

Toyota Case Study

Media Verification Audit to Assess Agency Process and Operations Efficiency



In order to assess and eventually enhance the efficiency of its agency's processes and operations, the Toyota procurement team led a project for a comprehensive media verification audit.

The project was initiated by Toyota senior management which requested the review of several contracts by the Corporate Services Group, which includes sourcing/procurement. The contract for the advertising agency was one of several under review.

The results of the media verification audit would be used to assess the efficiency of the agency's processes and operations, formulate recommendations, and then develop a new agency agreement incorporating those recommendations.

Background

Toyota Motor Sales has a subsidiary Toyota Customer Services-Dealer Operations. The marketing team there is responsible for all Toyota related service and parts advertising and promotional programs. Those programs are designed to promote servicing Toyota customers' vehicles directly with their dealers. The advertising includes radio, direct-to-consumer mailings and emails, and dealer support collateral material at point-of-purchase. Programs may also be designed to feature specific part or service activities, such as brake service, seasonal activities, etc.

The project was initiated in June 2010.

Project Objectives

The media verification audit would assess the effectiveness of the agency's media recommendations and results.

- The key objective was to improve the overall delivery of the communications plan, primarily in the medium of radio. The radio advertising program supports 56 individual markets in the U.S.
- In addition, the audit would verify if the media delivery was consistent and equitable across all markets. Since the purpose of this media is to promote dealer service visits, Toyota's dealers are very interested in delivery on a market-by-market basis and equitable distribution to their respective markets.

A final objective was to provide the background information to help renegotiate the existing agency contract. That existing contract did not effectively address areas of the relationship such as the media payment schedule, current insurance coverage and level, retention of key agency personnel, required processes such as annual reconciliation, recordkeeping for agency promotional receipts, etc.

Key Results

Based on the audit findings, process changes were identified and implemented by the agency and various media providers.

Working with the agency and media, Toyota improved their selection of radio media outlets (better rated stations, better rotation). The Customer Services marketing team also showed improved media delivery, including quicker recovery of under-delivered schedules and more equitable market allocations.

As a part of the process changes, a new agency contract was negotiated incorporating new terms and conditions and improved detail within the Statement of Work.

The audit identified opportunities not only in the terms of the contract, but in the process of securing and delivering media. The audit also spotted opportunities to better track agency payments and media obligations. Since the payment cycle was changed, marketing was able to better manage their budgets to the actual media plan. The previous agreement did not match payments to the media schedule; rather, the media plan was billed in equal installments throughout the year. Equal payments during the year meant sometimes the agency was paid early for the media, and sometimes the agency was paid late. The new agreement matches the payment schedule to the media schedule; for the agency, that improves cash flow. Further, the process change of providing more detail to the agency regarding the media buy allowed the agency a timelier reporting and recovery of under delivery.

Due to improved recordkeeping/reporting of agency promotional receipts, Toyota Customer Services can offer local dealers more valued-added promotional items from the media (e.g. sports tickets, ski lift passes, etc.) for dealer incentive events. In fact, the agency has learned from this improved process and now brings this efficiency to other clients.

Now that Toyota has employed an effective verification and reconciliation process, senior management gets precise confirmation on delivery and, moreover, results.

At a time of increased scrutiny on accountability and the ROI of marketing investments, a rigorous media verification audit can provide great benefits. In Toyota's case, it helped enhance the efficiency of its agency's processes and improved the delivery of its media plan.

This is one in a series of case studies that focus on the value and positive contributions of marketing procurement.