

Understanding In-Housing: Bringing Marketing Functions Home

2019

Partner



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/ Introduction

The topic of in-housing is something the data and marketing industry has been discussing increasingly in recent years, but much of this has focused on the online advertising industry and brands challenging the transparency of some agency practices.

We wanted to delve deeper into whether or not, and how, brands are in-housing key functions from across their entire marketing programmes. Trying to understand the reasons, benefits, challenges and future to help organisations better understand what this trend might look like as it continues to develop.

The findings are a fascinating insight into the key drivers and outcomes that businesses are already seeing from in-housing functions like email marketing, data analytics and social media programmes, as well as the key challenges ahead in understanding and realising the full benefits of bringing other functions within an organisation.

However, in-housing is not a binary choice. It's not either/or. There are one in 12 organisations currently using a mixed strategy of both in-house and outsourced company to service the same marketing need – something we have called 'blended' strategies.

The key for brands, whichever strategy they choose, is clear: bringing any marketing function in-house is just the first step. To achieve the results brands set out at the beginning of this process means investing in talent and skills within their organisations.

In addition, there's a need for improved processes and the right tools to enable these new-look teams to work together more effectively.

Overall, the research unveils a more pervasive, and nuanced, trend of in-housing. It's also one that will surely continue to evolve in the coming years, as brands, agencies and other service providers find new ways of working together more effectively.

The need to put the customer first when making marketing decisions and developing strategies remains top priority for brands. As such, it's encouraging to see marketers citing improved customer engagement and experiences as a key driver for moving functions in-house.

Afterall, brands that are able to build marketing programmes with the customer at their heart will be the ones that will succeed, whichever resourcing model they decide to follow.

Tim Bond
Head of Insight
Data & Marketing Association

/ Foreword

Delivering personalised customer communication through email has always revolved around having the right talent and technology. We see clients accomplishing this in a variety of ways: some bringing talent and technology completely in-house, others relying on external agencies, while some still use a combination of the two - requiring the two teams to collaborate together.

In-housing is an increasingly discussed topic across our industry, so we wanted to understand the motivations behind this trend and how it is changing the ways our clients operate. In the realm of email, our clients have long demanded greater control and transparency when developing these campaigns. Is in-housing the answer?

This study reveals that email marketing is highly affected by in-housing; of all major marketing functions, it's one of the first to be brought in-house, especially when ROI is the priority. The research makes it clear, however, that the act of bringing key marketing functions in-house was not without its serious challenges - and contradictions.

'New technology' is the number one focus of in-house investment, but 'Adopting new technology' is cited as the second largest challenge brands face. In addition, productivity is seen as a top reason to in-house marketing functions, but only 32% claim to actually have achieved this result.

Previous [research conducted by Mailjet](#) could explain this. We found that marketing departments are already swelling, with poor collaboration cited as one of the top three productivity challenges. Growing internal teams will surely put further strain on these challenges, and business leaders must look for technology that can offer safe holds to reduce errors and maintain brand control.

So what does this trend mean for the future of agencies? Far from spelling doom, in-housing simply means change in an ever-changing industry. Among marketers interested in in-housing in the future, the vast majority still plan to keep their agency spend steady or increase it.

It's clear that companies are considering new ways of executing their marketing functions, although, no matter the approach, smooth collaboration between a growing number of team members will be key. Business leaders must look beyond bringing a function in-house and explore how technology can bridge important collaboration gaps within changing teams and deliver the results they are looking for.

Judy Boniface-Chang
Chief Customer & Marketing Officer
Mailjet

/ Executive Summary

- The majority of brands are currently in-housing and plan to continue in the future (86%), with 'Email marketing' as a leading function (62%) and a wide range of marketing functions having been or being in-housed currently (on average, six per company).
- Future in-housing will focus on acquiring key skills within teams, including 'Data analytics' (40%), 'Search' (37%) and 'Online ad buying' (35%).
- Aims behind these strategies are focused on 'Business growth' (25%), 'Productivity improvements' (20%) and 'Effective use of budget' (19%).
- Most brands are measuring the success of in-housing through savings in both time (54%) and money (54%), as well as the accuracy and quality of their data (50%).
- Many marketers cited 'Increased productivity' (47%) and 'Enhanced creativity' (38%) as expected benefits, but these are not being achieved – with both productivity (32%) and creativity (27%) seeing the biggest drop from expectation to achievement.
- 'Limited budget' (41%) and 'Adopting new technologies' (35%) are the biggest challenges organisations face when in-housing.
- Key concerns about relying on in-housing instead of external expertise include being trapped in an 'Echo-chamber' (37%), experiencing 'Internal bureaucracies' (37%) and having 'General performance slow down' (35%).
- Senior teams appear to be taking the lead with in-housing strategies, however 1 in 3 organisations appear to have a non-marketing position in charge of the changes to these key marketing functions.
- Organisations are willing to trust a range of different sources of information for in-housing strategies, led by 'Specialist consultants' (49%).
- Brands have around 25% of their marketing budgets available to help facilitate in-housing specific functions, with the majority spending this on new technologies (69%) and then ensuring they can find (44%) and pay (49%) the right talent.
- Despite new technologies to facilitate in-housing (69%) being the primary area of investment for brands, 'Adopting new technologies' was also seen as one of the biggest barriers to successfully bring these marketing functions in-house.
- Less than one in 10 brands are currently using a blended approach to resource any one of their marketing functions, opting either to purely in-house or outsource these functions instead.
- The key challenges with outsourcing is finding the right partner (40%) that has the knowledge (37%) and the ability to deliver brand consistency (33%), even before potential concerns around turn-around times (32%), as well as getting them up-to-speed (30%).

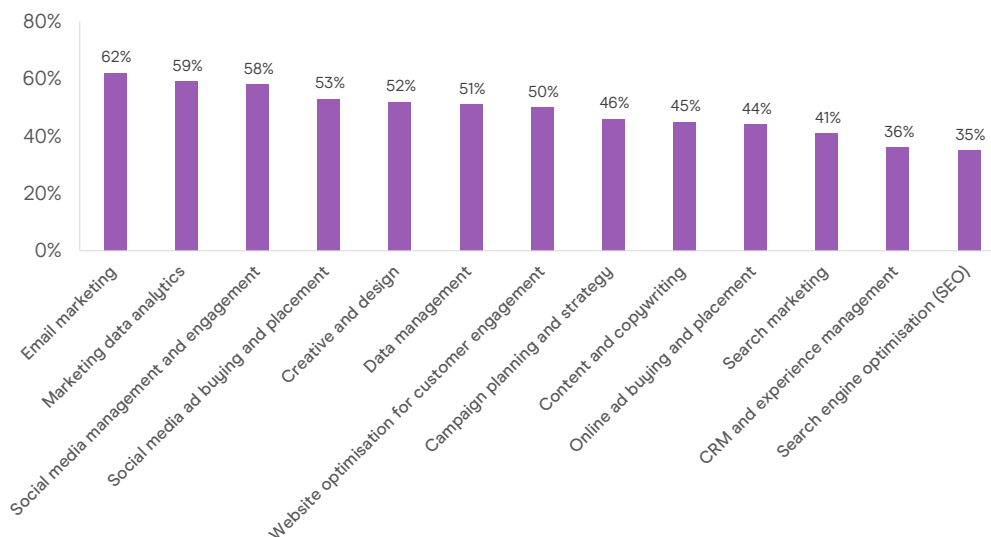
/ State of In-housing

The majority of brands surveyed (86%) reported they are currently in-housing or have in-housed key marketing functions and plan to continue. A further 4% of organisations have yet to follow this trend, but are interested in doing so in the future. However, there is a noteworthy minority that have tried in-housing, but do not plan to continue (9%) – pointing to some of the challenges these businesses may have faced. Meanwhile, just 1% of marketers said they have not in-housed marketing functions to date and have no plans to – highlighting the ubiquity of this trend across the data and marketing industry.

When asked about the marketing functions they have in-housed or are planning to bring within their organisations, ‘Email marketing’ led the way (62%). Given email’s position as the central channel around which successful multi-channel engagement programmes can be built, as well as the return on investment it offers, it’s no surprise organisations are wanting to take closer control over this essential function.

Email was followed by ‘Marketing data analytics’ (59%) and ‘Social media management and engagement’ (58%). Moreover, around half of brands are looking to in-house a further seven areas of marketing currently or in the future, reinforcing the wide-ranging opportunities this trend could offer to businesses. In fact, the organisations surveyed cited around six areas of marketing (6.3) that they have or are currently bringing in-house.

Thinking about your own organisation, which of the following marketing functions have you or are you currently in-housing? (Select all)



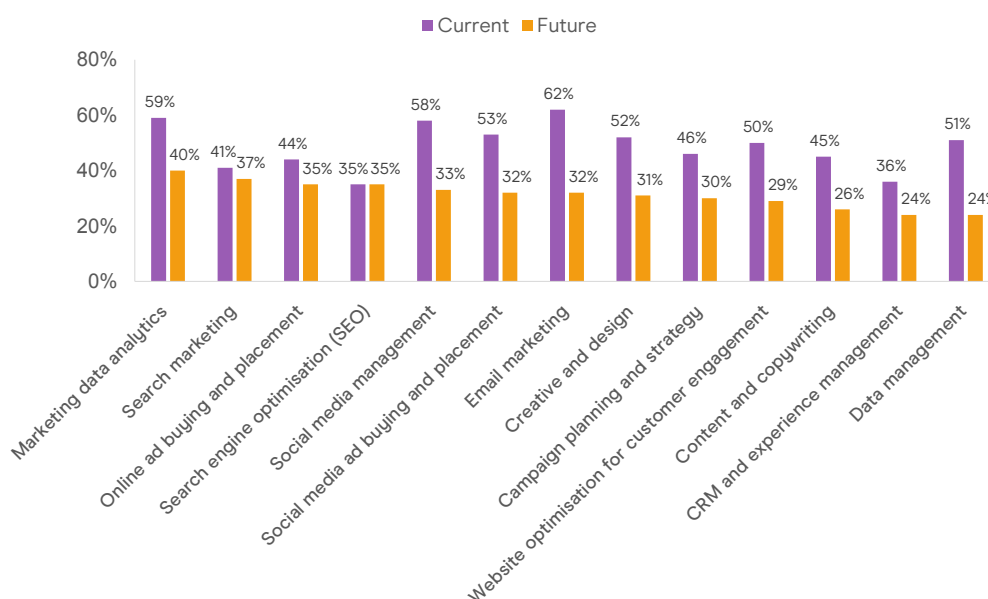
When asked about the main drivers that have brought marketers to in-house these key marketing functions, the primary reason given was around ‘Business growth’ (25%) – including growth in sales, increases in customer acquisition and expansion of the business. This was followed by increases in ‘Productivity’ (20%) and being more ‘Cost effective/saving’ (19%). Drivers around ‘Control/brand consistency’ (15%) prove to also be top of mind for marketers, who may have felt that they were losing control of this asset by having marketing campaigns executed externally. Meanwhile, the same proportion of marketers mentioned the need to ‘Develop/improve skills’ in their teams (15%) and also offer improved ‘Customer engagement/experiences’ (15%).

Looking at the current state of in-housing, there are a number of marketing functions that marketers clearly feel they are already successfully in-housing, including ‘Email marketing’, ‘Social media management and engagement’ and ‘Social media ad buying and placement’. These are areas where the current in-housing is high, which has resulted in them not being a focus for the future.

However, there is a notable exception to this in ‘Marketing data analytics’, which appears to remain a key concern for most brands. This need for data skills is something the DMA also found as part of the ‘Professional skills census 2018’ report, highlighting the continued need for these future skills to be developed in-house – for the benefit of both businesses and the career development of professionals within the data and marketing industry.

Furthermore, the next focus for many brands appears to be the areas of search and online ad buying, with ‘Search marketing’ (37%), ‘Online ad buying and placement’ (35%) and ‘Search engine optimisation’ (35%) reported as key areas brands are considering in the future.

Thinking about your own organisation, which of the following marketing functions have you or are you currently in-housing/are you considering the future? (Select all)



/ Benefits & Measurement

With so many brands in-housing a wide range of different areas of their marketing programmes, it's important to understand if this is yielding the results expected. Top outcomes brands expected to achieve by investing in in-housing included 'Cost-saving' (57%), 'Better brand consistency' (53%), 'Better control of campaigns' (48%), 'Improved decision-making' (46%) and 'Higher levels of internal knowledge' (46%).

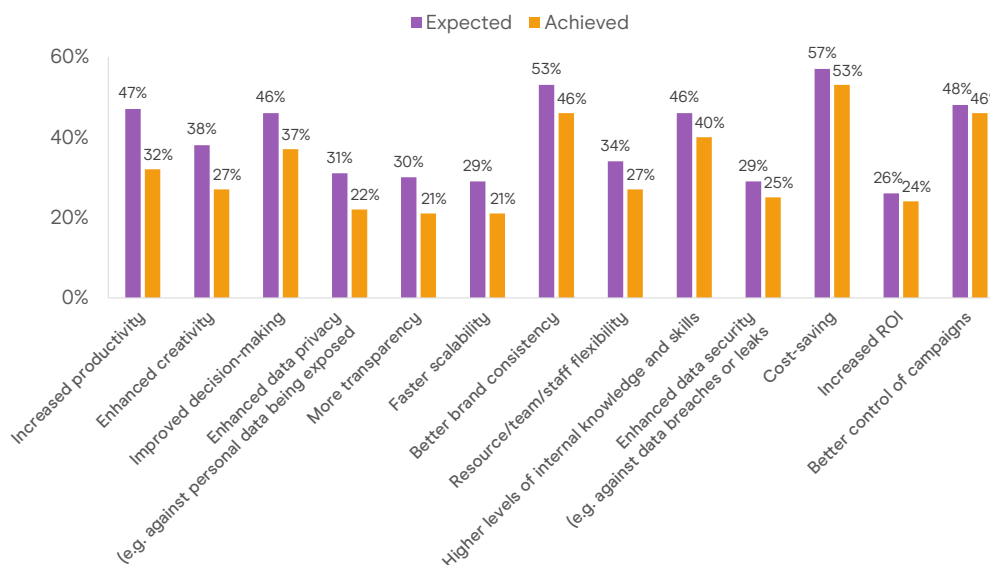
The points around consistency and brand control reveal a potential sense of losing control of their identity when managed by external partners, while the latter point around knowledge suggests an interest in using in-housing strategies to improve the ability and skills within organisations, thereby improving other areas like productivity and external costs to the business.

Comparing these expected benefits to those that organisations feel they have actually achieved, we can see that many companies are, in fact, achieving their aims. For instance, the areas of consistency, control, cost-saving and internal knowledge and skills remain high across both the 'Expected' and 'Achieved' benefits.

However, there are some notable drops in 'Increased productivity' (-15%), 'Enhanced creativity' (-11%) and 'Improved decision-making' (-9%). While this may be down, at least in part, to the difficulty in measuring these areas, this sheds light on the importance of in-housing being seen as requiring a holistic approach.

The act of bringing these functions in-house means that teams grow and the dynamics within them change. Therefore, it's important that brands invest in tools that will help facilitate communication and organisation in these new teams. Only then will businesses be able to see the benefits of increased productivity and creativity that they appear to be missing.

What are the key benefits your organisation expected to achieve/actually achieved by in-housing these marketing functions? (Select all)



Of those marketers that expected to increase their ROI as a result of in-housing (26%), we also asked which functions they felt had achieved this to date and the response was a clear focus on 'Email marketing' (47%).

Email has long been known for its returns. In fact, the DMA's latest '[Marketer email tracker 2019](#)' showed an increase year-on-year to around £42 for every £1 spent on the channel, highlighting the importance of email as a key channel through which significant returns can be delivered, both in terms of marketing spend and cost-savings, through bringing it in-house.

Finally, in terms of measurement, over half of the surveyed organisations are measuring the success of their current marketing approach (whether that's in-house, outsourced or blended approach) by tracking 'Cost savings' (54%), 'Productivity' (54%) and 'Data quality and accuracy' (50%).

Just behind this trio, there is the measurement of 'Increased ROI' (43%), while around a third of businesses are using 'Enhanced creativity' (36%) and 'Better team performance' (34%) as a gauge for success.

/ Challenges & Concerns

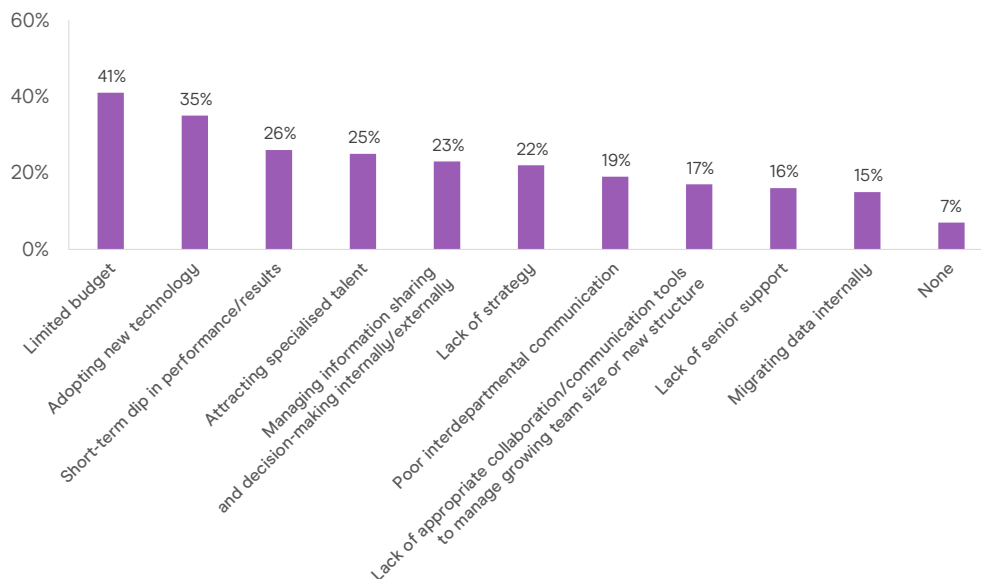
Brands face a range of challenges when implementing strategies to create an in-house marketing function, but the most significant among them are 'Limited budget' (41%) and 'Adopting new technology' (35%).

This restriction on budgets may well be linked to the new technology many respondents realise they need in order to enable better team collaboration and productivity improvements.

In addition, businesses cite further significant challenges, such as performance being impacted in the short-term, attracting the specialist talent they require, managing information sharing and decision-making within new team structures, and a general lack of strategy.

More than one in six (17%) of those surveyed cited a need for appropriate collaboration and communication tools specifically. Looking at some of the biggest challenges companies face, it's notable how many of these could be resolved by improved communication and collaboration. So while only one in six cite this is a challenge, having the right solutions and tools in place for teams to work effectively could help abate many more of the challenges of in-housing.

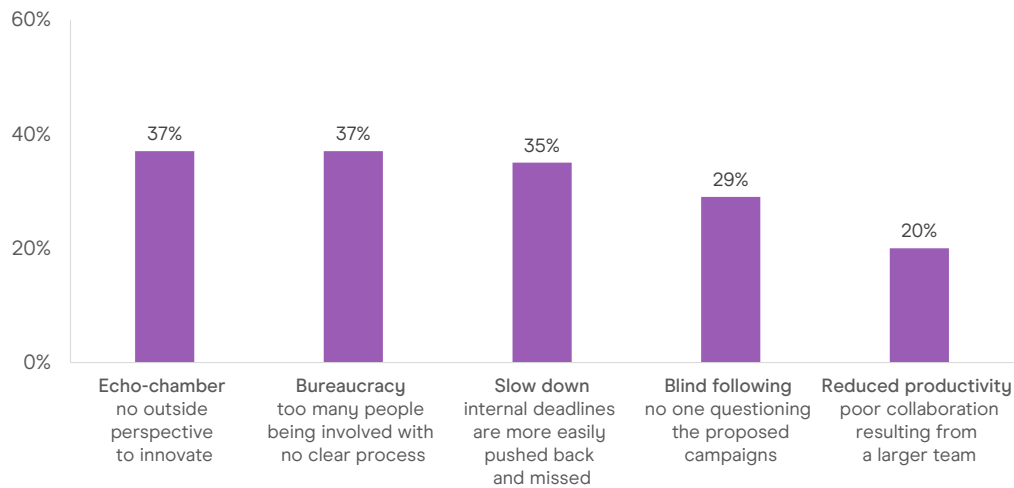
What were the most significant challenges your organisation faced in implementing this strategy? (Select all)



The research also explored what apprehensions brands may have when considering in-housing their marketing efforts. The results revealed that there is a real concern that this could result in no access to outside perspectives ('Echo-chamber') or too many people being involved and no clear process ('Bureaucracy'). The same proportion of respondents (37%) reported these are a worry.

In addition, concerns around internal deadlines being more easily pushed back ('Slow down') was pointed to by a third of businesses, with worries also seen around experiencing a lack of questioning of proposed campaigns ('Blind following') and poor collaboration due to a larger team ('Reduced productivity').

Are you concerned by any of the following with regard to in-housing? (Select all)

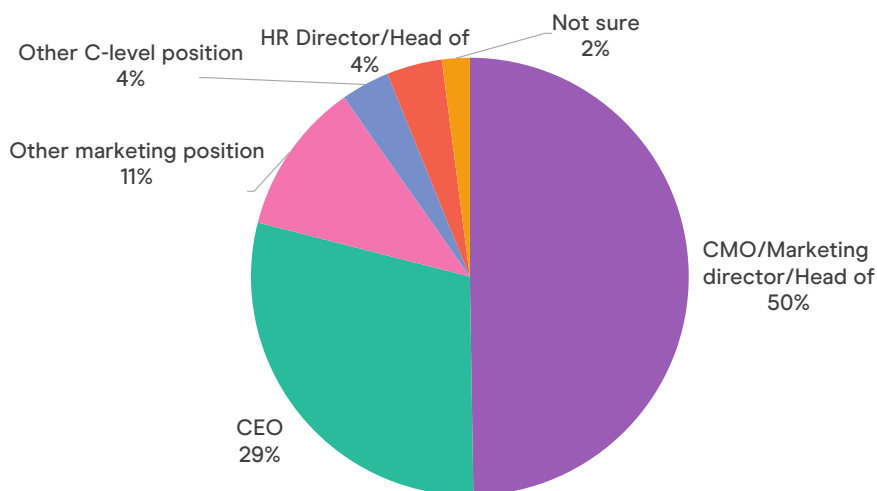


/ Leadership & Budgets

Encouragingly, senior teams appear to be taking the lead when it comes to having primary responsibility for in-housing strategies, with half of organisations (50%) having a senior marketer in charge and just under a third (29%) with their Chief Executive leading the way.

However, it may be a concern that one in three organisations (37%) appear to have non-marketing leadership roles in charge of bringing these core functions in-house and deciding how they are resourced. This may also provide some explanation for some of the challenges and concerns we've already seen respondents cite, such as the focus on budgets and costs.

Who has primary responsibility for your organisation's marketing in-housing strategy? (Select one)



In-housing is a new trend that brands may well seek advice on how to best execute within their own businesses. According to the research, when searching for trusted information and advice on in-housing, organisations seem open to a variety of sources. 'Specialist consultants' (49%) lead the way, closely followed by a range of other areas that over 40% of brands mentioned they would trust. This includes 'Online sources' (45%), 'Direct from businesses' (41%), and 'Technology providers' (41%).

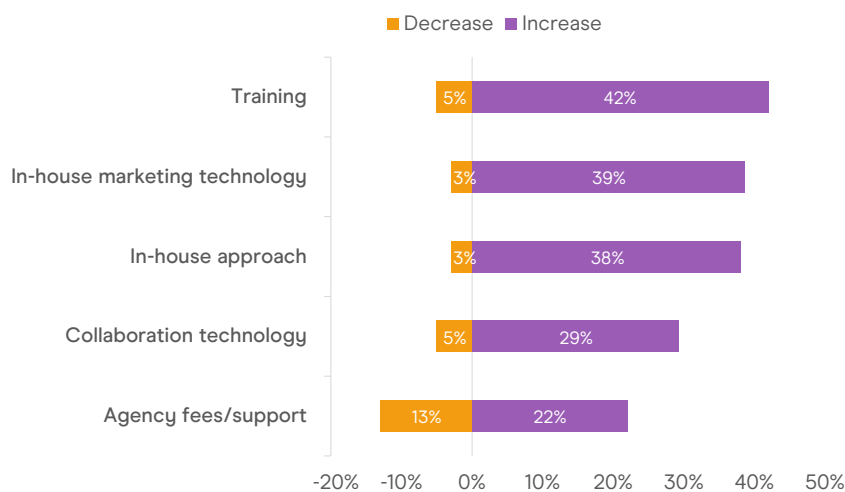
Meanwhile, most businesses surveyed (51%) commit between 15-35% of their marketing budgets to facilitating in-housing strategies – with the average being 24.5%.

In terms of what they're primarily spending this budget on, the majority ranked 'New technology' (69%) within their top two choices. This was then followed by finding (44%) and paying (49%) the right talent to support these strategies. The focus on new technologies shows an understanding within most organisations that tools will be critical to executing marketing functions in-house. Although, as we saw in the previous section, adopting this new technology is also one of the most significant barriers to implementing a successful in-housing strategy.

Looking forward, the biggest increases in budget spend over the next 12 months across marketing teams are expected to be 'Training' (42%), 'In-house marketing technology' (39%) and generally their 'In-house approach' (38%).

The need for 'Collaboration technology' is felt by almost a third of brands (29%), highlighting the fact that bringing a function in-house alone isn't enough. Given the concerns we've already seen in the previous section around adopting new technologies, it will be critical that organisations also invest in technology that can streamline communication between their growing and changing team structures if they hope to see the full benefits of in-housing.

Looking forward, how will you expect your organisation's budget to change over the next 12 months for the following?



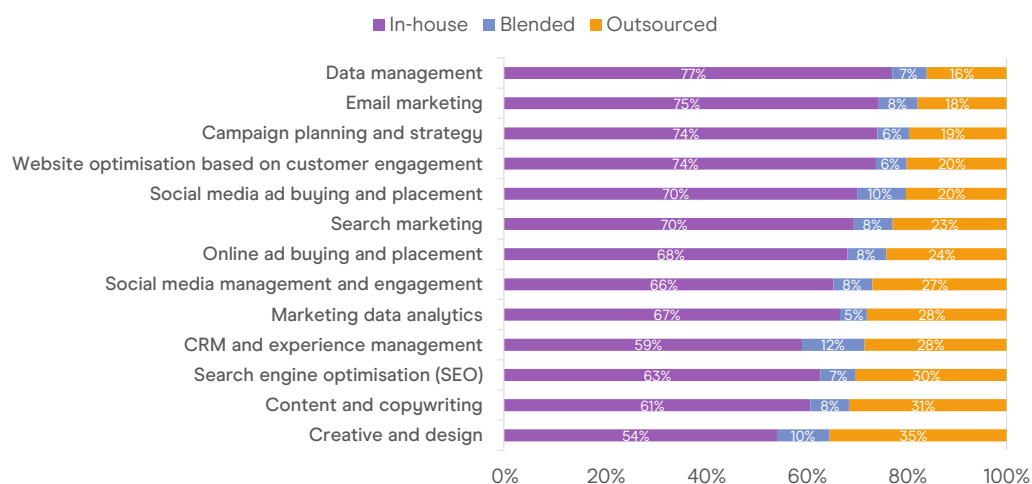
/ Blended Strategies

It's important to remember that in-housing is not necessarily a binary choice. Therefore, in this final section, we will investigate what we have termed 'blended' approaches to resourcing each of the marketing functions we asked about. To execute a marketing function, brands can choose from a range of options, from in-house to outsourced support, to a combination of the two. We have termed this middle-ground 'blended' strategies, which offer brands the benefits of both worlds – though it may also present the challenges of both.

As we've already seen, the majority of organisations have already, or are in the process of, in-housing a variety of different marketing functions. When it comes to blended approaches, on average one in 12 organisations (7.9%) are choosing this middle-ground, with the most popular areas being 'CRM and experience management' (12%), 'Creative and design' (10%) and 'Social media ad buying and placement' (10%).

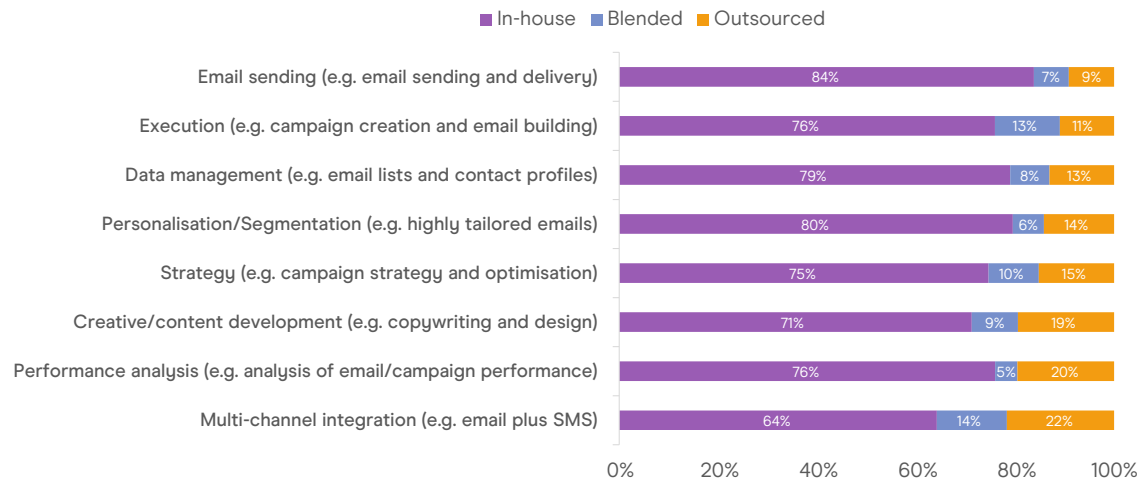
Comparing large organisations to those that are small or medium-sized, there is a significant difference in the use of outsourced support. Larger businesses are more likely to outsource a number of functions, including 'Content and copywriting', 'Creative and design', 'Search marketing', 'Social ad buying and placement' and 'Social media management and engagement'. Smaller companies are less likely to do so.

How does your organisation currently resource the following marketing functions? (Select all that apply)



Delving deeper into the most popular channel most marketing departments are bringing in-house ('Email marketing'), we see a similar trend, with outsourced support more likely to be used for 'Creative/content development' (28%) and 'Performance analysis' (25%). However, the most popular for both outsourced and blended approaches is 'Multi-channel integration' (36% combined).

You mentioned that you currently run your email marketing program in-house or in conjunction with outsourced support. Tell us more about how you managed these specific aspects of email marketing. (Select all)



/ The Future of the Agency Relationship

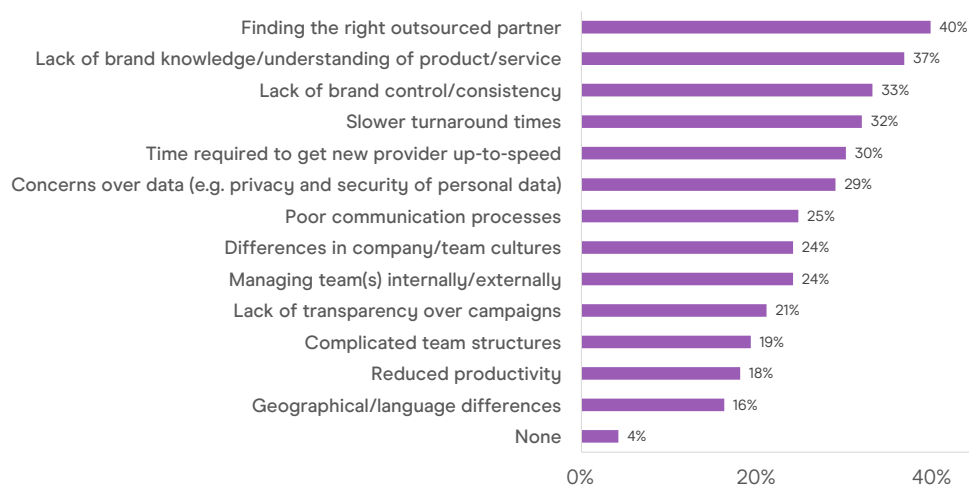
The research reveals a clear interest from many marketers in bringing marketing functions in-house. Having said this, it's equally important to note that this by no means spells the end of the agency relationship.

There are also some areas where businesses are still clearly looking to agencies for support, whether in conjunction with an in-house team or not. In particular, brands are looking for agencies or service providers to help with 'Creative and design' (46%), 'CRM and experience management' (41%), 'Content and copywriting' (39%) and 'Search engine optimisation' (37%).

Of those organisations that report an interest in in-housing, there is a notable percentage that plan for their future spend on agencies to decrease (13%). However, the vast majority expect this spend to either remain the same (65%) or even increase (22%).

The focus for agencies will be to overcoming the main challenges marketers cite about working with an outsourced agency or service provider: finding the right partner (40%) that has the knowledge (37%) and ability to deliver the brand consistency (33%) they require. This is before potential concerns around turn-around times (32%) and getting external teams up to speed (30%) surface.

What are the main challenges you found when dealing with an outsourced service provider? (Select all)



In closing, in-housing is more than a short-term trend. It's a tangible shift in how marketers believe their activities should be executed. It's clear that in-housing still has a way to go in helping companies achieve all their desired results, and this will require companies to think holistically.

The act of bringing a marketing function in-house must be supported with the right tools to support a new team structure. Technology will be key to bridging communication gaps and ensuring that organisations can actually see the full benefits of investing in bringing everything under one roof.

/ About the Data & Marketing Association

The Data & Marketing Association (DMA) comprises the DMA, Institute of Data & Marketing (IDM) and DMA Talent.

We seek to guide and inspire industry leaders; to advance careers; and to nurture the next generation of aspiring marketers.

We champion the way things should be done, through a rich fusion of technology, diverse talent, creativity, insight – underpinned by our customer-focused principles.

We set the standards marketers must meet in order to thrive, representing over 1,000 members drawn from the UK's data and marketing landscape.

By working responsibly, sustainably and creatively, together we will drive the data and marketing industry forward to meet the needs of people today and tomorrow.

www.dma.org.uk

/ About Mailjet

Mailjet is the email solution for teams to create, send, and monitor marketing emails, transactional emails, and SMS.

Via its intuitive, drag-and-drop interface, both internal and external teams can create impactful email templates in collaboration, while maintaining a high level of brand control and transparency.. Mailjet provides a sophisticated SMTP relay in addition to highly flexible APIs, allowing developers to easily integrate their solutions within their apps or services. Hosted on Google Cloud Platform, the company's cloud-based infrastructure is scalable to any business size and its proprietary technology ensures that emails arrive in the inbox.

Brands like Disney, Microsoft, the AA, AVIS, and more trust Mailjet to send over two billion emails every month. With over 150K clients and offices worldwide (including London, New York, Paris, and Düsseldorf), Mailjet is proud to be both ISO 27001 certified and GDPR-compliant, offering its clients the highest levels of data security and privacy.

www.mailjet.com

/ Methodology

'Understanding In-Housing: Bringing Marketing Functions Home' is an initiative undertaken by the DMA in partnership with Mailjet.

In June 2019, DMA conducted an online survey that included a maximum of 27 questions. The research consists of 206 respondents, predominantly from marketing teams (87%) within brands (73%) or marketing service providers (27%). There was an even distribution between Senior (52%) and Mid-level marketers (48%).

Respondents represented a range of sectors, with 24% working in B2B organisations, 30% employed by B2C companies, and 46% working in both. There was an even distribution of businesses between Small-Medium enterprises (49%) and Large-Very large enterprises (50%).

The data was collected and collated by Qualtrics, then analysed by the DMA Insight department. The report was written by the DMA Insight department and designed by Mailjet in conjunction with the DMA's in-house design team.

If you have any questions about the methodology used in the report, you can contact the DMA's research team via email: research@dma.org.uk

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