

Procurement process becomes part of the marketing industry

Agencies and marketers are required to understand major corporations' procurement processes in order to win both corporate and government clients.



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The new B-BBEE Amended Codes of Good Practice that were released by the Minister of Trade and Industry about two months ago are designed to ensure that procurement is taken seriously by companies that intend to survive. This is especially noticeable with the National Treasury's amendment to the Public Preferential Procurement Framework Act which aims to secure at least 30% of procurement from black owned SMME's from previously disadvantaged constituencies. Agencies have become increasingly aware of this amendment and its importance in the procurement process.

Johanna McDowell, the founder and managing director of the Independent Agency Search & Selection (IAS) Company says: "Procurement's influence is growing within corporate structures and is often taking over financial decisions that were part of the marketing process. This means that agencies are learning to adapt, as major marketers realise that they are required to work with companies that are compliant towards constitutional obligations."

Marketing is an area of business that works on long-term growth strategies – building high levels of brand loyalty through the creative processes designed by agencies with their marketing clients.

In South Africa, over the last ten years – procurement experts have been involved in more and more marketing decisions which has brought new systems into place – eroding some control for marketers.

“It has become increasingly important for marketers to equip themselves with knowledge on how procurement processes work to ensure that their strategies for brand growth do not become victims of rigorous cost cutting measures aimed at ensuring maximum profits,” explains McDowell.

In turn, for procurement as well as marketing, it is important for them to ensure that they expose themselves to a wide range of agencies in order to ensure the best value Return on Marketing Investment (ROI).

“The sustainability of agency service providers is a critical component of the agency selection processes made by procurement. Their decisions are not only price driven. And now, with the increased need to procure from black-owned agencies, this too has become a fundamental part of the entire procurement process,” concludes McDowell.

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