



Sharing Marketing Excellence

Eliminating Marketing Procurement: An Industry Trend?

2015 ANA Survey Research

A recent advertising industry trade press article reported that PepsiCo has eliminated its marketing procurement department, moving the function to brand teams to improve efficiency and effectiveness. ANA reached out to our procurement and financial management community to get perspective; 148 members responded.

DETAILED FINDINGS

We asked, “PepsiCo has eliminated its marketing procurement department, saying moving the function to brand teams will allow it to be ‘more efficient and effective.’ Do you think PepsiCo’s move is indicative of a wider industry trend toward the elimination of marketing procurement departments?”

- Results: 68 percent responded “No,” 15 percent “Yes,” and 17 percent “Don’t know/Not sure.”

Among the majority who believe that this is not indicative of a wider industry trend toward the elimination of marketing procurement departments, common responses were:

- There’s value in procurement acting as a neutral third party.
- Marketing/brand teams do not have the skill sets of marketing procurement. Procurement has expertise in areas including negotiation, contracting, supplier management, and risk management.
- If marketing was required to do the work of procurement, it would be time-consuming and distracting. The role of marketing procurement is to bring value and efficiency to allow marketers to focus on marketing. If marketing teams are responsible for procurement, they risk becoming less effective.
- Procurement provides a centralized function for coordination of supplier management and the resulting efficiencies.
- Procurement can work with agencies and other key suppliers and play “tough,” if need be. Meanwhile, that’s harder for marketers to do given their ongoing day-to-day relationships, especially with agencies.

Other key insights from survey respondents were:

- Goals between marketing and procurement need to be aligned.
- Marketing procurement must add strategic value beyond price.
- Procurement must understand marketing to be effective.
- At some organizations, marketing procurement may need to reinvent itself to make sure it is bringing value that stakeholders need.

ADDITIONAL ANA RESOURCES

The discipline of marketing procurement continues to evolve. ANA has witnessed its development and growth since its mainstream origin 12 to 15 years ago. Additional ANA resources that marketing procurement professionals should find to be of value are:

- [Optimizing the Procurement and Marketing Relationship \(2014\)](#): Examines the relationship between procurement and marketing and the factors that lead to the strongest internal partnerships and business results.
- [Elevating the Role of Marketing Procurement \(2013\)](#): Focuses on the metrics used to measure the success/contribution of the marketing procurement organization.

“There has never been more need to have smart procurement professionals who understand marketing spend and are not simply cost-cutters.”
— Survey Respondent, November 2015