

Vesa Virtanen

**OUTSOURCING MARKETING – EXPECTATIONS AND
DEFINING THE ROLES OF THE PARTICIPANTS**

Thesis
Spring 2011

Seinäjoki University of Applied Sciences



Degree programme in International Business

SEINÄJOKI UNIVERSITY OF APPLIED SCIENCES

Thesis abstract

Faculty: Seinäjoki University of Applied Sciences

Degree programme: Degree programme in International Business

Author: Vesa Tapani Virtanen

Title of thesis: Outsourcing marketing – Expectations and defining the roles of the participants

Supervisor: Mäkeläinen Ville-Pekka

Year: 2011 Number of pages: 43 Number of appendices: 1

Purpose of this study is to identify customers' expectations for outsourced marketing activities by interviewing key personnel of potential customer companies, finding out what do they actually know about marketing, reasons for outsourcing and realistic expectations for outcome. This thesis also investigates how the roles should be defined and what kind of responsibilities would they have. This study should map out some general guidelines about the practical functions which need to be implemented properly in order to make cooperation function in desired manner. This includes identifying the actual needs of the customers, capacity of the customer corporations and attitudes towards outsourcing their marketing.

Theoretical part concentrates on identifying the Finnish corporate demographics, marketing purposes and practices, mainly on business to business markets, outsourcing methods as well as strategic management.

The empirical part of the study examines expectations, hopes and attitudes of the individual corporate owners of Alucenter – consortium of 9 independent steel companies.

Keywords: outsourcing, marketing, joint-marketing business to business

SEINÄJOEN AMMATTIKORKEAKOULU

Opinnäytetyön tiivistelmä

Koulutusyksikkö: Liiketalous

Koulutusohjelma: Bachelor of Business Administration

Suuntautumisvaihtoehto: Kansainvälinen kauppa

Tekijä: Virtanen Vesa Tapani

Työn nimi: Markkinoinnin ulkoistaminen ja osapuolten roolien määrittely

Ohjaaja: Mäkeläinen Ville-Pekka

Vuosi: 2011

Sivumäärä: 43

Liitteiden lukumäärä: 1

Tämän opinnäytetyön tarkoitus on selvittää asiakkaan odotuksia ulkoistetusta markkinoinnista haastatteleamalla mahdollisten asiakasyhtiöiden avainhenkilöitä. Selvittää miten paljon heillä on tietämystä markkinoinnista ja sen osa-alueista, ulkoistamisen eduista ja odotuksista tulosten valossa. Roolien määrittelyminen sekä vastuualueiden kartoittaminen kuuluvat myös olennaisena osana työn tavoitteisiin.

Tarkoitus on kartoittaa minkälaisia toimia yhteistyön toimiminen vaatisi osapuolilta jotta lopputulos toimisi toivotun tehokkaasti ja hyödyttäisi kaikkia osapuolia. Sen tavoitteen täyttämiseksi on hyvin tärkeää määrittellä asiakkaan todelliset tarpeet, kapasiteetti sekä asenne markkinoinnin ulkoistamista kohtaan.

Teoreettinen osa pitää sisällään markkinoinnin perusteita, tarkoitusta ja käytännön toimia painottuen business to business markkinointiin, ulkoistamistoimenpiteen menetelmiä sekä strategisen johtamisen periaatteita.

Käytännön osuus selvittää asiakasyritysten ennakkokäsityksiä heidän markkinointinsa ulkoistamisesta, siihen liittyvistä odotuksista ja tavoitteista jonka pohjalta laaditaan analyysi erinäisistä toimenpiteistä joita onnistunut yhteistyö vaatii toimiakseen tavoitetulla tavalla.

Avainsanat: markkinointi ulkoistaminen yhteismarkkinointi

TABLE OF CONTENTS

OUTSOURCING MARKETING – EXPECTATIONS AND DEFINING THE ROLES OF THE PARTICIPANTS.....	1
THESIS ABSTRACT.....	3
OPINNÄYTETYÖN TIIVISTELMÄ.....	4
TABLE OF CONTENTS.....	5
TABLES AND FIGURES.....	7
1 INTRODUCTION.....	7
1.1 Background of the thesis.....	7
1.2 Corporate demographics in Finland – Professional networking.....	9
1.3 Structure of the thesis.....	10
2 CREATING PARTNERSHIP.....	11
2.1 Communication & Trust.....	12
3 MARKETING.....	14
3.1 Purpose.....	14
3.2 Analysis and planning.....	15
3.3 Relationship marketing.....	16
3.4 Brand - Alucenter.....	17
3.4.1 Brand elements.....	19
3.5 4 P's.....	20
3.6 Joint marketing.....	21
3.7 Marketing with(out?) sales.....	22
4 OUTSOURCING.....	23
3.8 Guidelines for outsourcing.....	23
3.9 Negotiating and writing the contract.....	25
3.10 Project initiation and transition.....	25
4 RESULTS.....	27
4.1 Gathering data.....	27
4.2 Questionnaire.....	28
5 CONCLUSION.....	33
5.1 Alucenter.....	33

5.2 Individual companies.....	34
5.3 Making it all work.....	34
5.4 Consideration.....	36
5.4.1 Wishes to be included in the package.....	36
5.4.2 Left out from the package.....	38
5.5 Drawbacks.....	40
5.6 Making this study.....	40
BIBLIOGRAPHY.....	42

Tables and figures

TABLE 1. Amount of employees in individual companies.....	30
FIGURE 1. Company sizes in Finland (2008) – Tilastokeskus.....	9
FIGURE 2. Turnover percentage of different company sizes (2008).....	10
FIGURE 3. The strategic partnership model.....	11
FIGURE 4. Marketing Planning Model.....	17
FIGURE 5. Alucenter logo.....	19
FIGURE 6. Four P's.....	20
FIGURE 7. "Is the company part of the Alucenter consortium?".....	28
FIGURE 8. "Does the company have its own marketing department?".....	29
FIGURE 9. "Does the company have its own marketing plan?".....	29
FIGURE 10. "Would you like to include the sales for the outsourced marketing?".....	30
FIGURE 11. "Would you like yourself to participate in marketing planning?".....	31
FIGURE 12. Vision of actions from one company.....	31

1 INTRODUCTION

There are plenty of small companies in Finland with unique skills and know-how, but which have only one or few employees and no skills or resources to do proper marketing. In many cases these companies have been set up to provide a certain service to a bigger company, so that the bigger one is outsourcing some function for the smaller one. Many of this kind of smaller companies only focus on serving this one purpose, and are not even looking for possibilities to grow their businesses. With proper marketing, these companies, could be expanding their operation, the downfall tend to be lack of skills required. By outsourcing marketing these companies could concentrate on what they do best, producing the goods or services and leave marketing to the professionals.

Reasons to miss out the marketing are usually lack of skills or / and lack of resources. If the company employs only one or few workers, there most likely is not enough resources to reasonably establish whole marketing department and then again, working time for these companies is usually spent on “the actual work” and there simply is not time to work with the marketing.

1.1 Background of the thesis

This thesis is based on a consortium of nine independent aluminum companies and on an idea of having their marketing outsourced. These aluminum companies are relatively small, established around one bigger company which outsources certain processes to these smaller ones. These smaller ones possess variety of specific skill sets and they have established joint-venture company called Alucenter which covers wide range of steel processing. Purpose is to build a brand around the Alucenter, so that no matter what kind of steel related work is needed,

the customer can have that done at one place. This consortium holds a lot of skills for steel processing, but not for marketing, so they should consider outsourcing. This consortium provides a clear advantage for all the individual companies. This doesn't mean that everything would work through Alucenter, but by joining forces in this matter, they can create an extra channel to market and sell their products. This consortium will look more considerable option in bigger projects which needs lot of different skill sets. Companies would nevertheless continue with their own already existing businesses as well.

This thesis will cover different aspects of the outsourcing project, what should be taken into consideration, expectations of the companies involved, guidelines for the process as well as defining the roles and responsibilities of the participants.

As a result, the objective is to find out which activities of the marketing field they are looking for to outsource and whether they are unanimous about their opinions. This is important part because of the number of participants. Possible disagreements would be good to map out at as early stage as possible to avoid time and resource consuming negotiations at later point.

Defining the roles is the most important aspect of this cooperation, so that no one feels like they are left at smaller attention than others or that there will not be situation where two companies under same brand are competing for same customers. This includes good planning and open communication between companies and staff. Other thing is to define marketing company's tasks, if it is more of raising acknowledgment of the consortium and brand image, fully functional marketing department which covers the sales as well or if the role would be similar to consulting companies, giving advice for the decision making. This includes a major guideline that who has the authority to sign deals and make the decisions. Marketing and especially sales require massive amount information and knowledge of the products and services, so if the selling is included for the outsourced marketing tasks, representative should know very detailed information about the companies as well as their products and services.

1.2 Corporate demographics in Finland – Professional networking

Majority of the companies in Finland are small and medium sized, so there might be demand for outsourcing marketing companies to create networks and relationships between each other.

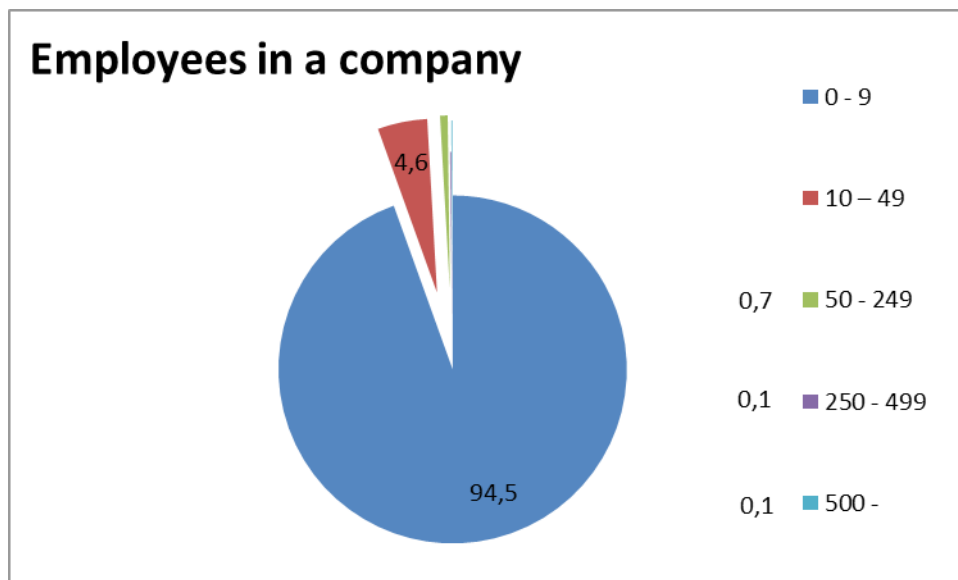


FIGURE 1. Company sizes in Finland (2008) – Tilastokeskus

0,1% of the companies in Finland employs over 500 employees (Figure 1) but still those companies create almost 40% of the total turnover (Figure 2). From this we can clearly see that by far, most of the companies are relatively small, creating source of income for the entrepreneur him-/herself and few others. Professional marketing company, with large network of clients and other professional contacts could be beneficial in introducing these actors together. This is particularly important in b2b (business to business) markets where relationships play significant role.

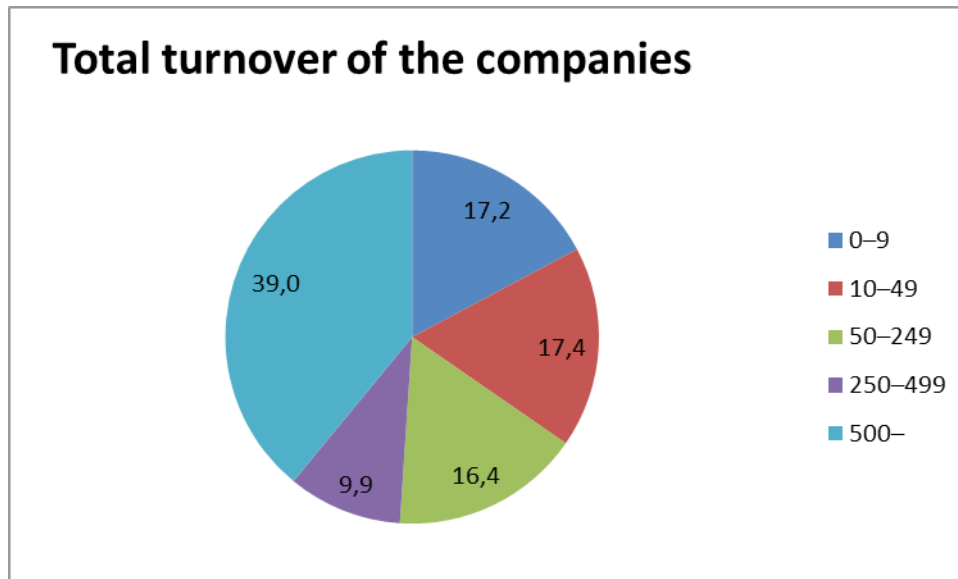


FIGURE 2. Turnover percentage of different company sizes. (2008) Tilastokeskus

1.3 Structure of the thesis

This thesis is divided into three main parts, first part is gathering together theories from different fields which are associated with the subject, including aspects from creating and maintaining relationship needed for the cooperation and variety of marketing viewpoints related to topic. Second part of the study examines expectations and feelings from the clients' (Alucenter) perspective and its individual companies point of view. Individual business representatives had filled out a questionnaire which reveals their expectations and views towards this type of cooperation. In the third part we find conclusions and key points which should be taken into consideration in order to make the cooperation work properly.

2 CREATING PARTNERSHIP

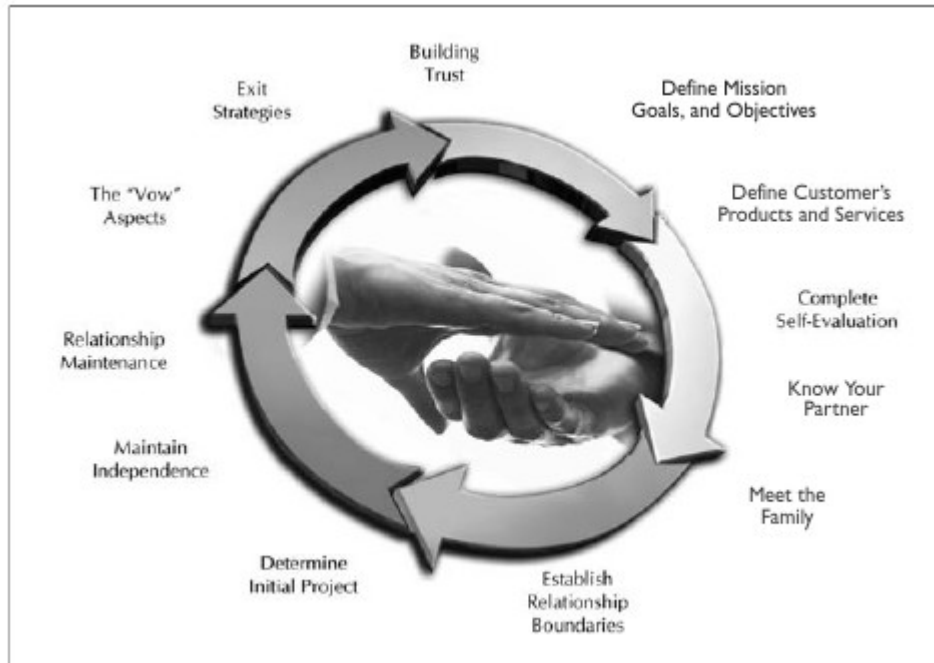


FIGURE 3. The strategic partnership model.

“Good relationships between companies are of crucial importance. They represent the effective teamwork that allows partners and alliances to create value for customers and shareholders that could not possibly be created by individual firms. Wherever you look, you will see examples in R&D, the supply chain, marketing channels, procurement, services and manufacturing. Moreover, this collaboration is not just the preserve of the private sector; it can also be found in areas such as defence, health services and local and central government.” (Gibbs, Humphries, 2009)

“Building trust. Although lots of tasks can get accomplished between two or more companies looking to form alliances, very little of real substance or positive value can be created unless the people within the organizations share a bond of trust and mutual respect. Define mission, goals, and objectives. The major benefit of creating a strategic alliance is that the alliance allows all companies involved to

compete for an opportunity that neither company alone could realize.” (Wallace, Robert. 2004)

In this case we could interpret this so that the marketing company has a variety of connections they can use to promote their client and thus reach new customers and the consortium itself is yet another connection for the marketing company. This creates value for both, Alucenter with its’ individual actors and for the marketing company.

“Opportunity gaps or vacuums develop in markets due to uncertainty, chaos, inconsistencies, timing, lags, or leads in market developments, technological evolution (or revolution), and/or inertia. Going after these opportunities in the market often requires adding new skills to a company, and the quickest way to do this may be through joint venturing. Entrepreneurs who recognize these opportunity gaps or vacuums before competitors do can identify potential partners to help them assemble the best team possible to go after the newly emergent market opportunity. Bringing this team together successfully requires that each potential alliance member is crystal clear on the joint venture’s mission (the scope of the venture and the dominant emphasis and values), goals (usually quantitative targets, such as to increase market share by 15 percent or increase revenues by 25 percent— though sometimes qualitative, such as improving customer service or improving the quality of existing products or services), and objectives. (Wallace, Robert. 2004)

Alone these companies in this study would face difficulties executing big scale projects, but together when they cover more skills, different processes and better resources they are able to commit to larger tasks along with their present projects.

2.1 Communication & Trust

Communication that allows you to offer intimate and detailed information about yourself and your organization and, at the same time, collect similar input from a prospective partner is a crucial mechanism for building trust. Communications

among companies is often a difficult process because, as entrepreneurs, we are trained to highlight the good that we do and minimize the bad. We do this as a form of protection for ourselves, our employees, and our company. However, true partnerships and alliances require that we take reasonable risks. Discussing your company objectively—warts and all—is one of the risks that must be accepted to build trust. (Wallace, Robert. 2004)

Ensuring the continuous flow of information between companies cannot be emphasized too much, and it should be secured with a proper planning, if it is weekly meetings, information letters, memos or phone calls is up to participants, whatever feels most comfortable and natural, as long it is working for everyone.

Communication creates trust and trust enhances the communication. Marketing company have to know about its clients weaknesses in order to mold the marketing plan to be as efficient as possible, and client have to be able to trust that all of the information they provide is confidential and used for their benefit only.

3 MARKETING

“Marketing is a dialogue over time with a specific group of customers/ prospects whose needs you get to know in depth and for whom you develop a specific offering with a (sustainable) differential advantage over that of your competitors.” (Ruskin-Brown, 2006)

3.1 Purpose

“Marketing serves more than one purpose; initially, it is a form of communication by which we're able to inform others of our product or service in hopes that they will gain interest in what we're offering. Marketing is a multi-dimensional process made up from various strategies. Each process is vital to the functionality and success of the campaign as a whole. Of course, one of the main and most important goals of any marketing campaign or strategy is to increase sales and profitability.

Marketing, however, does not stop with market research, gaining the attention of your target audience, making a sell or kicking off the national advertising campaign, marketing is a long-term process that requires management and maintenance. Think of it as our personal relationships in the workplace, at home and during recreational times we spend with friends. As with any relationship, communication is essential to assure us that things are on the right track. When our personal relationships lack the proper attention, we end up getting disconnected with one another. This normally creates a barrier that leaves us confused and finding the relationship undesirable or meaningless.” (Garner-Chambers, 2009)

In this case the marketing plays the same role as for all the other companies, it should raise the recognizability, reputation and visibility of these companies and interest towards their products and services, keep up the relationships with important suppliers and customers. It takes quite a lot of time and effort. For that reason there should, and usually is, a department or a certain person responsible for these actions, depending on the size of the company

3.2 Analysis and planning

“Analysis and planning Customer management starts with understanding the value, behaviour and attitudes of different customers and customer groups. This includes:

- Value. Best defined by profitability or margin, it can be measured in terms of actual value (database), realistic potential value (database or research) and future or strategic value (customer is in a segment which is, for instance, increasing in value). You cannot extract value without investing in your proposition to that customer. We look for some application of ‘cost to serve’ and efficiency in determining strategy.
- Behaviour analysis will look at retention performance (absolutes or indices) for different value cells, the type of customer you are acquiring and the share of wallet you get from the customer (your penetration).
- Attitudes will look at realistic surveys around what the customer looks for in a supplier and how well you match up versus the competition.

Once value, behaviours and attitudes are understood, planning can start for the cost-effective acquisition, retention and penetration of the customer base. We look for sales and marketing plans that reflect specific retention, acquisition, penetration and efficiency objectives at customer or product group levels.” (Stone, Foss, 2001.)

3.3 Relationship marketing

“In business-to-business markets, long-term relationships between buyers and sellers are a common form of organizing economic exchange. This is the case both where manufactured products and professional or other business services are the object of exchange. Exchange occurs within established buyer– seller relationships, rather than with a new partner each time the need for exchange arises.” (Halinen, 1996)

Business to business markets differ from the retail markets in many ways, and relationships between companies are essential. Whereas consumers often compare prices of different products and takes advantage of seasonal sales, companies tend to buy their supplies from the same supplier every time, maybe researching alternatives occasionally. And in these situations the price isn't everything, this relationship includes reliability, shipping times, easy and familiar ordering method etc. Often performance of certain company relies on other companies, say that one company makes an offer to customer to deliver product or service on specific date, in order to fulfill that they need the product, parts or whatever it is, from someone else, on time. And if the supplier has proven to be trusted and punctual with these needs why would company change their source, even if they might get it from somewhere else just a little bit cheaper but with no proof on delivery on time.

Here the networking, among other expertise of course, is something really valuable that the marketing company has to offer. More clients the marketing company has, the bigger the network it has to work with. As an expertise on marketing and realizing the importance of networking, they should possess lot of contacts outside of their customer base as well.

3.4 Brand - Alucenter

“The sum total of all user experiences with a particular product or service, building both reputation and future expectations of benefit.” (Miletsky, Jason, 2009)

The focus in this study for brand building is on Finnish markets, although Alucenter operates in other countries as well.



FIGURE 4. Marketing Planning Model

“The outside ring of the model highlights the activities necessary for any first-time business: to define the business you are in and what your brand stands for.” (Cooper, Grutzner, Cooper, 2008)

In many cases there is more than one product or service provider available for customer to choose from, which usually has very little functional difference between them. In such cases it is usually the reputation or the image of the company that customer has, that finally turns the scale on one’s advantage.

Brand building could be seen beneficial for various reasons; if it is done properly it generates visibility and trust in the eyes of the customers for the future. It could

also add value for the products and services through a great reputation, something money can't buy and is possible to acquire only with successful marketing and by exceeding the customer expectations.

It is far more complicated and arduous to fix a bad reputation comparing to keeping a good one or build a good one from the start. It is said that "good reputation reaches far, bad one twice as far" and "a good name, like good will, is achieved by many actions and lost by one".

In this case, we have to analyze the strengths and weaknesses of the company to figure out how to start building the brand. The foundation of the brand should lie on the strengths and core business, so it would be more difficult for other companies to copy the formation and procedures. Very first things to execute are, making sure the company is covered with good, trustworthy suppliers, building a proper website for Alucenter, so far it's really just a list of the companies included and links for their own websites. Designing a functioning system to receive orders, a complete package where the whole work is listed so that the work flows efficiently from one company to another without delays.

For Alucenter brand, the result should be greater than the sum of its parts. All the individual companies could be great in what they do, but in order to satisfy the customer, they need to work seamlessly together. Here, as in many other phases the importance of the communication can't be emphasized too much, if the information doesn't flow effectively, the whole cooperation will work like human body where right arm doesn't know what left one is doing and vice versa.

3.4.1 Brand elements



FIGURE 5. Alucenter logo.

“Brand itself is built from various elements; it’s more than just a logo. Pictures, colors, fonts, theme songs, catch phrases and such are ways to make the brand more recognizable. The logo itself represents the brand. The elements that make up the brand and work toward building this trust include the following:

- **The promise:** Although this isn’t always expressly stated, it’s one of the key factors in branding. What is being promised to the consumer?
- **The personality:** Like people, brands have their own personalities. The brand’s personality creates that emotional connection that draws in a target market. That doesn’t mean the brand’s personality is strictly a part of the marketing process (although it’s always important to market with the personality in mind). Rather, the brand’s personality is something consumers come to rely on. Part of a brand’s enduring reputation is how true they stay to that personality.
- **The USP (unique selling proposition):** This is the single element that makes any company, product, or service different from any other company, product, or service. It could be a distinctive recipe for ranch dressing or special quilting that makes a paper towel more absorbent. Whatever it is, every brand needs to provide at least one quality that makes it unique on the market.” (Miletsky, Jason, 2009)

3.5 4 P's

A company needs to consider the marketing mix in order to meet their consumers' needs effectively. The marketing mix and so called four P's is the combination of product, price, place and promotion for any business venture.



FIGURE 6. Four P's

No one element of the marketing mix is more important than another – each element ideally supports the others. Companies modify each element in the marketing mix to establish an overall brand image and unique selling point that makes their products stand out from the competition.

Four P's should make the planning of the marketing easier; it works as a tool for the company as a reminder of all the different aspects they should take into consideration when planning their marketing mix. All of the aspects shown in the figure should add a value for the product or service and thus, make it more attractive for the customer and justify its' existence.

There is no single right marketing mix that works for all businesses at all times. The combination of product, price promotion and place chosen by a business will depend on its size, competition, the nature of the product and its objectives.

3.6 Joint marketing

“Joint marketing is where two businesses work together in their advertising efforts. Typically, joint marketing is for one promotion rather than ongoing. When marketing in this way, each of the companies splits the cost of the expenses associated with the advertising or event. Finding ways to be involved in joint marketing is limited only by your imagination. There are multitudes of ways you can join forces with other relevant businesses.

When you partake in joint marketing efforts, you're choosing to pair up with one or more companies that have the same target customer as your business.” (Kristie Lorette, 2010)

In this case the situation is a bit different from the views of Lorette. This case is about ongoing process by more than two companies and it involves consortium of companies with outsourced marketing company. Some of the companies might have same target group, but the final purpose is to offer whole line of services from one place. This network of companies is doing the same as shopping malls, offering all the customer needs, under one roof.

This offers all the participants a whole new marketing and sales channel. They all preserve the ones they had before establishing Alucecenter, and this joint-ventures' purpose is to reach new customers on top of the old ones. As they show up together the range of products and services is much wider. Customers seeking one of the companies can now by change bump into others and find some product or a service it needs and get that from same place.

3.7 Marketing with(out?) sales

“For some inexplicable reason, marketing is constantly linked to sales in a way that no other function of management seems to be. Many people, including top executives, confuse the terms on such a regular basis as to render them interchangeable. This erroneous matchup is true for both domestic and international companies. To promulgate the belief that marketing is something that only salespeople do (as in the sales and marketing department designation) is exceedingly dangerous. The problem seems to stem from a misunderstanding about the difference between a process and a result, as well as from the failure to understand the centrality of marketing to all management functions. Sales occur when goods or services are “given over” to a customer in exchange for money or another valuable consideration. It’s the end result of the marketing process. Marketing describes the whole commercial process that creates (through promotion) the interest that the potential customer demonstrates prior to a sale. The role of sales is to capitalize on that interest to the point where there’s a successful exchange. Once a sale is complete, a company must provide follow-up service in an effort to maintain satisfaction and promote future sales. Many large companies have begun to officially demarcate and prioritize these functions by instituting a marketing department, within which is a subdivision called the sales and service department. Smaller companies and solo entrepreneurs must have an equally clear distinction and understanding of all the areas covered by the term marketing.” (Curry, Jeffrey Edmund, 2008)

4 OUTSOURCING

Outsourcing is widely used method to get product or service done. Lot of companies these days get at least some stage of production outsourced, made by some other company. Main reason for this is to keep concentration of the company, on its core knowhow. In this case, the individual businesses are focused on their competences and they are looking for possibility to have the consortiums marketing outsourced.

3.8 Guidelines for outsourcing

“Outsourcing is made up of two words – ‘out’ and ‘sourcing’. Hence, to define outsourcing we must first be clear on the meaning of ‘sourcing’. Sourcing refers to the act of transferring work, responsibilities and decision rights to someone else. As managers, we constantly delegate or source work to our employees. Why do we engage in outsourcing? We must source out work because there are others who can do it cheaper, faster, better and because we have other, more important, demands on our resources.” (Power, Desouza, Bonifazi, 2006)

“Sourcing is the act of transferring work from one entity to another. Outsourcing is the act of transferring the work to an external party. Whether or not to outsource is the decision of whether to make or buy. Organizations are continuously faced with the decision of whether to expend resources to create an asset, resource, product or service internally or to buy it from an external party. If the organization chooses to buy, it is engaging in outsourcing. An outsourcing initiative calls for the transfer of factors of production, the resources used to perform the work and the decision rights, or responsibilities for making decisions. The organization transferring these is referred to as the client, the organization that conducts the work and makes decisions is the vendor, and the scope of the work is captured in a project.” (Power, Desouza, Bonifazi, 2006)

“Outsourcing includes three components:

- **The client** is the person or organization that would like to outsource a given project. Normally, this entity is thinking about utilizing outsourcing as a strategic tool. Clients can range in scope and size.
- **The vendor** is the service provider who will take over and conduct the outsourced work. Vendors come in many shapes and sizes. For instance, a vendor can be an external organization, which is most often the case. However, a vendor can also be a subsidiary of the organization.
- **The project** The third component is the actual work being outsourced. In the past, the most common form of such work was manufacturing or labor-intensive projects. Today, however, there is a move towards the outsourcing of more complex forms of work, such as software development or R&D. These projects differ from the old manufacturing projects in several ways. First, they are more loosely defined than manufacturing projects. Putting together a software project involves much more creativity than running a basic assembly line to make a piece of clothing for which there are pre-specified guidelines. Second, since the work involves more knowledge-intensive tasks, it requires the use of a more skilled labor force. Third, most projects today are more complex owing to the way communications are handled using IT, the cross-functional nature of project teams and the presence of multiple stakeholders, many of who may be in different locations and may work for different organizations. Outsourcing projects also involves one more important feature – collaborations between organizations that do not necessarily share the same interest or goals. The client organization will normally want to get the work done at the most superior quality for the lowest possible price. The vendor wants to maximize its revenues from the project. These differences in objectives, if not managed appropriately during the contracting and negotiating phases of the outsourcing life cycle, will result in a disastrous business relationship.” (Power, Desouza, Bonifazi, 2006)

3.9 Negotiating and writing the contract

Negotiating the terms and finding a solution which is beneficial for both is crucial. Outsourcing the marketing it is very important for the customer to find a marketing company which understands the client and its needs for a fair price as it is important for the marketing company to find a client whose product or service they believe. At best it is a long and profitable relationship, but it is possible only when the terms of the contract are beneficial for both and when both parties show genuine interest to fulfill the goals. Should any problems or misunderstandings arise, it is the contract that defines what was agreed, so it should not be made in a rush, but with care and with time. It's always easier if all the details and responsibilities are mentioned in the contract to avoid misinterpretations.

At this point it is important to list goals and objectives for the future, where do the companies wish to be within a certain time-period. These objectives should be made as realistic as possible, if the bar is set too high it might feel depressive to constantly underachieve comparing to the objectives and on the other hand, if the bar is too low the cooperation might not reach its' full potential.

3.10 Project initiation and transition

“It is best to study the outsourcing relationship in three stages. First, the client has to initiate or start the project, which can be considered the immediate period following the signing of the contract. Next, begins the transition of the project, where the client organization begins to relinquish control and the vendor begins to take control of the project. The third stage is managing the ongoing relationship to ensure that it meets with the original expectations and to improve the relationship as needed. Project initiation is where a client organization puts the foot to the pedal and begins outsourcing the work. This stage can be best described as one of chaos and chaotic issues. Even in the best outsourcing deals, things are bound to get a bit rough during this initial phase. But organizations should not despair – a little healthy friction at the start of the relationship is a good thing, as it means that both parties care enough about the business relationship to do their part in making

it work. We would actually be surprised if there were no overt friction and if no issues surfaced. This might mean that someone is actually not doing the work, or worse, critical issues are being hidden from one party or the other.” (Power, Desouza, Bonifazi, 2006)

This is in many ways a critical phase in the whole concept. It is most likely a difficult phase in the process and both parties should expect few problems in the way. Expectations should be on reasonable level for both parties, so that the client wouldn't expect miracles with the sales and so that the marketer realizes the true potential of the client, not too little and not too much. Negotiated contract should define the roles but there still might be disagreements on how things are done. The importance of mutual communication can't be emphasized too much in this stage or in any other. Continuously scheduled meeting are recommended, where the progress can be monitored and where anyone can raise questions, comments, suggestions, anything really, so that no one would feel any way outcluded.

4 RESULTS

This chapter will show the results of the questionnaire as it was gathered. Questionnaire was sent to 10 participants, 9 independent company owners and for the CEO of the Alucenter. The questionnaire was answered by 5 representatives, and after brief analysis of the outcome, it was decided that one more question was needed, which was rather essential considering the entirety. Unfortunately only one response was given for that question, so no further analysis was possible to do considering that part. Questionnaires goal was to investigate the present state of the companies in terms of marketing and sales methods as well as determine the need for these services. Two main parts to investigate were; what kind of services would the independent company owners imagine Alucenter would need and if there were any or a lot of differences on their answers. This is very important part because in order to make the cooperation function effectively, the services they are buying need to be defined specifically. If there are a lot of differences, they need to have a meeting and discuss about this matter to find out why their opinions differ. There might be misconceptions causing different views.

4.1 Gathering data

This research was originally intended to be made by interviewing the representatives of the companies, but schedules were too tight to make that possible. After realizing that, the information was decided to be collected by an online survey.

Empirical study was done by questionnaire; using free internet based Google Docs. After figuring out the questions it was easy to do, straight forward task. All

that it needed was to write down the questions, determine options which to choose the answer from and define if certain questions are compulsory to answer.

Link for the questionnaire was sent to all the 10 participants and the results were gathered by the Google Docs by itself.

4.2 Questionnaire

Question 1 investigated name of the representative who was filling out the questionnaire. Question 2 asked name of the company the respondent was representing. Some of the respondents did not want those names to be published, so it was decided that all of them will be hidden.

Question 3 examined the title / role in the company. 4 of the 5 respondents were CEO's of the company and 1 is Factory Chief. All of the respondents represented their company's top management.

Question 4 made sure that all of the companies answering the questionnaire were indeed part of the Alucenter.

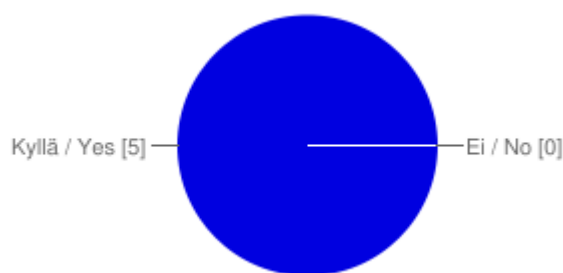


FIGURE 7. "Is the company part of the Alucenter consortium?"

This was confirmed and made sure that all of the answers are collected from valid source.

Question 5 investigated if the companies had their own marketing departments.

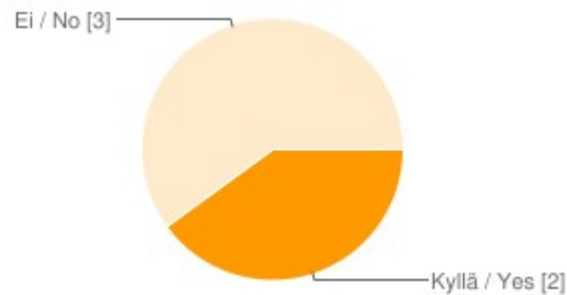


FIGURE 8. "Does the company have its own marketing department?"

Majority of the companies did not have their own marketing department. Three companies didn't have a marketing department and two of them had one. This might essentially have influence on the representatives expectations towards outsourcing Alucenters' marketing.

Question 6 examined if the independent companies had marketing plan.

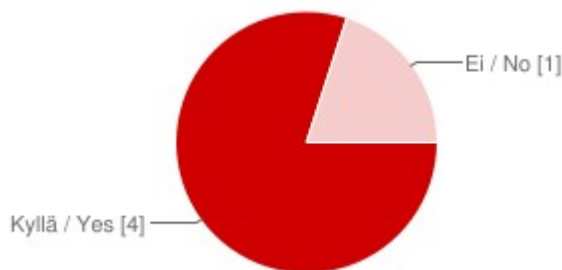


FIGURE 9. "Does the company have its own marketing plan?"

This shows that most of the companies, despite being rather small, have marketing plan done. Four of them had a marketing plan and only one company didn't have one. But still even here are differences which might influence on the expectations for outsourced marketing services.

Question 7 asked the number of people employed in the company. Purpose of this was to see how much variations there are. This might have an effect on the expectations as well as on the roles of the participants.

Amount of employees in individual companies

Company A	41
Company B	18
Company C	6
Company D	4

TABLE 1. Amount of employees in individual companies

Here we see that the variation between companies are quite big. Biggest of the bunch employs multiple amount of workers compared to the smallest one.

Question 8 purpose was to find out who handles the sales in the company. One of the companies says that their CEO takes care of the sales, one said that CEO and chairman of the board carry out that activity and two companies had their own sales department.

Question 9. Would you like to include the sales for the outsourced marketing? This question investigates if the marketing service package should include sales.

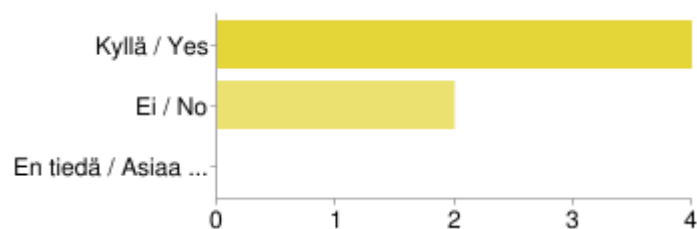


FIGURE 10. "Would you like to include the sales for the outsourced marketing?"

Also here we have some differences, but most of the respondents (4) feel like it should be included. Two of the respondents didn't want sales to be included in this activity. Further investigation would be needed to find out why is there differences.

Question 10 investigated if the participants were interested in taking part of marketing planning.



FIGURE 11. “Would you like yourself to participate in marketing planning?”

Most of the respondents felt that they would be interested about plans (3), but they would still leave the decision making for the outsourced marketing company. Other two respondents represented extremities, where one would not be interested at all and the other one would like to keep the control fully on he’s own hands.

Question 11 was added afterwards and only one company had time to give answer for it.

- Marketing plan
- Marketing research
- Advertising
- Sales promotion
- Internet marketing
- Relationship upkeep
- Expos, Fairs
- Sales
- Pricing
- Product development
- Following the development of companies' business environment

FIGURE 12. Vision of actions from one company

We can see that there is variety of actions the CEO of the company would like to have included, but there are also parts that he feels that should be handled in some other way.

5 CONCLUSION

This study was series of different perspectives that needed to take into consideration. Although Alucenter plays a major role and the thesis is done mostly from that perspective, there was lot of other things influencing the bigger picture as well. Since Alucenter is founded jointly by these smaller companies, it is very important to include their opinions and views to the study as well.

5.1 Alucenter

Alucenter is representing all of the companies involved and they should consider the actions from the mutual benefit –point of view and what would be the best for this joint-venture.

Alucenter is the joint venture created by the individual business owners to represent them all in the market. Small business owners had come to a conclusion that it is easier to stand out in the competition if they combine their forces.

Alucenter only employs 1 person so far, since it wasn't established too long ago. So it doesn't have its own marketing department and despite already having a marketing plan, Alucenter is interested about the possibility to outsource its marketing functions. Questionnaire also shows that they would like to include sales function for the marketing company as well. So far the CEO himself had done the sales.

For the question no. 10. "Would you like yourself to participate in marketing planning?" The CEO chose "I would be interested, but I would leave the decision

making for the marketing company”, from where we can see that he really trusts the marketing company’s skills to contribute value for the money.

Although Alucenter is established by the individual business owners, to avoid arguments in every decision, it would be easier to give Alucenter power to make the decisions considering its actions.

5.2 Individual companies

This is the most complicated part of the study. Group of individual companies, all rather small but still quite different from each other, (for example, as seen in the Table 1 on page 30, size of the companies, measured by employees, varies between 4 and 41), would have to find a combination of services that benefits everyone and serves needs of them all. There are some major differences on their expectations and views. As we see from the figure 6 below, some of the companies feel that sales should be included in the service-package, whereas some of them don’t.

Some of the companies have their own marketing- and sales departments, whereas in some companies there is no marketing department and sales are done by the CEO.

5.3 Making it all work

Where Alucenter answered that they would be interested about the marketing planning, but would leave the decision making for the marketing company, the other company owners agreed, almost unanimously. One answered that he would not be interested at all, and one said he would like to keep the control for himself and wants all the plans to be accepted by him before putting into action.

Where they do agree is that they all share the same interest of combining the forces and by promoting one brand, creating value for the customer, if they didn’t,

they would not be part of the consortium. This surely is the most important aspect and the starting point for the whole process, they all agree that this could be beneficial, it is just matter of how the consortium will be handled and what it needs in order to create that benefit.

The results of the questionnaire clearly show a rather major issue, contradictory needs and expectations. Some of the companies are interested in having more services than others, because although all of the companies are rather small, some of them already have their own marketing and sales departments, whereas some doesn't even have a marketing plan.

Alucenter should be working independently with its own decision making unit, which concentrates on improving its operation and services, representing all of the companies. Not in the way that all of the participants are involved in decision making process, because that would slow the process significantly and most likely cause argues. The outsourced marketing company should fulfill the needs of this activity. This would still leave the independent companies able to develop their own activities, and create another channel for them to sell their products and services.

As Desouza and Bonifazi pointed out, one of the crucial steps in outsourcing functions to succeed is to plan the operation properly and define different aspects to the contract as detailed as possible. The reason for this is to define what tasks are involved for the outsourced company and in what degree to avoid time consuming argues later on. Both, long- and short time objectives should be discussed, listed and those should be examined frequently. If the goals have or have not been reached, reasons for this should be discussed as well.

The other extremely important factor for the success is communication. Obviously all the business owners are really busy with their own companies and can't be sitting by the telephone all day waiting if someone has something to talk about. So for that reason I believe they should call timely scheduled meetings where the process is evaluated and upcoming plans are discussed.

If the sales work is included to the process, participants should make room for some serious training in their schedules. Selling requires whole lot of knowledge about the products and the sales person will have to be able to answer any question concerning the products functions, features, usability's and so on. This doesn't happen overnight, so in order to include sales to the process, participants will have to be ready to commit for long period of time and make sure they are available to give help making this possible.

Naturally before making final decision, the participants should agree to have a meeting where all the subjects are listed, go through them one by one, and if there are any disagreements, they should discuss their views and opinions, see if there are something someone was not thinking thoroughly and is willing to change mind about.

For the options they agree not to include for their marketing-package, they need to figure out who takes care of those or why do they feel those are not needed at all.

5.4 Consideration

Question 10 which investigated what separate marketing sectors would the company owners like to include to the marketing package, was unfortunately answered by only one company owner, so it doesn't give much room for making analysis. Instead of analysis, some consideration was made considering the options given and the choices made by this one answerer.

5.4.1 Wishes to be included in the package

Questionnaires results could be more valid and reliable, but if the participants wish not to fill up the questionnaires, there is very little to do but list and analyze the ones that have been given. For the extra question which was examining what kind

of services the companies would like to include for the marketing package, was sent afterwards but only one answered. That respondent listed following tasks:

- Marketing plan
- Sales promotion
- Relationship upkeep
- Expos, Fairs
- Sales
- Product development

Finding marketing plan from the list is somewhat surprising. Sure it is very important for the company to have one, but in this case the joint-venture company already has that. So it makes one wonder how much does this respondent know about the Alucenter. This strengthens the argument about the importance of the communication between the companies.

Sales promotion is quite obvious, for most that is the very essential of marketing, creating demand for the products and services. Especially in this case where Alucenter works as a brand, representing the smaller companies, and its task is precisely to create demand for them.

Keeping up relationships is very important in b2b business, and listed for a reason. But taking into consideration the nature of the task, it probably should not be left for the marketing company alone, especially in the beginning if the marketing representative does not know that much about the products.

Expos and fairs are also rather self-evident. Marketing specialist should know what kind of information is needed in such occasions, amount of details put forth should be based on the target markets. This kind of occasions are very important in b2b business and probably the biggest single channel to promote their products and services face to face, thus it is a great place to see people and make contacts, so any help from the marketing company should be more than welcome.

Sales seems to be the part where disagreements arise, some of the representatives clearly sees that it should be part of the package, whereas others says that it should not. The reasons why their visions differ might be due to the expectations how it would be done. It is clear that that it needs so much information from the sales person that it could not be done by the marketing company alone. Some of the respondents might feel that they would have to do work with that anyhow, answer questions about the features, capabilities etc. of the product or service, so that it would not save that time to do something else anyway. The ones who say that it should be included might see the situation as developing process that need their effort in the beginning but which would become less required as the time goes on.

Product development is the most unexpected one from the chosen list. These companies most likely do get information about market development from the big aluminum company which they work for as outsourced company. This indicates that the company wishes to find more customers with developing their products and services to fit different purposes.

Altogether the list seems to include variety of tasks and it is possible to see the reasons behind the chosen tasks.

5.4.2 Left out from the package

In some way it is more fascinating to see the list of possible tasks which were decided to be left out from the package and trying to understand the reasons for it. That list includes following tasks:

- Marketing research
- Advertising
- Internet Marketing
- Pricing
- Following the development of companies' business environment

Marketing research was somewhat surprising be found from this side of the options. After all, product development seemed to create interest and marketing research could be helping that task a lot, so that it would be more clear which direction the markets are changing and from that information seen which way to develop the products and services.

Advertising was expected to end up in this list, after all it is more b2b business where the relationships and networking plays the significant roles. It is not that common to pick up vendors or clients through advertising and the sales are not that impulsive by nature.

Internet marketing might be left out partly for same reasons as advertising. Website probably needs to give out certain basic information about the products/services and contact information. Processing aluminum is that type of business that it is usually made to fit the clients' needs so the sales process includes planning and thus contacting the company anyway.

Pricing is something I can imagine the company owners wishes to keep tightly in their own hands and not let anyone else do that for them. There is a change that the marketing specialist is not that aware of the costs for making certain processes or products and if pricing would be made horribly wrong it would create massive losses. It is company owners' business after all, and they are responsible for the companies' actions.

Following the development of companies' business environment is also something which could be linked to product development together with marketing research. But at the same time the company owners most likely already have strong views of the subject and realistic forecasts on their minds, together with the information received from the big and first client they have.

5.5 Drawbacks

It would have been interesting to see what the results would look like if there were more respondents to the questionnaire. With the results gathered now, reliable and valid analysis is impossible to make. Unfortunately schedules were too tight and the representatives too busy to make time for filling out the questionnaire.

In order to receive even this data which was used to make any assumptions was quite tedious to get. I needed to contact them a few times and ask if they could find enough time in their schedules to fill the questionnaire out and still not more than half actually did.

Also one thing the study does not reveal is the atmosphere or seriousness how the questions were answered. Variations in answers between single questions might change whether the respondent spent some time to really think about the options or if something was chosen just to get the questionnaire done. Where this might especially influence to the outcome is big entireties, how different tasks could be linked together.

5.6 Making this study

When first time meeting the CEOs of the marketing company and Alucenter, I left with quite a lot to think about, there were lot of different factors in the process, individual companies, joint-venture established by those individual companies and marketing company. I needed to think a logical way how all of these actors affect each other, and could they generate a cooperation which would benefit every participant.

I found the subject really interesting, I had not heard about such cooperation before, it seemed complex, and I was curious to hear what the participants thought of it.

Reading through variety of different books about marketing, outsourcing and joint-venturing helped me to map out different aspects of the study. This stage took quite some time, and at the time there were moments when I felt like the study is not showing any progress at all.

Gathering the needed theory was rather challenging, due to the lack of books about “outsourcing marketing”, I could not find a single one. So I needed to interlace parts from outsourcing and marketing. This became challenging time to time, lot of the books consisted theory with examples, but the examples were never even close to the situations I was looking for.

I also needed to readjust my plans on the way. Originally I was supposed to have an interview with the representatives of the companies and gather the information in that manner, but due to the difficulties in scheduling such an occasion the method was changed into internet questionnaire, which was done in two parts after finding out that the first questionnaire was missing a one very important aspect. So, second part actually included one question, but the one was important. Unfortunately that second questionnaire was answered by just one company so very detailed analysis from that part was impossible to make. Anyhow the results are gathered and shown in this thesis, and it is possible to make a conclusion that not every aspect of the outsourcing process is thoroughly discussed and agreed so that it would be unanimously decided what kind of services would Alucenter need.

BIBLIOGRAPHY

- Cooper, Scott. Grutzner, Fritz. Cooper, Birk. Tips and Traps for Marketing Your Business. McGraw-Hill Professional Publishing, 2008.
- Curry, Jeffrey Edmund. Short Course in International Marketing: Approaching and Penetrating the International Marketplace (3rd Edition). Petaluma, CA, USA: World Trade Press, 2008.
- Garner-Chambers, Keetria. The purpose of marketing, EzineArticles.com, 2009.
- Gibbs, Richard; Humphries, Andrew. Strategic Alliances and Marketing Partnerships : Gaining Competitive Advantage Through Collaboration and Partnering. London, , GBR: Kogan Page Ltd., 2009.
- Halinen, Aino. Relationship Marketing in Professional Services : A Study of Agency-Client Dynamics in the Advertising Sector. Florence, KY, USA: Routledge, 1996.
- Kristie Lorette, Joint Marketing Ideas. eHow Contributor, eHow.com, 2010.
- Miletsky, Jason; Smith, Genevieve L. Perspectives On Branding. Boston, MA, USA: Course Technology, 2009.
- Philip Kotler, Marketing Management Millenium Edition, Custom Edition for University of Phoenix, Pearson Custom Publishing, 2002.
- Power, Mark John; Desouza, Kevin Clyde; Bonifazi, Carlo. Outsourcing Handbook: How to Implement a Successful Outsourcing Process. London, GBR: Kogan Page Ltd., 2006.
- Ruskin-Brown, Ian. Mastering Marketing. London, GBR: Thorogood Publishing, 2006.

Stone, Merlin; Foss, Bryan. Successful Customer Relationship Marketing : New Thinking, New Strategies, New Tools for Getting Closer to Your Customers. Milford, CT, USA: Kogan Page Ltd., 2001.

Wallace, Robert. Strategic Partnerships : An Entrepreneur's Guide to Joint Ventures and Alliances. Chicago, IL, USA: Dearborn Trade, A Kaplan Professional Company, 2004.

APPENDICES

Appendix 1. Questionnaire for the individual companies

Seinäjoen Ammattikorkeakoulun opinnäytetyön kysely. Työn nimike on "Outsourcing marketing - expectations and defining the roles" / "Markkinoinnin ulkoistaminen - odotukset ja roolien määrittäminen". Tämän työn tarkoituksena on selvittää olisiko yhtiöt kiinnostuneita kyseisestä palvelusta ja minkälaisia odotuksia kyseinen palvelu herättäisi.

* Required

1. Nimi / Name

2. Yhtiön nimi / Name of the company *

3. Rooli yhtiössä? (titteli) / Role in the company (title) *

4. Onko yhtiö osa Alucenter verkostoa? / Is the company part of the Alucenter consortium?*

Kyllä / Yes

Ei / No

5. Onko yhtiöllä oma markkinointi osasto? / Does the company have its own marketing department? *

Kyllä / Yes

Ei / No

6. Onko yhtiöllä oma markkinointisuunnitelma? / Does the company have its own marketing plan? *

- Kyllä / Yes
- Ei / No

7. Montako henkeä yritys työllistää? / Number of people employed in the company? *

8. Kuka hoitaa myynnin yhtiössä? / Who handles the sales? *

9. Haluaisitteko että markkinoinnin ulkoistamiseen kuuluisi myös myyntityö? / Would you like to include the sales for the outsourced marketing? *

- Kyllä / Yes
- Ei / No
- En tiedä / Asiaa pitäisi miettiä - I don't know / I should think about it

10. Haluaisitteko itse osallistua markkinoinnin suunnitteluun? / Would you like yourself to participate in marketing planning? *

Valitse vaihtoehdoista sopivin / Choose the most accurate option

1. En ollenkaan / Not at all
2. En juurikaan, mutta toisinaan olisi mukava kuulla suunnitelmista / Not too much, I would like to hear some plans every now and then
3. Suunnitelmat kiinnostaa, mutta jättäisin päätösvallan markkinointiyhtiölle / I would be interested, but I would leave the decision making for the marketing company
4. Haluaisin olla mukana kokouksissa jossa asioista päätetään ja tuoda julki mielipiteeni. Esim. äänestys olisi reilu tapa tehdä päätöksiä / I would like to

take part in meetings and bring up my opinions, voting for example would be fair method to make decisions

5. Haluan itse käydä läpi kaikki päätökset ja allekirjoituksella hyväksyä suunnitelmat / I want to go through all the decisions myself, and approve the plans with my signature

11. Mitä haluaisit sisällytettävän ulkoisen markkinointi yhtiön tehtäviin? / What tasks would you like to include for marketing comanys' services? *

- Markkinointisuunnitelma / Marketing plan
- Markkinointitutkimus / Marketing research
- Mainonta / Advertising
- Myynnin edistäminen / Sales promotion
- Internet markkinointi / Internet marketing
- Suhteiden ylläpito / Relationship upkeep
- Näyttelyt, Messut / Expos, Fairs
- Myynti / Sales
- Hinnoittelu / Pricing
- Tuotekehittely / Product development
- Yrityksen liiketoimintaympäristön seuranta / Following the development of companies' business environment

12. Saako yrityksenne nimen mainita opinnäytetyössä? / Could your company's name be mentioned in the thesis? *

Se voidaan siis tarvittaessa korvata maininnalla "yritys x" / It could be replaced with "company x"

- Kyllä / Yes
- Ei / No

13. Saako Teidän nimen mainita opinnäytetyössä? / Could your name be mentioned in the thesis? *

- Kyllä / Yes
- Ei / No

Vapaa sana odotuksista, huolista jne. / Free word about expectations, worries etc.
Jos mieleenne tuli asioita jotka liittyy aiheeseen, ovat tärkeitä ja jotka eivät tulleet kyselyssä esille, kerrothan niistäkin. / If things came to mind that relates to the topic, is important and that did not come out the survey, please share your thoughts.

Submit
