

MANAGEMENT OF FORMALISED MARKETING AND MEDIA ACTIVITIES IN OUTSOURCING COMPANIES IN THE AGE OF COMPETITIVENESS, WITH PARTICULAR EMPHASIS ON CONTEMPORARY MARKETING APPROACH

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Abstract

The article outlines the issues related to the topic of management of formalised marketing and media activities in outsourcing companies in the age of competitiveness, with particular emphasis on contemporary marketing approach. General management of the organisation and management of marketing and media activities, particularly in their formalised form, both have a significant effect on improving company competitiveness in the market. Outsourcing companies constitute a specific sector of services which without a very well-functioning marketing and media activities would not be able to operate and develop in the market. The article presents selected aspects connected with the management of marketing and media activities, with particular emphasis on formalisation of marketing activities in outsourcing companies. The analysis presented below focuses on the efficiency of the implemented formalisation of marketing and media activities in outsourcing companies in relation to their competitiveness, with special recognition of contemporary marketing approach.

Keywords: marketing, media, marketing management, outsourcing, outsourcing services, competitiveness, contemporary marketing approach

Introduction

The aim of the article is to verify the outline of issues related to the topic of management of formalised marketing and media activities in outsourcing companies in the age of competitiveness, with particular emphasis on contemporary marketing approach. The reason behind addressing these issues here is the dynamic development and growing significance of outsourcing companies in the Polish market, as well as the rising importance of marketing and media activities, followed by their formalisation

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in terms of competitiveness. Year by year, an increased pressure is observed for the need for further development in this respect, both in Poland and in the world. Benefits achieved with the application of enhanced outsourcing solutions for optimised operation of organisations have been recognised also in Poland, where numerous processes are successfully implemented in this context, often resulting in total restructuring of the company. Nowadays, reorganisation changes are no surprise to anybody, and what is more, they are in fact advisable and desirable. In view of the above, the subject matter of the article should be considered fully justified.

Marketing, media, formalisation as approaches related to outsourcing companies

Any analysis of such issues requires that the most important definitions should be provided for further analytical discussion which can be gradually expanded and developed. The notions of management, media, marketing, marketing activities and formalisation are closely connected with the operation of, among others, outsourcing companies in the context of a broadly understood competitive market advantage, with particular emphasis on contemporary marketing approach.

Management of marketing and media activities, as well as formalisation of marketing activities in organisations, is closely linked to their organisational structure, as every organisational structure will entail a different way of managing marketing activities. Moreover, it needs to be pointed out that we live in the so-called age of competitiveness, as no industry or sector of services exists without a substantial growth of competitiveness, which also applies to outsourcing companies.

Competitiveness is a concept which gains more and more attention among economists, although they offer neither unequivocal definitions nor clear interpretations of it. Observation of competition processes reveals that companies equipped with abundant factors and means of production, often having a strong market position, lose to companies assessed as weaker by their market partners. Yet, they have proved to be more competitive, able to take action to prevail in the market and to reach for the leader position in the industry or market segment. This ability to take on challenges enforced by the competition and to compete is called competitiveness. Consequently, we speak of competitiveness of economic systems, enterprises, organisations or individual employees.

Therefore, next to the potential of company competitiveness, instruments of competing for customers and competitive position, competitive advantage becomes an indispensable element of the term of company competitiveness [Stankiewicz, 2000, p. 79]. The term of competitive advantage is an ambiguous concept, as evidenced by the multitude of its definitions developed by specialists in economics. Competitive advantage is a factor ensuring a country, a company, a group of people or an individual a competitive advantage. The concept of competitive advantage derives from the thought of the 19th-century economist David Ricardo on comparative advantage. The concept of competitive advantage is used by Michael Porter in his classic work on international corporate strategy.

In the recent years the popularity of outsourcing has been rapidly growing in Poland and abroad due to the obvious cost savings and increased quality of services. Outsourcing in the age of competitiveness, i.e. of professional suppliers of specialised services, and more and more common access to high-speed Internet, is now a clear market trend and way of contemporary company management.

It is worth noting that analyses of companies which have opted for outsourcing show that in result of such decision these companies report reduced costs of service delivery, improved service quality, restructured employment, as well as increased flexibility of company operation under new conditions. A rapid increase in the interest in outsourcing has been observed since 2004, when offshore outsourcing (offshoring) be-

gan to be indicated as playing a major role in global economy [Bhagwati, Panagariya, 2008, p. 93], followed by analyses of applying this strategy in developed countries and its impact on increase in unemployment rate and stagnation.

The most important reason for outsourcing is the ability of the company to:

- Reduce and control operating costs;
- Have access to best quality production capacity;
- Release the company own resources for other purposes;
- Obtain resources the company does not have;
- Precipitate benefits resulting from the company restructuring;
- Deal with a function which is difficult or impossible to control;
- Raise capital;
- Ensure risk sharing;
- Ensure cash inflow.

The above-mentioned reasons for using outsourcing activities indicate that the key elements for determining a specific area in the company are primarily economic, organisational, market and social factors.

Formalised marketing and media activities of outsourcing companies

Due to the fact that this article focuses on formalised marketing and media activities in outsourcing companies and their impact on competitiveness of these companies, with particular emphasis on contemporary marketing, fundamental issues which refer to marketing and media activities need to be discussed, as well as their formalisation and management.

It should be pointed out that the aim of the analysis and evaluation of marketing activities and media formalisation in outsourcing companies, with particular emphasis on contemporary marketing approach, is to determine the possibility of company operation based on the assessment of its current market position, strengths and weaknesses, and on predicted changes of external conditions of such activities, as well as opportunities and threats that they involve. In the planning phase, based on the previously collected information and decision material, a concept of the company marketing and media activities is developed which involves setting directional goals (possibly including the change of the current mission of the company), general aims and marketing strategy, and operational plans for the respective products, market segments and planned development projects. In particular, it is important to specify properly the aims and objectives of marketing and media activities in outsourcing companies. They result directly from the company mission and their choice is also influenced by an analysis of the company environment and resources. The main aim of every company is to make profit. This aim is achieved through intermediate (detailed) objectives. Intermediate objectives show what the company wants to achieve in specific markets. Well-formulated intermediate objectives must be as follows: realistic, measurable, precisely defined in time and related to each other. Only then can they provide the grounds for the selection and development of a marketing and media strategy, and later can also be used to assess the results achieved [Nowacka, Nowacki, 2004, p. 219]. Marketing and media strategies are formed and developed on the basis of marketing, its conceptual and instrumental layers. Strategies which arise and grow on any other ground, i.e. next to marketing, cannot be regarded as marketing strategies. Marketing and media strategies constitute a reflection of a set of decisions, procedures and market activities undertaken by the company on the path towards reaching its goal(s) and objective(s). The analysis of marketing and media strategies is based on the characteristics of their contents.

It is very important for outsourcing companies to achieve the right degree of formalisation in the respective parts of the organisation. Overformalisation, i.e. application of too many, too detailed and/or too restrictive regulations, does not allow for flexible operation. Underformalisation, i.e. insufficient degree of formalisation, leads, on the other hand, to a situation in which employees have too much freedom in choosing their tasks and ways of their implementation and often make wrong choices in terms of the objectives of the whole organisation. In many cases organisations also make the mistake of allowing for excessive disproportions in the degree of formalisation of their different areas. Next to providing the appropriate level of formalisation it is equally important to ensure good quality regulations. They need to be clear, concise and easy to understand, and cannot contradict each other. Only by meeting these requirements may such provisions be an effective regulator of organisational activities [Karbowiak, Wyrzykowska, 2009, pp. 154-155].

Excessive formalisation of people's conduct (behaviour) patterns in outsourcing companies, however, reduces the adaptability of the organisation to changes in the environment. Thus, the more frequent the changes are in the environment and the more difficult they are to predict, the bigger the independence of employees is, as they are not tied in their work by an unnecessary number of rigid regulations, which increases the room for manoeuvring for the organisation and facilitates faster and more accurate reactions to changes [Kaczmarek, Sikorski, 1996, p. 135]. At the same time, however, it is worth remembering the apt observation of J. D. Thompson that in a stable environment in which rarely occurring changes can be accurately predicted, the use of a fixed set of regulations ensures a greater adaptability of the organisation compared to the situation in which its employees enjoy a total freedom in this area. It is so because of the time needed to adapt which will undoubtedly be shorter when already fixed change adaptation patterns are readily available [Thomson, 1967, pp. 72-73].

Formal strategy in outsourcing companies must therefore be a reflection of the assessment of the impact of economic, technological and socio-political context, and a response to predicted actions of the competition, access to procurement, scale of customers' needs. It has to be stressed that this information is still insufficient despite the huge expansion of publicly accessible information and media network. Even after the planned construction of new worldwide information highways, there will always be a large sphere of predictions with a limited degree of probability. The risk of uncertainty and ambiguity is unavoidable, it is all about its maximum reduction [Kieżun, 1997, p. 264].

In order to properly manage marketing and media activities in outsourcing companies in a formalised way it is necessary to make careful plans. Plans developed in enterprises have their specific timeframes. Thus, they may be divided as follows:

- Long-term plans (for the period of 5 years or more);
- Medium-term plans (for the period of 1-5 years);
- Short-term plans (for the period of 1 year or less).

Apart from working as an incentive, the plan in outsourcing companies also has the following three fundamental functions [Niestrój, 2002, pp. 149-150]:

- Verification: as a basis for assessing the feasibility of assumptions made with respect to planned objectives and development projects;
- Coordination: as a basis for determining and coordinating specific tasks for marketing department and organisational units cooperating with them;
- Control: as a set of "standards" constituting a basis for ongoing regulation and controlling of the effectiveness of marketing activities.

In outsourcing companies a well-constructed and consistently implemented plan can therefore make a significant contribution to the company's success in the market.

Thus, managers should pay a lot of attention to its development and translation into practice. The plan should identify the most attractive opportunities for the company, while also specifying the ways of achieving and maintaining a favourable position in the particular market segments, i.e. it should become an effective tool that combines all the elements of marketing and media composition in a coordinated operational plan of the company [Penc-Pietrzak, 1999, p. 87].

Marketing control process in outsourcing companies is a stage which also provides the basis for further work connected with setting goals and objectives, and developing plans for subsequent planning periods, as well as obtaining and deploying resources necessary for their smooth implementation. It plays a very important role also because it allows to identify discrepancies between the plan assumptions and their implementation, and it enables to understand the causes of possible deviations, which prevents the occurrence of similar irregularities in the future. Therefore, correctly implemented control activities decide to a large extent about the efficiency of marketing and media actions undertaken by every company, and thus affect the efficiency of the whole organisation [Baruk, 2002, p. 210]. For a well-managed marketing control process it is necessary to pre-determine the values that will systematise and concretise its course.

Control of the implementation of the planned objectives constitutes an integral function of marketing and media management in outsourcing companies. As M. Wilson writes, "planning and controlling are two sides of the same coin. Planning will make no sense unless we evaluate the results, while one of the most important aims of this evaluation is to improve planning for the future" [Wilson, 1993, p. 212]. This relationship defines the essence of marketing and media control as a stage which based on feedback closes a single cycle of management process, while also ensuring its continuity necessary for constant improvement of future decisions and actions in this area [Niestrój, 2002, p. 201].

For an effective realisation of control functions in outsourcing companies to be possible, it is crucial to establish an adequate system of marketing and media control in the company with respect to all its information sources and data carriers, procedures for data obtaining, processing and analysis, and organisational solutions for placing control in the company management structure. The first stage in the construction process of marketing and media control system in outsourcing companies is to determine the values that need to be controlled and how to measure them. Control values are variables specifying results or resources which are of fundamental importance for assessing the operation of entities or projects subject to control, such as the value of sales revenue, sales volume, market share, advertising costs, costs of campaign and media strategies, etc. The primary range of these values and their measures is specified based on the marketing operational plan; these are simply categories and measures within which the objectives have been set.

After selecting the control values, outsourcing companies need to identify their sources of information and methods to measure the actual size of the selected control values and to analyse the information obtained. The actual size of control values in outsourcing companies can be determined by the means of three types of information sources [Wilson, 1993, pp. 215-216]:

- Secondary sources providing information, in a way automatically, as a result of the implementation of a formalised system of records and data processing (e.g. accounting records);
- Systematic control tests and measurements carried out continuously or regularly, periodically, e.g. establishing a specific procedure for submitting, processing and analysing customer complaints, requests and feedback, the use of consumer panels (via telephone or postal services), systematic periodic surveys of conduct, systematic organisation of periodic surveys;

- Ad hoc control tests, designed and implemented in order to collect data which is not provided via secondary sources or systematic tests, e.g. assessing the progress in achieving objectives of a specific campaign. Organisational placement of particular actions and control activities requires that all the tasks related to the functioning of the whole system should be clearly assigned to specific people responsible for data collecting and processing, as well as conducting the respective control analyses and drawing conclusions. After all, the effectiveness of the entire system of control depends on whether, based on the conclusions presented, appropriate decisions will be taken and effectively implemented in the required time. Towards this end a proper mode must be established for post-control conclusions to be implemented and for their execution to be evaluated in every specific situation.

Given that we live in the age of competitiveness, primary tasks of outsourcing companies in the area of formalisation of their marketing and media activities include as follows: systematic analysis of customer needs, convenience in reaching their satisfaction with the company products, study of the effects and risks from the competition, development of a marketing plan and programmes for the use of marketing instruments for ensuring the planned circulation of products in the market, control of the implementation of plans and programmes, and coordination of marketing activities across the enterprise. It is desirable to designate management positions in the organisational structure of outsourcing companies, including product managers, marketing managers, media managers, sales managers, distribution managers, and to focus on such sensitive issues as product quality, production cost, sales cost, marketing cost, storage cost, management and administration cost. The organisation of outsourcing companies should create conditions conducive to triggering independence, commitment and responsibility of employees, strengthened with the marketing management system. Not all the tasks of marketing department can or should be carried out by the people employed in the company due to the difficulty related to obtaining specialists in every field of marketing and due to a high cost of their remuneration. Marketing department is obviously responsible for performing a qualified assessment of the value and practicality of such services delivered to the company [Sztucki, 1994, pp. 170-171].

The selection of the respective channel in outsourcing companies depends on local opportunities and conditions. By managing a network of its intermediaries, the company must decide how much effort it should put in the push strategy and how much in the pull strategy [Kotler, 2005, p. 517]. Every channel is to provide access to a different segment of buyers and to ensure that the right products are delivered to each customer at the lowest cost. When these conditions are not met, we usually have to deal with a conflict of channels and excessive costs. The channel selection in outsourcing companies depends on three elements: types of available intermediaries, number of necessary intermediaries, as well as conditions and responsibilities of each participant of the channel.

According to the marketing and media concept of the roots of competitive advantage of outsourcing companies, marketing and media are crucial for the company to reach a competitive advantage. Thus, if an outsourcing company has better marketing or media skills and a more efficient system to use them than the competition it is in the winning position. Indeed, the purpose of marketing and media is to maintain and increase competitiveness of outsourcing companies, which however does not mean that marketing and media constitute the only and complete concept of the origin of competitive advantage. In result of the company activities a market segment(s) is (are) selected in which the company will operate (i.e. target market), and a respective strategy is developed, introduced and executed. Marketing strategy of the company is known to constitute a coordinated collection of product policy, price policy, distribution and promotion policy, tailored to customer preferences and accordingly adjusted to the company abilities. The selection process of market segment in outsourcing companies and of

marketing strategies in this market is iterative, based on feedback: marketing research of the given market determines the necessary strategies. They are confronted with the company abilities, after which possible company strategies which offer an advantage over the competition are accordingly adjusted to the respective market segment. This process can begin with an analysis of market preferences or company resources. According to the concept of competition in outsourcing companies, marketing and media should be perceived as a concept of company management. It subjects the process of company management to market needs. The starting point and ultimate aim of all decision-making processes are analyses of the needs and desires of their end-users. Marketing management in outsourcing companies is to ensure continuous adjustment of the product (and/or services) to the customer's changing needs, active pricing policy, promotion and distribution. The concept of company management in outsourcing companies calls not only for a passive adaptation to market needs, but also, if possible, for being active and having an impact on the market in order to promote new products and/or services. The process of developing a strategy should start with the identification of customer needs, the proper definition of what the end-user actually considers to be a value for which they are willing to pay. The place of the strategy in outsourcing companies, and thus also of the marketing concept of the competition, against other strategies and approaches may be determined based on the distribution of the company strategies according to the level of management [Pierścionek, 2003, p. 205]. Strategies used in outsourcing companies can be divided into the following three groups:

- Strategies developed and implemented by the corporate management board: development strategies;
- Strategies of strategic branches (developed and implemented by the management boards of subsidiaries or divisions): competition strategies;
- Strategies developed and implemented by the respective functional departments of strategic branches: functional strategies.

In case of outsourcing companies the external environment, i.e. the market, also verifies the legitimacy of a company to exist. Therefore, strategic aims and objectives often include at least the intention to maintain the currently achieved position in the market, which becomes the priority for the further operation of the company. Marketing and management of media activities increase to a large extent the chance of an outsourcing company to succeed. If implemented effectively, they ensure the funding for the company development, based on the customer satisfaction not only with the purchase, but also with the use of the purchased service. The task of outsourcing companies comes down to gaining potential and reaching the "hidden" customers. It should be included in strategic marketing and performed by operational marketing through market segmentation. Under the conditions of market saturation, it is useful to apply the "buyer" marketing mix instruments. It is also important to consider the "hard" and "soft" component of advertising. Having a different effect on producers and customers, price plays a special role [Smoleński, 1997, p. 70].

To sum up this part of the discussion, I would like to pay attention to the fact that a more formalised organisation is also a more durable one and requiring less improvisation. It is less exposed to losses resulting from the lack of coordination of actions undertaken by the actors involved; it is, however, less able to adapt to the changing needs of the environment and exposed to "measures exceeding goals". Additionally, the degree of formalisation in outsourcing companies should always be assessed in the context of the specific situation. It depends mainly on the goal of the organisation and what type of organisational relationships should prevail in the given institution. Thus, neither the maximisation nor the minimisation, but the optimisation of the degree of formalisation in outsourcing companies is conducive to their maximum capacity of operation (situational approach).

It should, however, be added that the process of formalisation of marketing and media activities in outsourcing companies always brings certain costs connected with [Bednarski, 2001, pp. 144-145]:

- Expenditure related to establishing formal regulations. This area often requires extensive simulation studies and a lot of experience from the organiser. Any errors made in this respect may result in a discrepancy between people's conduct and the actual needs of the organisation.
- Ensuring that they are observed. The costs may arise in result of a conflict between the standard patterns of conduct and the view of the person applying it. The closer the standard is to the views of the employee, the greater certainty that it will be observed. Often a system is necessary for ensuring the compliance with the implemented standards, but it is always quite expensive. It is better when the observance of a standard is enforced with the respective technical or other well-structured process;
- Limitation of people's initiative and motivation due to formalisation. Although standards should be constructed in such a way that they can be applied by an average contractor, it needs to be borne in mind that all the necessary "dos and don'ts" will result in restraining employee's initiative and motivation;
- Reduced flexibility of the organisation. With too many regulations there comes a temptation for total formalisation, which may completely block any initiatives towards adapting the organisation to a changing reality. Moreover, employees will often have the impression that their work goes beyond the scope of their responsibilities, for which they may request additional gratification.

To sum up, after reaching a competitive advantage outsourcing companies also seek to increase their size. Together with the growth of that advantage there increases the extent of their independence in the area of managing the instruments whose changes lead to better effects of operation in the market. The type and size of competitive advantage in outsourcing companies determine the degree of its durability. For a company to succeed in reaching and enhancing the degree of such durability it is necessary to use marketing, i.e. an integrated set of instruments. With their appropriate application, the competitive and media advantage in outsourcing companies may be increased and consolidated.

It is therefore the aim of every outsourcing company to obtain and then to maintain a competitive advantage, among others in the form of securing a greater profit than the average in the industry or having a significant market share. In order to reach these objectives each company should ensure that it has competent employees who will be able to promote such competitive advantage in the market. Also, it is necessary to optimise all the areas of competitive advantage in outsourcing companies in such a way that they can complement and support each other, as most often they are closely correlated and they affect each other. The best results in outsourcing companies may be achieved with the implementation of several systems and methods simultaneously, but this requires a considerable self-discipline from managers and employees of the production plant, as well as substantial funding.

Conclusions

Outsourcing a method of management which is used more and more frequently nowadays. It is also willingly implemented in Polish enterprises, although the scale of this phenomenon in Poland still cannot be compared to that encountered in countries with a highly developed market economy. One can hope, however, that this relatively inexpensive and time-saving method will grow to be more appreciated by Polish owners/managers, which will improve the competitive position of domestic companies in the global market. For the past several years, the Polish economy has been going through dynamic changes. A strong pressure to enhance efficiency and competitiveness en-

forces actions leading to reorganisation and reduction of costs of business operation. Outsourcing turns into a more and more frequently used strategy that supports the processes discussed above. Outsourcing stands for a partnership, a common goal and a common strategy of achieving it and with that ensured, cooperation can overcome any problems that may arise. In principle, one could say that the aim of outsourcing companies operating in a competitive environment is to satisfy customer needs, while the final results of these processes, i.e. services to be delivered, should offer the greatest value to the consumer. It is worth pointing out that one of the key aspects of increasing the efficiency of production processes of these outsourcing companies, and thus their competitiveness, is to implement marketing and media activities, formalised accordingly. To sum up, the article provides an analysis of the literature, an analysis of selected internal documentation and an analysis of the theory. The analyses presented here reveal that the above hypothesis can be fully confirmed. Based on the results of the analyses it may be concluded that formalised marketing and media activities have a significant effect on a more efficient operation of outsourcing companies in the market in the contemporary age of competitiveness.

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