



Global
Digest

Digital and Social Media Marketing

Background

CASME held Digital and Social Media Marketing RoundTable meetings in London, Mexico City, Paris, Philadelphia, Sao Paulo, Sydney and Tokyo. The following main topics were discussed:

- Category definitions and management
- Digital marketing
- Social media marketing
- Tendering and contract management
- Remuneration
- Managing agency performance.

This Digest provides the key points, good practices and insights into future trends identified by CASME members at the RoundTable meetings held around the world.

Category Definitions and Management

- Digital and social media marketing involves a broad range of activities, which makes defining the scope for Procurement difficult. The scope may include:
 - Online advertising and product promotions
 - Digital interactions with the public
 - Digital, social and visual media for events
 - Content creation
 - IT software and mobile app development
 - Websites and e-Commerce platforms
 - Public relations (PR) and brand management via digital platforms
 - IT and data security
 - Search engine optimisation (SEO)
 - Social media monitoring
 - Webinars.
- The scope is usually defined by a company's marketing department; although there may be input from other business stakeholders regarding the types of media used, the different levels of negotiation required, and the budgets of each department.
- Some digital and social media activities may be performed by in-house teams or agencies, or a combination of in-house and outsourced services may be used, depending on the requirements and the availability of the appropriate technical expertise internally.
- The advantages of establishing in-house agencies include: in-house delivery can be more economical than using outsourced services; the potential for achieving substantial cost savings; the company may have a higher level of digital media capability than the agencies; creation of competition for the external agencies; stakeholders gaining a better understanding of what the services involve; greater control of the content, service delivery and spend.
- The skills needed by procurement professionals to be successful in purchasing digital and social media marketing services include: project management capabilities, adaptability, marketing experience, negotiation experience, a passion for digital media and technology and the ability to identify innovative solutions and deliver supplier innovation to the business.

Digital Marketing

- Digital marketing procurement includes any online marketing that is not part of social media networks, such as websites and banners.
- Digital marketing activities such as search engine marketing (SEM) and search engine optimisation (SEO) are usually performed by an external service provider or agency.
- Digital marketing strategies are normally managed internally at the global level, in order to maintain brand consistency, but the execution of the sourcing strategy may be a combination of:
 - Using a global agency or holding company, to benefit from their bargaining power for media buying, or their exclusive arrangements with influencers, as well as their consolidated expertise, data analysis and creative abilities across various marketing services sub-categories
 - Using smaller agencies in local markets, to remain flexible and adaptable to local requirements, with the ability to source innovation at the local level or from low-cost countries (LCCs) to reduce cost

- An in-house or embedded agency managing the company's digital marketing activities; this provides the benefits of a greater understanding of Marketing's perspective, faster time to market, and facilitating improved dynamics for collaboration, innovation and knowledge exchange.

Social Media Marketing

- Most companies are fully optimising the advertising and communication opportunities offered by social media platforms. Procurement's role is to identify the most suitable outsourced service providers and preferred suppliers, and propose the potential options to Marketing.
- Social media marketing services can be managed by the lead agency or the in-house agency, and include:
 - Creative design
 - Content development
 - Data analytics
 - Search engine optimisation (SEO)
 - Event management
 - User experience/interface (UX/UI) design.
- The implementation, monitoring and management of social media requirements may be consolidated to be performed by a single specialist in-house team, for application across the organisation.
- The responsibility for managing the consumer interactions relating to social media marketing for new products may be placed with the in-house public relations (PR) team; while the remainder of the requirements are outsourced to a specialist agency.
- Activities that cannot be performed in-house are being outsourced according to the capabilities of the service providers. It may be more efficient to manage a single service provider that can administer multiple marketing services sub-categories, than to manage various suppliers. The management of the social media marketing agencies may also be outsourced to external service providers.
- Procurement's success in negotiations with digital and social media platform owners is limited. This is because the media owners will typically only consider negotiating when the spend value is sufficiently high to attract their interest. Even very large organisations lack the buying power to negotiate with media owners. Agencies tend to be more successful in negotiations than individual companies, due to the consolidation of spend from their clients.
- Procurement's involvement in the contracting of influencers and celebrity brand ambassadors is currently limited. However, with the agencies subcontracting on the client company's behalf, it is essential for Procurement to understand and influence the terms and conditions (T&Cs) that are being applied, in order to protect the company from risk.

Tendering and Contract Management

- Procurement should be involved with sourcing and contracting agencies, to ensure consistency and compliance is achieved. Considerations for contracting digital and social media agencies include:
 - Procurement and Legal establishing agencies' contracts, ensuring that they contain the appropriate clauses to align with the client company's contractual requirements
 - Implementing master services agreements (MSAs) containing clauses that apply specifically to digital and social media services
 - Ensuring that contracts with small, start-up agencies include clauses that address the client company's requirements regarding confidentiality
 - Requiring the agencies to disclose in advance their potential use of subcontractors to provide the services, in order to address the use of subcontractors in the contract. The contractual T&Cs applied to the agencies should be applied to the subcontractors, with the main agency accountable for instances of non-compliance by the subcontractors
 - The owners of the major digital and social media platforms are strongly positioned in the market and typically have standard contract T&Cs on which they tend not to negotiate; therefore, the client companies often have to accept the contract T&Cs and pricing of the platform owners.
- Most companies establish a new a scope of work for each campaign, which defines the requirements, such as delivery timelines and deadlines, risk management expectations, and transactional procedures that are not listed in the purchase order (PO).
- Each scope of work includes the service level agreement (SLA) and key performance indicators (KPIs), with which the agencies are expected to comply. The SLA defines the service delivery criteria and the associated metrics for measuring agency performance.

Remuneration

- The remuneration models for digital and social media agencies vary according to the type of media, and include:
 - Monthly fees based on predefined volumes, with an additional fee charged for extra work
 - Hourly rates for different levels of professional expertise
 - Fixed fees with an additional commission of up to 20% for media purchases
 - Salaries for in-house digital and social media marketing professionals
 - A fee for accompanying and managing the individuals in an agency that perform each activity
 - Retainer fees that are sometimes negotiated without either party having a clear plan for the work that will be produced throughout the year.
- Risk/reward schemes are usually discussed at the end of a negotiation. Typically, 5% to 10% of the fee is placed at risk and awarded as a success fee at the end of a project, provided that the appropriate percentage of predefined KPIs has been achieved, usually above 90%, and Marketing has positively evaluated the quality of the supplier's work.
- The agencies are required to provide cost breakdowns and complete timesheets documenting the allocation of hours and personnel, which need to be validated by the client. The cost reconciliation and validation process is usually performed by the marketing stakeholders, who have an understanding of what agency activities should cost.

Managing Agency Performance

- Agency performance is evaluated using feedback surveys, in which the agency and the client evaluate each other and themselves. The results are used to identify perception gaps and areas for improvement in the client and supplier companies, in order to resolve issues and improve the performance and efficiency of both.
- The agency's compliance with the SLA may be reviewed every three months, and when underperformance occurs, the agency may be required to submit an improvement proposal within three weeks.
- Performance management may involve checking if the agencies are following the standard operating procedure (SOP) in accordance with the SLA; however, the application of SLAs in the marketing category can be challenging and is not always successful.
- Companies exercise their contractual right to audit agencies for compliance, and address instances of non-compliance during review meetings with the agencies.
- Supplier relationship management (SRM) principles and practices may be applied with agencies to help manage contracts and performance.

Resource Centre Links

The following are links to the full meeting reports for each region:

- Asia - [Tokyo](#)
- Australasia - [Sydney](#)
- EMEA - [London](#) and [Paris](#)
- Latin America - [Mexico City](#) and [Sao Paulo](#)
- North America - [Philadelphia](#)

Important

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