



2018 STATE OF MARKETING

In-House Versus Outsourced Marketing

The In-House Versus Outsourced Marketing whitepaper is part of the 2018 State of Marketing reporting.

On behalf of the San Diego Chapter of the American Marketing Association, Q2 Insights and FreshForm teamed up to produce a multi-year Qualitative Research study on the state of marketing in the U.S. from the San Diego perspective. In 2018 a total of 40 high-profile corporate marketing and non-profit executives from a broad spectrum of 35 small, medium, and large Business to Consumer (B2C) and Business to Business (B2B) organizations participated in the State of Marketing Study. A total of 38 interviews were conducted in 2017. In 2018 a small number of the interviews were conducted with agencies. The study is designed to describe inspiring marketing practices, trends in marketing and the state of marketing today.

The full version of the report can be downloaded at www.sdama.org/report

In-House Versus Outsourced Marketing

In both 2017 and 2018, the majority of marketing executives report relying primarily on in-house marketing resources as opposed to outsourced. Many organizations have created their own in-house agencies to facilitate their marketing campaigns, improve branding efforts, and provide specialized services.

While the size of the organization, the structure of the marketing department, and the industry in which the organization operates have some influence over whether marketing is in-house or outsourced, the majority of marketing resources are in-house. Some brands partner with freelancers, designers, or consultants on an as-needed basis to help with digital marketing, creative efforts, and specialized research. Partnering tends to be on an as-needed basis when hiring full-time is not efficient for the organization.

The key reasons for bringing services in-house include:

- More control over in-house personnel activities
- Greater trust of in-house personnel
- Better and more efficient performance
- Cost savings coupled with budget constraints
- Quality control

The counter point to this is that agencies are perceived by some to be better at out-of-the box thinking and methods as they move at a much faster pace than an in-house team in an organization.

The organizations that outsource typically use the following non-traditional marketing services offered by different types of agencies:

- A real estate organization is collaborating with an advertising agency to set up Bing, Facebook and Twitter advertisements. They also collaborate with a public relations agency to get higher profile media content.
- A company in the consumer goods industry that sells products online uses a media agency for specialized skills in paid search, organic search and mass media buying.
- A not-for-profit company in the education industry is using agencies for ad-buying in pay per click (PPC) and search companion marketing (SCM) campaigns.
- Several companies partner with agencies to provide a wide range of creative services such as creative content, inspiration and campaign products. Creative services include digital marketing tools, UI/UX design, video and multi-media production, search engine optimization (SEO) and digital advertising.

Organizations find it harder to justify spend when they outsource and use agencies as it has an impact on the marketing return on investment (ROI). Promotion of services in-house or creating a team in-house with specialized skills is the current trend that is being implemented.

One advertising agency executive suggested that the pendulum swing between in-house and outsourced marketing talent is cyclic and that the in-house trend is not here to stay. From experience and observation, people tend to switch roles within organizations.

For example, moving roles from analytics to branding can hinder skills gained in analytics, given the pace at which technology is advancing. In-house might have more control but would also require assessing the talent pool skills on a regular basis. Based on the business requirement, small-to-medium sized consumer goods companies tend to shift talent in-house to various roles that could hinder or deplete their skills in a particular domain. Here is where the true value and potential of the agency can be seen. Agencies have learned to do better quality assurance and better scoping over time. The ideal time frame agencies use to assess and revise talent pool skills is every four years. This is a constant and it is required by agencies to assure the quality of services provided. Idea generation and efficiency are two key skills pointed out by a leading local advertising agency.

“The best ideas never come from inside that industry... If you want perspective and want to be different, you have to get it from something else. And that something else only lasts for so long. An agency should provide perspective. The other part is the efficiency of bringing something in house; in an agency we are so fast at what we do, because we are not dealing with lagging around.”

REID CARR
RED DOOR

Cyclic or not, it is clear that marketing is trending heavily toward the use of in-house marketing staff rather than outsourcing for marketing needs. As marketing becomes increasingly complex and the economy continues to grow, marketing leaders have the luxury of being able to build their internal expertise for greater control, efficiencies, and cost savings. Marketing specialists rather than generalists are in demand. The in-house trend seems here to stay in the foreseeable future.

A comprehensive version of the 2018 State of Marketing Report from the San Diego Chapter of the American Marketing Association (AMA) can be downloaded at www.sdama.org/report

Q2 Insights

Experts in marketing research, Q2 Insights delivers information vital to strategic and tactical brand decisions. We blend cutting-edge innovation work with a full-spectrum of research methodologies—all totally customized to your goals. From insights that help drive positioning and branding, brand assessments, advertising studies, customer experience studies to statistically driven studies such as marketing size and potential, pricing, satisfaction, and segmentation, we do it all across a wide range of categories.

Contributors

Kirsty Nunez, Heather Hatty, Prakruti Siddalinga Swamy, Sarah Goh, Tia Philippart



FreshForm is an experience design and innovation consultancy. We create, manage and measure customer and employee experiences. We use a people-centered approach to create personal connections and value for a wide array of innovative Fortune 500s, world-renowned universities, and growth-oriented businesses.

Contributors

Scott Robinson, Michelle Peck, Camille Mora, Chris Toombs, Scott Arlich



The San Diego Chapter of the American Marketing Association (AMA) is the organization for high-performing marketers who are serious about furthering their careers. AMA San Diego is the only education- and networking-focused organization that provides information, resources, international presence and valuable connections in a fun, approachable environment where its members can achieve their personal development goals.

Contributor

Bill Winn