in LMA? This is a metric you should benchmark from day one. Most systems will aggregate reports that give utilization analytics on assets in the system: images, documents, videos, etc. Sudden variances in usage may be an indication that the content needs to be revisited or an indication of a best practice.

Total cost of ownership. Total cost of ownership is a financial metric used to help buyers determine the direct and indirect costs of a technology. We were



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NUMBERS

72

72% of Top Performing organizations report they have been using workflow automation tools for distributed marketing for over 5 years.

Top Performers report 18% higher click-through rates on localized communications (paid search, email, and social media).

18

5x

Top Performing organizations are 5x more likely than Everyone Else to leverage 2 or more digital channels in ongoing marketing communications.

Percentage of Top Performers support a hybrid of corporate and local managed communications for local target audiences.

55

89

Percentage of all respondents that believe "there's room for improvement in our marketing cycle time."

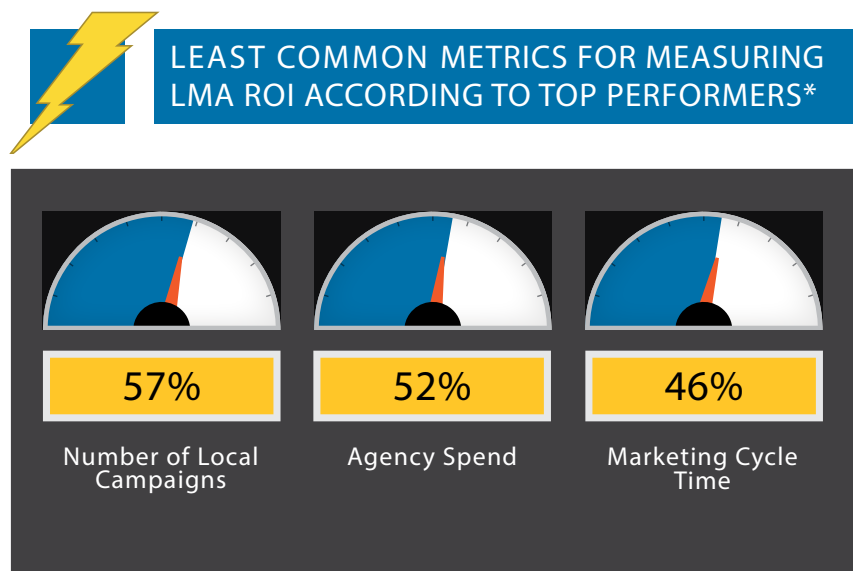
quite surprised to see this pop up in the number four slot for measuring the impact of LMA. All things considered, this seems like an excessive way to justify a process that was likely ill measured and inefficient prior to LMA investments. But the data is the data, and this suggests that Top Performing organizations likely have stakeholders involved in the process that value more tangible measures of success (ahem, finance!). That's also an indication that you may want to engage at least one finance stakeholder when building out a committee to champion an LMA initiative.

Opt-out ratio. As LMA starts to open up new marketing channels and engage prospects more intimately, it's a good idea to also monitor your opt-out ratios. This gives Top Performers an indication that frequency and messaging is actually resonating with customers.

Number of local campaigns. Again, are local marketers actually using the materials available to them in the LMA tool? If so, how frequently are they delivering communications, and in what channels?

Number of reports generated. The number of reports generated should be used as a benchmark metric over time. An increase in report or dashboard creation (and consequently consumption) can be used as a metric of the success of BI initiatives. If users are frequently using BI to analyze data and validate assumptions, then an increase in this trend would suggest the tool is indirectly delivering value. This was frequently cited as a secondary metric for Top Performers who generally place more weight on more tangible metrics.

Agency spend. Some Top Performers will actually monitor overall agency spend as a metric of success. Sudden increases triggered by localized messaging should alert corporate marketing of new templates and campaigns to add to LMA. One potentially misleading aspect to measuring agency spend in a vacuum is that a company may have shifted higher value work to outside agencies, keeping spend levels flat but getting more value for their money. So companies need to measure not just spend, but spend on specific items.



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Marketing cycle time. LMA tools streamline asset creation and provide predictability in the asset creation cycle through workflows and approvals that can be logged and measured as benchmarks. Marketers can then measure the time it takes to create assets and refine results by resource, vendor, geography, team, etc.

Average order value. The thought behind measuring this metric in the survey was that links between expected gains in revenue and LMA investments would have to be informed by some sort of sales metric. The easiest way to do this is to measure conversion or response and link it to average order values to estimate the benefits of investing in LMA. That isn't to say Top Performers aren't doing this; they just don't value AOV as a top three metric for measuring the success of LMA – which, in hindsight, makes a lot of sense.

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Part 6: Success Stories



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With roots dating back to 1911, Audi has become one of the world's most successful luxury automotive brands. The company's distributed marketing force of nearly 275 domestic dealers delivered a record 101,629 cars in the U.S. during 2010. The previous year, Audi posted the largest market share gain of any luxury brand sold in America. When Audi was preparing to launch a new corporate identity in 2008, the luxury auto maker decided its ad builder software had outlived its effectiveness. Audi selected a Localized Marketing Automation platform to protect its branding and to give dealers a single point of access for all marketing assets.

The Challenge

Although Audi had deployed an online ad builder in 2003, the system was no longer efficient. Ad templates were not dynamic, meaning a different ad had to be created manually for each model, offer type, and size. Ad hoc efforts by local dealers to create their own ad materials often caused brand effectiveness to suffer. In addition, images were not tagged with metadata so finding the right asset was cumbersome for users.

The Solution

Audi engaged a tier one marketing asset management (LMA) solution provider to centralize asset management from corporate and provide a scalable solution for role-based access at local dealers. Sophisticated metadata tagging makes finding assets – including print ads, flyers, flash banners and emails – fast and easy for dealers. Dynamic customization capabilities and automatic resizing eliminate the need to involve an outside agency to manually version

ads. Plus, storefront enhancements and real-time reporting add to the new system's value.

The Results

Implementation took just two months and dealers embraced the solution right away. Dealers can customize ads and send print-ready output to publications within minutes – without

jumping through hoops or having to send corporate-approved art first to an agency for local customization, saving Audi hundreds of thousands of dollars. “With our

“With our old system, we had to have an agency create different templates for any given ad to accommodate each model, offer type, and size.”

old system, we had to have an agency create different templates for any given ad to accommodate each model, offer type, and size,” he said Mark Dahncke, retail marketing manager for Audi of America. “Now we just have to create one template and the system does the rest.” Dahncke estimates that the dynamic customization and resizing features alone save \$450,000 by eliminating the need for 15 versions of each ad.

Part 7: Vendor Landscape

Vendor & Solution Showcases

Browse the LMA
Research Portal

Visit www.gleanster.com to access vendor and solution showcases for this topic area, where you'll find:

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- Analyst Commentary
- Related White Papers
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Unlike many of the topics Gleanster covers, the offerings in LMA don't map so nicely in terms of features and capabilities across different providers. In fact, it's entirely likely you may end up short-listing providers that rarely deal with each other from a competitive standpoint. That's partly a byproduct of education about the space and the nature of the economy, which at times can stall operational investments. However, there are certainly signs that the pressure is lifting and organizations are realizing legacy platforms simply cannot scale 3-5 years from now. .

The solution landscape has evolved considerably, even over the last five years. Much of this evolution was stimulated by the rapid growth in digital channels, which caused early entrants to layer multi-channel engagement capabilities on top of existing asset and brand management capabilities. The exponential performance improvements in smartphone computing and network connectivity over the last decade also altered consumer behavior. According to ForeSee, 70% of shoppers used a mobile phone while in a retail store. That makes brand consistency between corporate and local critical for the customer experience. These trends are bucking the notion that distributed marketers can rely exclusively on traditional channels like they have in the past.

The vendor landscape for LMA is peppered with technology providers, print providers with technology offerings, agency partners with technology offerings, and sometimes digital asset management based solutions. The one nuance that makes LMA solutions unique is a focus on distributed marketing environments. Almost all LMA providers will offer the ability for local marketers to customize or personalize corporate-managed templates in one or more channels (print, email, landing

page, social media, etc.). They also usually include workflow, approval, reporting, MDF and co-op fund management, and role-based security features.

LMA tools come with a variety of core features, but it's easiest to segment capabilities by functional requirements. So here's what you might expect to find when researching solutions. Providers may offer core capabilities or hybrid capabilities around the following:

Marketing Asset Management:

LMA tools that are heavy on asset management look and act like a digital repository of documents, images, and copy. It's akin to a digital asset management (DAM) solution built exclusively for the nuances of distributed marketing environments. These may also be marketed with terms like "Brand Asset Management." Local marketers access a "repository" of brand approved marketing materials that behaves a lot like eBay or Amazon. Assets can then be customized, ordered, and fulfilled from this centralized portal.

Focus on Digital: Some LMA tools exclusively focus on digital marketing for local marketers. That might include search advertising management, email, microsites, organic search, mobile, or retargeting. These solution

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providers can offer best practices by industry through packaged technology and service offerings for local digital marketing efforts.

Multi-Channel Campaign

Execution: Today it's very common for LMA providers to reference terms like multi-channel campaign management, marketing portal, and marketing automation in marketing communications. This can be confusing to buyers because they may already perceive themselves to have these capabilities internally. But the complexity of managing multi-channel execution at a local level calls for a very different animal. Multi-channel LMA capabilities will allow corporate marketing to create and disseminate customized brand-approved templates to local marketers. But they may also allow local marketers to just plain opt in to corporate managed communications on behalf of the local entity. The workflow, list management, and role-based security required to do this in a distributed environment requires an LMA tool. In general, multi-channel is defined by providers who offer two or more of the following: print, email, paid search, microsites, web, mobile, social media, and direct mail.

Manage Services: More and more providers are offering full service technology platforms and managed services to support localized marketing efforts and reduce the burden of managing the initiative at the corporate level. These solutions are a great fit for organizations that want to rapidly adopt LMA but may lack the resources or expertise to support the initiative in marketing, IT, or the channel.

On-Demand and On-Premise: Most solutions are on-premise, but providers will offer hosted capabilities. Naturally, you need to deal with hardware costs and software upgrades for on-premise dedicated solutions. There are a few LMA solutions that are on-demand and offer very rapid implementations. The tradeoff is generally the complexity of

features in the system, although the best practice these days is simplicity. Just because you can offer 45 different permutations to customize a piece of collateral doesn't mean you should!

Dynamic Template Considerations:

Today, Adobe InDesign remains a de facto platform for content production. As such, many LMA providers have integration with InDesign to customize business rules for template customization. Generally this is the most robust form of template customization you will find. But some providers offer proprietary dynamic template capabilities, which can offer an advantage for organizations seeking multi-channel personalization rules for a single campaign. For example, print collateral, a microsite, and an email could all be customized with an offer and the customer's sales rep contact information.

Marketing Operations: Some providers use terms like "marketing resource management" to describe capabilities that help support back-office marketing processes. These tools will include capabilities such as centralized marketing calendars, MDF and co-op fund management, lead scoring, lead routing, integration with other back-office systems like CRM or ERP, and more robust reporting packages. Again, the one nuance to LMA marketing operations is a focus on distributed marketing requirements.

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Related Research

Recently published Gleanster reports that may be of interest to senior industry practitioners include:

Building a Business Case for Localized Marketing Automation

Web Content Management Research Portal

How to Create Engaging Content for Lead Nurturing Campaigns

The Marketer's Guide to Content Management Technologies

The Customer Experience Elevated

The 3 Pillars of Customer Experience Excellence

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