

Outsourcing in Banking Marketing

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Why outsourcing?

The tendency toward a wider use of outsourcing is a reflection of how the marketing function

in banks is redefining itself. Faced with an exponential growth in competition in the banking environment, modern banking marketing has become less tolerant of anything but excellence. This naturally requires either overloading staff, so that sometimes getting daily tasks done can be a real challenge, or having a big pool of highly skilled in-house talent, which contradicts the desire to increase efficiency ratings. Banks therefore face the necessity of saving money while accessing the skills they need — in other words, any function that can be considered non-core to the business can and should be outsourced. This explains why outsourcing of at least some marketing functions is becoming more and more common nowadays.

What to outsource and what not to outsource?

It is quite clear that, in most cases, outsourcing non-core business functions and activities may lead to better quality and lower costs. The main question is what we should or should not outsource. The answer to the question greatly depends on the company's organizational strategy and strategic vision. While the most commonly outsourced activities are product promotion, advertising and market research, it seems that, for those who can afford it, it would make sense to keep in-house expertise in business analytics and strategic development. This is simply because the last group works in close correlation with the core banking and investment business to build a highly skilled professional team that directly drives marketing strategy, which fundamentally develops the organization's unique core competence. There is no question that small to medium-sized banks that are lacking in-house expertise can benefit considerably by outsourcing, for example, analytics — but, for big universal players, developing an in-house function seems to be a great long-term investment. Beyond that, in my view, organizations should avoid outsourcing working with their data, because the number of structural borders between data gathering, analysis and decision making should be minimized. The border between the organization and outsourcing is very solid in this sense. To outsource work like this is almost the same as outsourcing your brain or part of it.

The changing role of the marketing manager

As the outsourcing of marketing activities is catching on, it allows for employing fewer higher-skilled employees to maintain control of the projects and the tasks of implementing and creating the projects to pass on to outsourcing firms. In this respect, the role of the marketing manager is rapidly changing. Modern banks need marketing professionals to develop and drive marketing strategy and to make the most of the company's customer relationships. In order to run an effective marketing department, marketing managers must understand how to access the skills they need, as in practice managers will be relying on a variety of both in-house and outside suppliers to complete tasks. This requires project management skills and the ability to manage outsourcing relationships successfully. There is no doubt that the best way is to establish ongoing mutually beneficial relationships with outside suppliers on a partnership platform. This in return requires negotiations and communication skills as well as a strong ability to project manage several elements of various marketing campaigns.