



WHITEPAPER: OUTSOURCE VS. IN-HOUSE MARKETING – WHICH IS BETTER FOR YOUR BUSINESS SUCCESS?

As businesses face an ever-changing marketing landscape, evolving customer demands, and hiring challenges, outsourcing marketing functions to third-party partners has become a popular option. However, despite the growing trend, some businesses remain hesitant to outsource. This paper explores the benefits and disadvantages of outsourcing marketing.

As customer demands continue to evolve amid a constantly changing environment, businesses are running up against a series of challenges that make it difficult to keep pace with the changing landscape and remain competitive. According to Forrester’s research of 154 marketing leaders, two-thirds are struggling to respond to competitive pressure in the current economic environment, and 62% say a lack of desired skills remains a core concern.¹ With increasing uncertainty and staffing constraints, more businesses are turning to outsourced marketing partners to fill some of the gaps.

Research conducted on 100 small- and medium-sized businesses has shown that a significant proportion, nearly 60%, work with a third-party marketing agency to some extent—and 6% completely outsource their marketing function to such agencies.² According to Clutch research, digital marketing is the third most commonly outsourced function globally, particularly among small businesses.³

Despite the growing trend towards outsourcing, more than 40% of businesses do not outsource at all, for a range of reasons, including cost concerns, loss of control, and perceived communication barriers. Some business owners have had negative past experiences with outsourcing, while others believe that an outside marketer may not have the level of focus required for their needs.⁴

Given the noted concerns and hesitations about outsourcing, do the benefits outweigh the risks? Does it make sense to keep the entire marketing function in-house, or are there business benefits of outsourcing some or all of the function to a third-party partner?

WHO OUTSOURCES AND WHY?

Outsourcing marketing refers to the practice of hiring an external agency to handle some or all aspects of a company's marketing efforts. This can include tasks such as marketing strategy, social media management, search engine optimization (SEO), campaign management, branding, website development, public relations, and content creation, among others.

Of those that outsource their marketing, the majority cite a lack of in-house resources and expertise as the top reason. Others outsource to scale their marketing efforts and keep up

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with key activities, such as organic content creation, social media engagement, web updates, and more, while some view it as a cost-effective alternative to hiring staff.⁵ Despite the economic upheaval and global uncertainty brought on by the pandemic, the majority of those asked say they outsource more today than ever before,⁶ indicating a growing demand for third-party marketing expertise.

THE BUSINESS BENEFITS OF OUTSOURCING

The benefits of outsourcing marketing to a third-party partner include:

- **Flexibility to scale**

By outsourcing your marketing, you get access to flexible marketing services and expertise that can be adjusted to meet the changing needs of your business while freeing up your staff to focus on their core competencies to power business growth.

For some smaller businesses, a full-blown in-house marketing team may not be a viable option; one dedicated resource may be all that's needed. But that one person can't be an expert in every aspect of marketing and you may not need that level of marketing expertise all the time. But as you grow, your needs will shift and evolve. By partnering with a marketing agency, you can selectively utilize additional marketing resources and expertise as needed to support scalability without adding in-house resources. "Marketing plays a key role in growing your business," says small business development specialist Dan Casarella. "As you scale, you'll want to get the word out to attract more customers and clients.

Because there are so many components to successful marketing campaigns, it's more advantageous to outsource your efforts to an entire firm rather than have one dedicated employee who may not be able to produce the output an agency can."⁷

- **A streamlined marketing infrastructure**

Marketing agencies have access to and expertise in specialized marketing tools and emerging technologies that automate and streamline marketing processes and help businesses build an adequate marketing infrastructure. Developing the infrastructure and implementing these systems is a multifaceted endeavor that requires a strategic outlook, extensive industry knowledge, technical expertise, and relevant experience. However, most companies don't have these competencies in-house, and according to Forrester, finding talent with skills and knowledge in martech, data analytics, and marketing operations remains a core challenge.⁸

By partnering with a marketing agency, you can tap into this expertise for an infinitely more efficient and effective marketing program that leverages data and automation to power success. In fact, businesses that have embraced marketing automation as part of their marketing infrastructure have reported a 14.5% boost in sales productivity and a significant edge over their competitors, with as many as 63% outperforming their industry peers.⁹

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- **Improved marketing performance**

Navigating the complex and ever-changing marketing landscape can be overwhelming and time-consuming for businesses. But failing to keep up can result in missed opportunities and lost sales. Marketing agencies make it a priority to know what's trending, what's working, what's not, and which strategies and tactics are resonating with audiences. According to marketing guru Jayson DeMers, "Marketing, especially digital marketing, is always changing, and the most successful campaigns are the ones ahead of the major trends. A specialized firm could do all that work for you and give you advice on the best strategies to engage in."¹⁰

Outsourced marketing partners are also optimally equipped to track progress on marketing initiatives and adjust as needed to ensure ROI. By partnering with an agency filled with talented professionals, notes growth expert Grace Lau, businesses can feel confident that their marketing needs are taken care of, KPIs are met, and intended results are achieved.¹¹

- **Access to specialized expertise**

The rapidly changing marketing environment requires a diverse set of specializations, particularly with the advent of social media, data, artificial intelligence (AI), and other emerging technologies. Outsourcing to marketing partners offers a much broader range of capabilities than in-house marketing teams, including strategy, design, copywriting, web development, marketing automation, market research, digital marketing, SEO, and more. With this comprehensive suite of expertise, marketing firms can effectively manage the various moving parts of marketing and ensure that audiences are reached in a way that resonates with them. As *Forbes* contributor Samantha Paxton explains, "The customer decision journey is not linear and requires marketing teams to understand and leverage a wide variety of channels that meet prospects where they are."¹²

But, maintaining this extensive knowledge base in-house at all times may not be practical. "For in-house teams, it becomes expensive and extraordinarily difficult to staff teams who can stay on top of all of this and grow with the market," says Paxton.¹³ Even a team of five marketers won't have the required expertise across all the necessary areas to stay ahead of the curve and keep up with the competition. By partnering with a marketing agency, you can tap into the full suite of marketing expertise, eliminating the need to hire and train an entire team of specialists.

- **Cost savings**

Hiring and maintaining staff is costly. The Bureau of Labor Statistics reports that wages and salaries represent 69.0% of total expenses, amounting to \$29.32 per employee hour worked, while benefits cost \$13.17 per hour.¹⁴ A comprehensive marketing team requires expertise in web, digital advertising, strategy, social media, graphic design, writing, project management, SEO, and data analysis. Maintaining this level of expertise would require a team of eight, which would cost around \$263.88 per hour worked, not including

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expenses related to equipment, office space, professional development, and ongoing management. Add turnover costs to the equation, from lost productivity due to vacancies and severance payouts to recruiting, hiring, onboarding, and training, and you're looking at a significant financial investment.

Outsourcing to a third party eliminates the need for, and costs associated with, a full-time marketing staff while offering an expansive breadth and depth of marketing expertise. "[Outsourcing] saves overhead, commitment, recruiting time, training time, and expenses of full-time staff while allowing you to tap into experts without all the associated expenses," says *Forbes* contributor and tech start-up expert Ilya Pozin. "At much less than the cost of one full-time executive, you get an entire team of experts, and can expect cheaper ad costs and software costs, among others."¹⁵ With that, you get a fully trained staff, accessible when needed, that you don't have to hire, fire, or onboard.

- **Get fresh perspective, creative ideas, and data-backed insights**

Working with an external partner can be a highly effective approach for businesses to leverage more creativity in attaining their marketing objectives. Marketing agencies have access to some of the most imaginative minds in the world. With a natural aptitude for generating captivating and original concepts, an agency's creative team knows how to cut through the clutter to connect with audiences, spark interest, and generate a desired reaction. "Outside specialists bring fresh insights, experience, and knowledge that many in-house teams have not been exposed to in the confines of their organization," says Paxson.¹⁶ "It's expensive, both on time and money, to generate creative ideas that capture attention and spread the word about your business," says marketing expert Gregory Reyes. "Outsourcing your marketing efforts means also outsourcing creativity," he adds.¹⁷

It should be noted that while creativity is essential in developing engaging campaigns, data analytics is equally important in determining the campaign's effectiveness and ROI. These two sides of the brain, creativity and data analysis, often require different sets of skills and expertise. Agencies cohesively bring the creative and data masterminds together to ensure that the marketing programs are not only innovative, but also based on solid metrics and insights.

WHEN NOT TO OUTSOURCE

Not every business needs to partner with a marketing agency. Here are some reasons you may want to forgo bringing in an outside partner.

- **Lack of resources to manage the outsourced partner**

"Organizing the workflow with an outsourcing partner requires discipline and managerial skills," says digital entrepreneur Eugene Solovyov. "For outsourcing to work properly, you need to have a clear understanding of how to control the work, accept the work, integrate the results into the normal production process, and transfer expertise and assets to yourself," he adds.¹⁹

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- **You feel passionate about keeping it in-house**

Business News Daily contributor Bennett Conlin suggests that outsourcing marketing and PR services is most effective for companies that lack qualified team members, need additional guidance, or are short on time. However, if you already have a good understanding of running successful marketing campaigns, it might not make sense to partner with a third party. “If you can do the work effectively on your own, do it,” he says. “Some business owners would rather handle these matters personally because they actually enjoy marketing and being creative with their team members rather than bringing in an outside party.”²⁰

- **Not a good cultural fit**

One of the main disadvantages of outsourcing is the concern that an agency may not have the same level of familiarity and understanding of your company's culture as you or your team. “There can be some challenges if the proper outsourced partner isn't a great cultural fit to the business,” says marketing consultant Eric Dahl.²¹ This misalignment may hinder the agency's ability to fully grasp your company's values, goals, and vision, which can hinder effective collaboration and communication.

SUMMARY

Over the past few years, marketing has undergone an evolutionary series of changes, particularly in the post-pandemic era. To stay competitive and support business growth, marketers need to operate with speed, innovation, and agility. However, the emergence of new technologies, mediums, and platforms is making it harder to keep up with the rapidly changing environment, which requires marketers to constantly adapt and embrace new strategies to effectively reach and engage their target audiences. Meanwhile, the costs associated with maintaining an in-house marketing team have skyrocketed, adding further complexity to the situation.

Outsourcing your marketing efforts to a third-party partner can help you address these challenges. By partnering with an external marketing agency, you gain access to a comprehensive and fully operational team right from the outset, ready to boost your marketing efforts cost-effectively and efficiently. A marketing agency's advanced expertise, vast experience, and cutting-edge resources allow you to access high-quality marketing services without the financial burden of building an in-house marketing team. It also offers a level of flexibility that is critical in today's dynamic and ever-changing marketing environment. Partnering with an external marketing agency can help you navigate the complex marketing landscape, cut costs, and stay ahead of the competition to achieve your business goals.

While outsourcing can be beneficial, there are certain situations where it may not be the best solution. It's important to carefully weigh the pros and cons of outsourcing and consider factors such as available resources, your organization's culture, and more, before making a decision.

ABOUT THE AUTHOR

Paradigm is a full-service marketing, design, and workflow solutions agency. Specializing in working with clients with a complex sale cycle that requires a sales conversation to close a deal, Paradigm is known for building marketing-to-sales infrastructures that shorten sales cycles and increase quality leads for sales teams. With advanced expertise across all areas of marketing, Paradigm's cross-functional team blends creativity, technology, and strategy with data-backed insights and a fierce drive for flawless execution to deliver purpose-driven marketing solutions that support business growth, maximize profit potential, and improve lives.



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