

# The General Review on How Outsourced Marketing Improves the Productivity of a Company

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## Abstract

Outsourcing is becoming a common topic now as many companies choose to outsource functions so they can improve the productivity of the company. The objective of this article primary discuss about outsourcing, particularly outsourced marketing and how it improves the productivity of a company. Outsourcing is the practice of having certain job functions done outside a company instead of having an in-house department or employee handle them. Thus, a company benefits from outsourcing by taking advantage of specific expertise, marketing in this case, without having to hire professional marketers or train inexperience ones which can be costly. Different organizations go for different kinds of outsourcing, based on the company's weaknesses and strengths identified, but it is the usually non-core aspects of the business that are outsourced. The relationships between the outsourced company and the providers can directly affect the productivity of the company. Many companies view outsourcing as one of the ways for a large company to expand its capacity without incurring significant entry and overhead costs. Despite the common view that outsourcing is reserved only for large companies due to its huge cost, in the last 10 years outsourcing has also become affordable for small companies. At the end of the article, we will manage to have a clear vision of the potential of outsourcing, why it is a trends in the modernization of marketing operations and the benefit of using the power of outsourcing.

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**Index terms**— outsourcing; outsourced functions; outsource marketing; productivity; non-core functions; efficiency; benefit of outsourcing.

## 1 Introduction

ver the past decade, outsourcing has become a trend in the business world where various business functions are being run or operated outside the company by a third party, instead of handling them in -house. More and more companies, small and large, are turning to outsourcing as a way to add to the capabilities and capacity of their companies relatively cheaply. Companies decide on what functions or departments they want to outsource - whether it is production, marketing, sales or other new or existing functions in the company , engage an outsource provider to perform it on behalf. Companies may choose to outsource the marketing function because it is not a core function (e.g. for a manufacturing or research firm) or they may find that a third-party could perform much more effectively with already established marketing practices, tools and manpower. Before making a decision however, the company must weigh the benefits and risks as outsourcing can add value to the company in terms of productivity or efficiency for example, but at the same time can put the outsourcer's valuable trade secrets, customer information and other sensitive data at risk if the external party is unreliable or does not sufficiently protect the interests of its partner. Furthermore, outsourcing is considered as a type of investment, and like any investment should achieve certain results or returns against what is spent. Thus, thorough research is needed in order to choose the right partner who is not only reliable but is able to assist in achieving success in outsourcing

(Aubochon, Bandyopadhyay and Bhaumik, 2012). Outsourced marketing not only creates business opportunities for the company who employs outsourcing (i.e. the outsourcer) but also for the external marketer the function is outsourced to. As the outsource provider helps their clients' companies grow, they too benefit from growth financially and in terms of experience.

## II.

### 3 Outsourcing

A growing company considers how to mitigate or improve on its weaknesses instead of solely focusing on the company's strengths. Outsourcing does not mean a company is avoiding its weaknesses, but instead chooses to outsource certain functions to external parties who are better equipped with more know-how and experienced manpower to operate them. Few companies will be eager to outsource their business processes unless they are confident that their minimum required standards of service can be met during the life of the contract (Feeny, Lacity and Willcocks, 2012). These specialists can progress greater knowledge complexity, invest more in software and training systems, be more efficient, and hence offer higher wages and attract more highly trained people than can the individual staff groups of all but a few integrated companies (Quinn and Strategy, 2013). On the other hand, outsourcing allows the company to focus on its strengths, particularly in core activities that directly contribute to the growth and expansion of the company, utilising the resources it freed-up by outsourcing.

Outsourcing can be short term or long term, all depending on the company's needs. For example, a company can decide to outsource some tasks for short term projects instead of hiring full-time or contract employees, which may incur greater costs for the company. The outsource users view the outsource providers as their business partners, choosing a right partner is effective in building a strategic partnerships which is valuable for both of the company's business. With this partnerships, the professionals in these outsource company will create a great impact for the company who hired them. Graduates and post graduates syllabus should be in sync with the need of industry, this can be one of the reasons why outsource industry become one of the fastest growing industry. According to Quinn, Doorley and Paquette (2013), the manufacturing sector has accounted for much of the high productivity growth recorded in the economy of the United States.

## III.

### 5 Marketing Outsourcing

When a company outsources its marketing, a single entity assumes responsibility for the marketing function. That might include everything from research, analysis, strategy, planning and management to execution of advertising, public relations, direct marketing, and internal communications. Outsourcing services provide the outsourcer with access to expertise a wide range of marketing disciplines, experienced personnel from the outsource companies that can be scaled to suit projects of any size and scope at the same time also providing flexibility represents the first and most critical benefit of marketing outsourcing (Christopher & Ballantyne, 2013). The professionals' marketers clearly understand how to grab the customers' attentions and satisfy them. Furthermore, the company who engages these expertise only pays for the services used for the length of time needed. Marketing outsourcing allows the company to make improvement to their core competencies. For those companies that have their own marketing department, outsourcing the marketing function partially, frees up in-house personnel for more critical or sensitive responsibilities, or those suited to their strengths. If a firm does not maintain its own marketing staff, outsourcing can provide a fullfledged marketing strategy, support and deliverables, which allows the business to focus on its core competencies and boost productivity.

## IV.

### 7 Business Essentials

Outsourcing a function in the company can be a difficult decision to make, because an improper decision can become a threat to the company in the future (Chappell, 2015). Therefore, the company must first identify its weaknesses and strengths before making that decision. We live in an era in which business disaggregation is the norm (Zirpoli & Becker, 2012). In industry after industry, managers have taken deliberate steps to separate their value chains and shift important activities and functions to external suppliers. Some companies outsource their marketing or sales functions so they can concentrate on performing their core activities like manufacturing and improve their business processes or productivity (Zirpoli & Becker, 2012). Conversely, there are companies that outsource the production function because they believe that the outsourced companies that they assign this function to can perform more efficiently or at lower costs than if done in-house, and this creates significant impact on their growth in the future.

For companies that outsource their customersfacing or servicing departments, the outsource providers who handle all the complaints and requests from the customers of this company, must understand the outsourcer's business, its rules, regulations and policies on dealing with customers or fail to perform this function well. They define the very essence of how the company delivers its value proposition and why customers and employees prefer its outputs or operating concepts to those of competitors (Lacity & Willcocks, 2013).

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Regardless of what functions the company decides to outsource, the outsource providers ideally act as partners to the outsourcer and must understand the company very well to make sure the working procedures go smooth, utilizing whatever information is shared.

V.

## 8 Behaviour Management

Outsourced marketing can strategically advance the company's growth with the help of subject matter experts and professionals from the outsource companies. On the contrary, services or products from the outsource company that do not consistently meet a desired level of quality, will be a problem for their client as it will directly impact the reputation, brand and overall value of the client's company. To reiterate again, the relationship between the outsource company and its clients can be defined as business partners, because they both have the responsibility to work closely to improve the efficiency and value of the services and products offered to their shared customers.

Among the ways to overcome the problems in quality control, the outsourcer has to carefully choose an outsource company -one they can trust to be reliable by examining their past performance with regards to the function to be outsourced (Vitasek, Ledyard & Manrodt, 2013). As the in-house marketing team may not always have the skills needed, especially on larger, more complex projects requiring extensive coordination among various components of the plan, outsourcing to an experienced marketing team that can integrate smoothly into the organization not only brings in innovative ideas and added energy, but also the highlevel talent needed to execute the goals of the marketing campaign. While cost is a major factor, the synergy, potential returns on investment and future growth for example, should also be taken into account before engaging an outsource provider. Truthfully, determining the quality of the outsource marketer's services is a tough task, even after the function is outsourced, because the outsourcer is unable to monitor and manage them closely unlike handling in-house employees. On the positive side, the costs involved in hiring, training and managing employees for that function is left to the outsourcing company, allowing the outsourcer to focus its time and resources on improving its productivity.

## 9 VI.

## 10 Flexibility

The flexibility of outsourced marketing has grown wider with the assistance of technology, opportunities have been made for both large and small companies to be part of the outsourcing industry -as clients or outsource providers. According to Lacity and Willcocks (2013), outsourcing used to be a tool only available and often employed by large companies, mostly due to the huge costs involved. However, within the last 10 years, it became a trend for smaller companies to start outsource as well, particularly the marketing function as these companies saw how it could enable them to greatly expand which outweighed the costs.

On top of the cost savings of not managing a function internally, outsourcers also benefit from the 'outsider perspective' the outsource company provides, for example when generating creative ideas or solutions, as the outsourcing company could have a wider or more in-depth view of the outsourcer's strengths and weaknesses, as well as the threats and opportunities it faces in the industry or a particular business function. Furthermore, as subject matter experts, the outsource company usually understands the current customers' needs and wants better than the outsourcer. Although the in-house marketing team might be performing or achieving the company's goal, it is possible that they become too close to the business and are not able to step back and analyse strategies from the customer's perspective. According to Houseman (2007), this also provides a chance for the company to have an overview of their positions in the market and figure out how customers view their company.

Outsourced marketing is an appealing tool as it gives the opportunity for small and large companies to improve their efficiencies via a smart, cost saving methods, while also benefitting entrepreneurs with professional knowledge who outsource their expertise.

To be successful, a company cannot handle everything on their own. Outsourcing is analogous to having a business partner who focuses on non-core activities or functions that the partner performs better at, which can have a powerful impact on the growth, productivity and bottom line of the outsourcer's company. In a way that handling others companies certain departments, at the same time growing with their clients' companies.

## 11 VII.

## 12 Cost-Effectiveness

Cost effectiveness is one of the basics consideration in a rising business, the reason why companies do not consider outsourcing in the first place is because they think that the cost of outsourcing might be a burden and outweigh the benefits. In actual fact, outsourcing a function can actually reduce the burden of the company, as the service provide is responsible for maintaining agreed service levels, and address root causes when they are not met, lest a different outsource company is engaged (Ettenberg, 2005). This helps the company to reduce or avoid cost of managing in-house employees. The cost of employing outsourced marketing is justified when it is more cost effective than utilizing a junior marketer who lacks the expertise to support business objectives through

marketing, or a senior marketer who is unable to properly execute the strategy without sufficient manpower. The company is also able to save the money they would have to spend on recruiting a full-time marketer. Moreover, on top of the variable costs of hiring personnel of an experience level the company's budget can afford, the cost of hiring, employee benefits like insurance and more importantly, the costs of training for the employees to constantly improve their performance, can significantly eat at the company's bottom-line.

Thus, the important consideration is how much value or benefit outsourcing is to the company, against the costs of engaging the outsource provider. With a marketing outsourcing firm, businesses can avoid or reduce the cost of additional office space, computers, vendor relationships and access to credit required when marketing projects are handled in-house. This includes other indirect benefits and cost savings not seen in financial reports like improvements in productivity or lower stress levels as a result of taking the focus off of less productive tasks and leaving it to the outsource providers, and placing more concentration on the things the company does best -making the most the capacity of the company. Thus, a lot of companies do not mind paying as long as the performance of the services and the quality of the products are satisfying.

## VIII.

### 14 Strategic Partnerships

Outsourced Marketing effectively boost the productivity of the company, and the relationships between the marketing outsource provider and their

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clients can simply be known as strategic partnerships. As we know, the cost of training marketing expertise is huge, the budget limitations of training employees make outsourced marketing a cost effective way to improve productivity of the company. According to Aubochon, Bandyopadhyay and Bhaumik (2012), these specialist providers develop greater knowledge depth, invest more in software and training systems, are more efficient, and are able to offer higher wages and attract more highly trained people. Furthermore, the Companies and service providers must work together to foster innovation (Chang & Gurbaxani, 2012). Specifically, companies must motivate providers with incentives, and both parties must nurture a collaborative culture that produces continuous waves of innovations within the client organization.

Next, reliability is essential in the partnerships between both companies. Trust will be the first step in building a strategic partnerships, so the reputations of both companies should be good. Evaluation of the outsource providers involve understanding the available infrastructure, values and methodologies it brings to its area of expertise. Successful evaluation also requires an awareness of the range of processes the supplier uses and its available skills. Furthermore, executives increasingly understand that outsourcing for short-term cost-cutting does not yield nearly as much as outsourcing for longer-term knowledge-based system or strategic benefits.

## IX.

### 18 Discussion

This paper discusses the effects of outsourced marketing on the productivity of a business, the strengths and weaknesses of a company has a direct effect towards the productivity of the company. Outsourced marketing will be one of the most effective tools to boost the productivity of a company in this century, but also requires the difficult task of weighing the cost and benefit in deciding the degree what is being outsourced (Macdonald, 2014). The basic requirement nonetheless, is that the company understands that they cannot handle all the function of the marketing departments, and would do better to engage an external party to perform those functions more efficiently (Welch, 2005). In the last decade, outsourcing is becoming more of a norm, thus creating opportunities for both outsourcing companies and the outsource providers, specialist companies or professionals with certain knowledge or expertise who are difficult or expensive to either hire directly or train from scratch. Another potentially critical factor in meeting client goals is the marketer's capacity to tap the resources needed to meet service targets. Clearly, client needs will vary depending on the nature of the service and how much change the client is looking to generate (Vitasek, Ledyard & Manrodt, 2013). Some clients may want access to economies of scale or lower labour costs; others may need specialized professional skills, improved infrastructure or help with supply management. Thus, outsourced marketing can effectively lower costs overtime, directly or indirectly through improvement of productivity (Quinn & Strategy, 2013). In this century they can ask professionals with certain knowledge to do the jobs that they are specialised in, and those professionals also can use their knowledge to expand their outsource companies (Zimmer, 2014). The outsource industry reduces international trade barriers and improved telecommunication and information technology (IT) capability over the past decade and has led to a situation where organizations across the world are increasingly interlinked with each other (Khan,2014). Effective use of resources lowers the direct and indirect cost over time by improving employee productivity, while

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outsourcing habitually lowers monthly costs immediately, the real benefit comes when clients adopt the culture of continuous improvement.

Most companies place their focus on improving their weaknesses, which competes with resources that could be used to improve on their strengths (Pavl?, 2013). Thus, an outsourcing strategy assists them on improving on their weaknesses, by engaging an outsource provider to manage those weak areas instead. With that, the company's overall productivity will improve as in-house employees focus their efforts on activities they specialise in, thus producing more output with any given amount of inputs. This outsourcing strategy can be taken advantage of to manage any function in the company whether it is in finances, marketing, sales and more. Outsourced marketing can be ineffective when an outsource provider, though having more expertise, does not understand the company, its brand and customers. In such cases, having an in-house team to complement the outsource provider is recommended. According to Quinn and Strategy (2013), while companies are properly developed, strategic outsourcing substantially lowers costs, risks, and fixed investments while greatly expanding flexibility, innovative capabilities, and opportunities for creating higher value-added and shareholder returns. Thus, some of the well-known companies prefer to have their internal teams to handle the company, as they believe that the in-house employees have true passion and some on-the-ground knowledge that outside companies do not have.

## 19 X.

## 20 Conclusion

Outsourced marketing has been promoted as one of the most powerful trends in the modernization of marketing operations, there are a lot companies start outsourcing marketing departments instead of other companies' daily operations. Before engaging an outsource provider however, the potential outsourcer must consider its position in the market in terms of strengths, weakness, opportunities and threats. Core competencies are not products but the activities usually intellectually-based service activities or systems which the company performs better than any other enterprise. By understanding its strengths or what is also known as core competencies, areas that enable the company to generate revenue, companies can strategically outsource non-core activities in order to focus on strengthening these core competencies that add value to the business, its customer and shareholders. For example, outsourcing sets up a stage which an outside expert assumes responsibility for operational details, and leaves management free to focus on more important business issues related to customer service and marketplace demand. On the other hand, the outsource marketers are given the responsibility to fill the gap ensuring product quality and service levels are on par with the outsourcer's expectations in meeting its customers' needs, this is a tough challenge in which both parties must closely collaborate to achieve, at the moment of leaving the responsibilities of the marketing department to the outsource providers, controlling their services and products quality, meeting customers' needs and wants will be one of the most challenging parts in this partnerships. Some companies focus and flatten their organizations by concentrating their limited resources on a relatively few knowledge-based core competencies where they can develop best-in-world capabilities. Lastly, the outcome of doing outsource can be different in every companies. <sup>1 2</sup>

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