Should You Build or Buy Offshore B2B Marketing?

5 Crucial Factors to Guide Your Decision Between Captive Models and Established Vendors

Marketing budgets are on the decline *again*. This time, by 15% compared to last year.

According to the Gartner 2024 CMO Spend Survey[1] marketing budgets now average only 7.7% of overall company revenue this year, compared to 9.1% in 2023 and 11% pre-pandemic.

In hopes of “budget optimizing” according to these cuts, marketing leaders have—for far too long—zeroed in on cutting program spend; reducing advertising budgets, event expenses, or agency services.

As expected, impact takes a blow.

For some, it’s the new normal. However, forward-thinking marketing leaders, tired of the growing gaps between expected results and shrinking resources, are bridging this gap by getting serious about offshore talent.

Global service delivery centers and outsourced labor models have quickly become attractive options for reducing the cost of talent while still scaling marketing output and quality work in the “era of less.”

It’s an approach that has successfully been implemented in other areas of enterprise—including IT, Finance, and HR—and introduces a new operating model for the marketing function to operate at 30-50% less.

Outsourcing marketing presents many benefits in terms of cost savings—but how you do it matters even more.

Some marketing leaders choose to buy marketing services from established third-party vendors, leveraging existing marketing expertise to hit the ground running.

Others opt for captive business models—in other words, building a dedicated marketing unit in another geo—to have complete control and ownership of the offshore center.

To fully own a marketing operating model that generates more impact with fewer resources, **should you buy services from an offshore marketing service provider or build an offshore delivery center from scratch?**

[1] ‘Gartner CMO Survey Reveals Marketing Budgets Have Dropped to 7.7% of Overall Company Revenue in 2024’, Gartner, May 2024

#1

Which model increases marketing impact?

64% **of CMOs find it challenging to recruit talent with the right expertise.**

- LXA

Whether through buying or building, the end goal of every impact-driven marketing operating model goes beyond playing the order-taker to Sales.

For many marketing functions, one obstacle impedes this progress: the widening gaps between increasingly complex MarTech investments, new-age B2B talent, and impact articulation.

In fact, 64% of CMOs find it challenging to recruit talent with the right expertise (e.g., MarTech, data, ABM, or MOps skills and knowledge), according to studies by LXA[2].

All of this goes to say that if the focus of your captive model remains on cost arbitration—but not building around the capability to manage complex MarTech, measure AI efficacy, or run omnichannel ABX—marketing's only measure of success will remain cost-efficiency rather than impacting revenue or pipeline.

Both captive models and established vendors can future-proof marketing impact at varying levels. Yet, both approaches demand specific investments and fulfill different needs.

[2] 'State of Martech and Marketing Operations 2023/24', LXA, 2023

When to build:

If onshore teams can already dictate and enforce larger and already mature strategies around tech, talent, and processes.

Unlike buying expertise from vendors, onshore teams must invest time and resources in developing, managing, and refining the capabilities of newly onboarded hires in the captive location.

It's an ongoing commitment that may be resource-intensive at the start—especially when it comes to dictating and controlling all recruitment or training processes to ensure new hires possess the new-age skills (intent data knowledge, AI best practices, etc.) needed to maximize MarTech investments.

Buy from established vendors if:

Your existing marketing operating model requires ongoing transformation.

Leveraging the expertise of established third-party vendors will benefit CMOs and marketing leaders who need an accelerated, evolving road to impact.

For instance, specialized service providers—ones with a breadth of expertise across the best ways to utilize various forms of technology, dashboards, processes and repositories used by their customer base—bring deep knowledge to the table that facilitates faster ROI on your MarTech.

Established B2B marketing outsourcing companies may also come with a Center of Excellence (COE) model that allows you to tap into best practices and learnings from other B2B players. Refer to Figure 2 to see how 2X's COE model guarantees world-class expertise and seamless business operations.

This same COE model implements guidelines and workflows to ensure on-time deliverables, high-quality work, and stable business continuity—so onshore teams do not need to shift their attention away from core competencies to carve out time for monitoring hires at a new captive location.

#2

Which model facilitates better communication and collaboration?

One of the bigger culprits behind captive centers succumbing to a slow death: the lack of native English proficiency and friction in communication.

It is not uncommon for “go-to BPO destinations” to suffer this fate. Known BPO players like India remain on the lower end of English proficiency, ranking #60 out of 105 countries[3].

On the flip side, more emerging BPO superpowers like the Philippines and Malaysia are way ahead—ranking “High” in English proficiency—#20 and #25, respectively.

With a smooth marketing function built on the basis of communication, not having enough native-level English speakers in your new center feeds several inefficiencies. These could look like lengthy back-and-forth feedback cycles, multiple iterations of content and creative work, and a huge strain on onshore teams to quality control work—a huge bottleneck to output.

In some cases, this could lead to culling creative elements altogether at the very last minute solely to avoid publishing low-quality assets.

That being said, B2B organizations have built captive business models with varying results of effectiveness. Some succeed, some struggle—and a great deal of that boils down to communication effectiveness.

[3] ‘EF English Proficiency Index’, EF, 2021

When to build:

If you need to hire specific, localized roles.

Permanent hires, particularly those in specialized roles, offer the advantage of being deeply entrenched in the local ecosystem, which can be helpful if you are marketing to that country.

These roles could include:

- **Market research analysts** based in the country, who can delve deep into consumer behavior, preferences, and cultural subtleties that may not be apparent from afar.
- **PR specialists** based in a specific locale, bringing native language proficiency and socio-cultural understanding to create content that resonates with local audiences.
- **Customer experience managers** who identify emerging trends or issues specific to their region faster and can keep interactions culturally relevant.

Buy from established vendors if:

You need operational and strategic expertise for marketing tasks with higher process variation.

Marketing is an entrepreneurial function that depends on data-driven experimentation, critical analysis, and nuanced decision-making.

If you need dedicated strategists to facilitate higher-level conversations that require more process variation—such as swiftly tailoring GTM strategies to accommodate messaging for a new industry—established vendors can execute and strategize faster, applying best practices that in-house teams may not have considered.

Established vendors already create, adhere to, and optimize industry-standard SLAs. Moreover, onshore teams can focus on their own competencies, knowing vendors can make tailored judgment calls or suggestions based on data when internal marketers are away or at capacity.

#3

Which model promises uninterrupted business operations?

New centers need close monitoring, especially since the responsibility of managing attrition rates and turnover falls squarely on the shoulders of you and your leadership team.

According to HRM Asia[4], attrition rates throughout Southeast Asia range from 14% to 18%, while Mercer[5] reports that U.S. turnover rates average around 17.3%.

Yet, India, for example, witnessed attrition rates of up to 50% throughout its BPO operations, as stated by HFS Research[6].

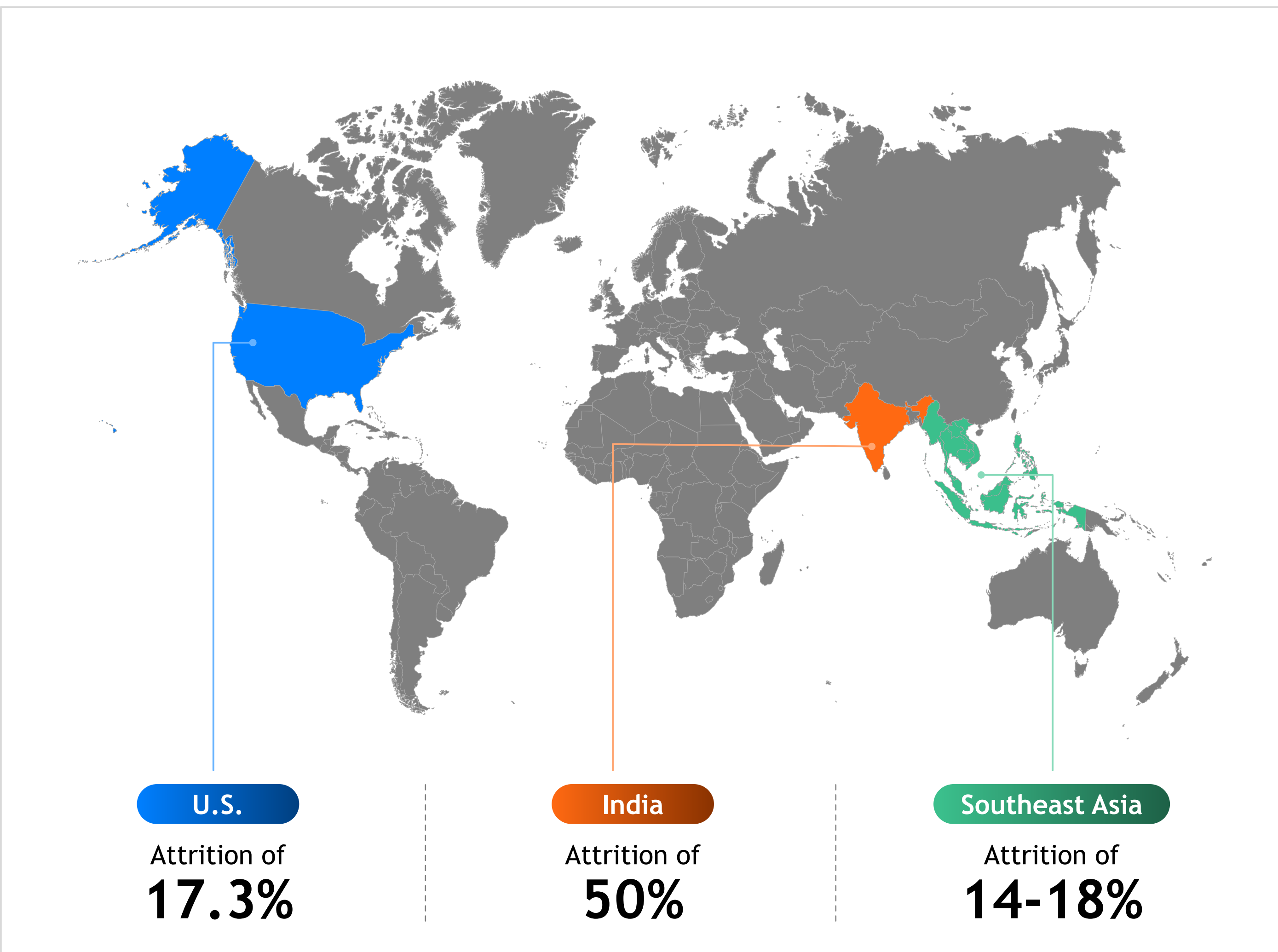

Figure 1: Attrition rates across the US, India, and Southeast Asia.

[4] 'South-East Asia expected to see salary hike in 2023', HRM Asia, December 2022
[5] 'Results of the 2023 US and Canada Turnover Surveys', Mercer, September 2023
[6] 'IT/BPO industry is very much in the midst of a talent crisis due to higher attrition', HFS Research, December 2021

When to build:

To exercise control over headcount costs and operational setup.

Captive models are viable if you already have access to a large team that can balance the load of empty positions in the interim.

However, the belief that building in India equates to a "cheaper workforce" is already being challenged.

According to Mercer[7], India currently has the highest forecasted salary increase of 9.3% in 2024—overpowering salary increment rates across Vietnam (7%), Indonesia (6.5%), Philippines (5.7%), China-Shanghai (5.2%), Malaysia (5.1%) and Thailand (4.7%).

Building a captive center requires organizations to better predict and manage salary expenditures, navigating a multitude of overhead and administrative cost premiums that coincide with employment in other countries.

Other considerations that need to be laid out on the table before building a captive center in India are:

- **The fact that it takes more than 147 days to hire for a crucial marketing role.** If a key MarTech leader in your new center—responsible for creating and managing your organization's tech architecture—resigns, to what extent will business continuity be affected?
- **How feasible it is to get on a plane four to six times a year for the first few years to build and manage your new center.** Would you lose control of your long-term vision if logistics and day-to-day operations take the bulk of your time?
- **How India's labor law mirror European standards**—and by not recognizing at-will employment and having stringent rules around dismissals—what happens when marketing efforts need to be scaled down according to business demand?

It still means that the fate of marketing impact lies on how well you hire, train, and **retain full-time** talent. Leadership continues to be responsible for attrition and turnover, both risks that could leave you with less control than expected.

Buy from established vendors if:

You need stable business continuity and solid frameworks around knowledge transfer.

Established vendors make it their sole purpose to prioritize business continuity and drive customer retention—even when B2B organizations are faced with resource turnover or attrition internally.

Vendors remain the ones monitoring process documentation, refining workflows, and centralizing brand assets, so knowledge transfer will not be affected if a devoted resource on your account team leaves the company.

[7] 'Mercer's Total Remuneration Survey reveals positive salary outlook for employees in Asia in 2024, reflecting ongoing economic recovery', Mercer, November 2023

How 2X Guarantees World-Class Expertise and Seamless Business Operations

To systematically ensure world-class expertise and seamless business operations for every 2X customer, we've established a COE for each function.

Each COE is led by a Principal or Lead who guides the continuous development and implementation of best practices, ensuring that our team of over 1,000 B2B marketing professionals are consistently trained to deliver exceptional service quality.

Our COE Lab rigorously tests the latest B2B marketing technologies and techniques while setting up performance benchmarks and refining strategies—so that 2X customers can drive growth even in the most challenging market conditions.

Here's how our COE model governs everything from output quality to knowledge sharing.

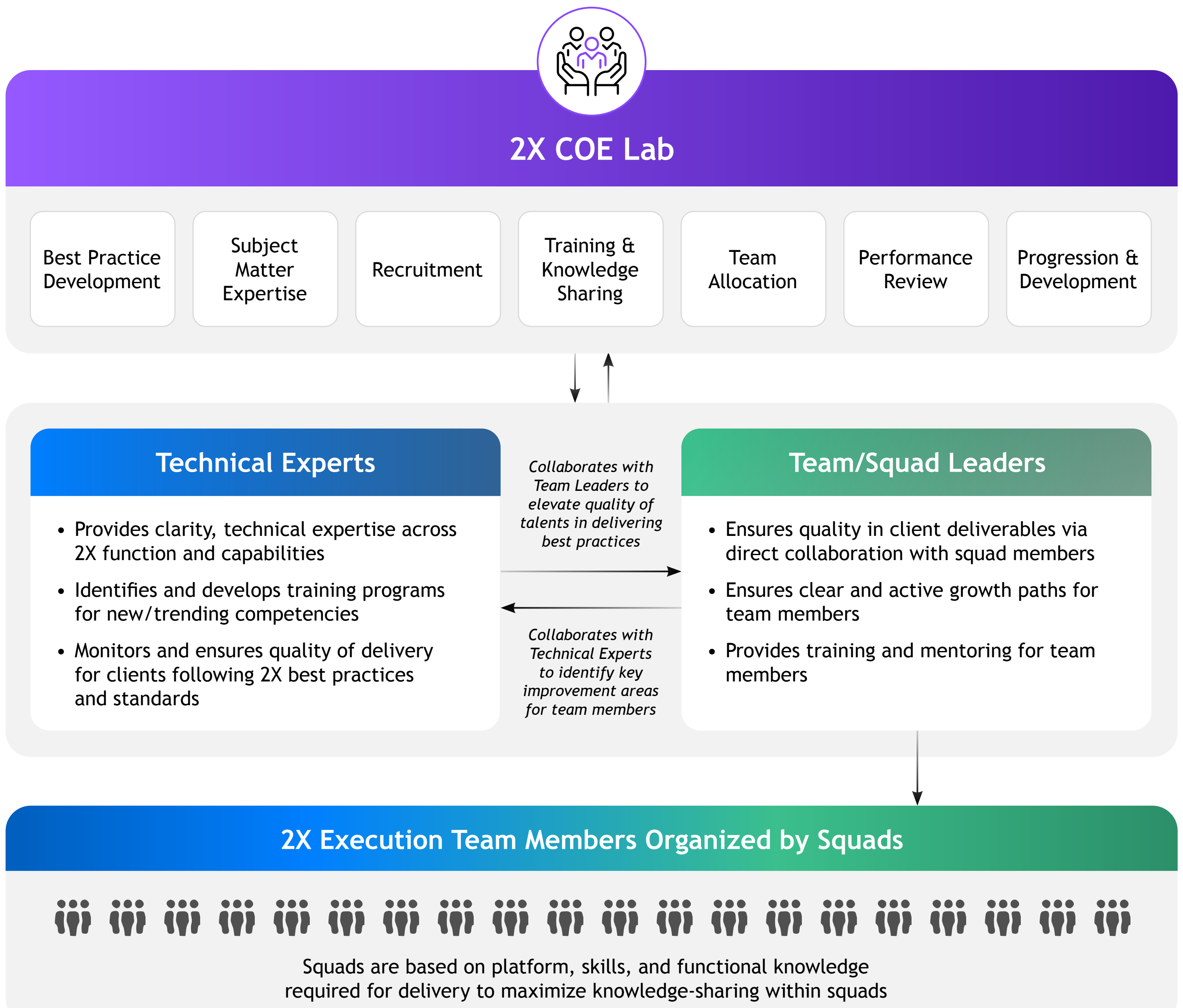

Figure 2: A breakdown of 2X's COE model.

#4

Which model lets you manage resources and labor more effectively?

Your talent's career progression frameworks and fair KPIs are vital for employee satisfaction. But building, managing, and optimizing these performance metrics for individual contributor employees can be a time-consuming managerial challenge.

By outsourcing these responsibilities to a third-party vendor to establish and manage, you remain laser-focused on strategic objectives and driving business growth.

When it comes to flexibility and scalability, both captive centers and established vendors introduce different advantages.

When to build:

If you need permanent teams for peripheral, administrative marketing tasks.

Building a new captive center gives leadership the added responsibility of developing a comprehensive, well-defined career path for each role.

Yet these business models are generally unsuitable for situations with an unclear career path—or instances where an individual contributor solely needs to perform a utility-like service.

Suppose all you need is a Marketo-certified professional running email campaigns for the near future. In that case, it is simply counterintuitive for you to develop a career path pipeline charting the many responsibilities you will not need anytime soon.

They might, however, be better positioned in roles which have career trajectories that are more KPI-based. Hiring offshore full-time SDRs to help internal AEs land higher-quality meetings could be a possible route if you're thinking of building a captive team—as this would also mean allowing your onshore team to grow positively in their own careers.

Buy from established vendors if:

You need a flexible approach to talent that meets your marketing budget.

Outsourcing non-core competencies that may not have a defined career path in your organization's DNA right now (or do—but without the right people around to enforce it) is a way to remove the HR hassle from day-to-day operations.

Offshore third-party vendors that employ FTE models could also present a best-of-both-worlds situation for CMOs and marketing leaders.

This is because it offers a dynamic approach to staffing that enables organizations to quickly scale up or down and fits work that requires continuous upskilling (e.g., target list management, ABX campaign execution, channel management, etc.).

If the offshore FTE model allows for the purchase of labor or resource units as needed—eliminating the burden of being "top-heavy" for extended periods—then it optimizes budget use by assigning resources to tasks as needed for the required duration to complete them.

Onshore teams can continue to focus on core strategic work that they are already the best in the world at, while leaders get the operational support they need to carry out strategic efforts without needing to vet, hire, train, and retain full-time employees for a whole new center.

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#5

Which model drives results—immediately and in the long term?

Registering, building, and safely operating a new marketing service center on your own without a service provider can take anywhere from six to 18 months.

At the same time, CMOs still need to demonstrate all the excellent work onshore teams are doing to the Board and continue to supply the resources onshore marketers need to execute new efforts.

If you have the luxury of time, that's great. But the runway to do both is often finite.

9.1% → 7.7%
Average marketing budgets of overall company revenue[8]

Less than 2.5 years
Average CMO tenures[9]

The 'cost center' perception still looms. With Forrester[10] reporting on how much the marketing function is still perceived as an expense instead of an investment, the window to prove impact gets smaller and smaller.

[8] Gartner CMO Survey Reveals Marketing Budgets Have Dropped to 7.7% of Overall Company Revenue in 2024, Gartner, May 13, 2024
[9] 'CMO tenure is still heading south - is marketing losing its value and purpose?', Mi3, August 2019
[10] 'Insight To Guide Your 2024 B2B Marketing Planning', Forrester, August 2023

When to build:

If the goal is to reduce external dependencies on third parties.

Some legacy marketing agencies, for example, may have 12-month contract agreements in place to provide stability and commitment for both parties.

However, it leaves little wiggle room for B2B organizations that need to pivot fast according to economic uncertainty or changing business demands.

Establishing your new delivery center and eliminating these dependencies could be construed as a "quick win" that frees up a sizeable portion of your budget—especially if your captive center is built in a lower-cost location.

Buy from established vendors if:

You need a faster way to create, measure, and demonstrate marketing impact.

As it becomes more critical each year for CMOs and marketing and growth leaders to prove value—a marketing-as-a-service (MaaS) vendor like 2X is able to ramp in 14 days or less.

If your MaaS vendor is offshore, your organization benefits from global economics, too. At 2X, supplementing your existing team with skilled, world-class B2B talent costs 30-50% less compared to U.S. in-house teams and nearly 70% less than traditional agencies.

This means you can hit the ground running without worrying about the months (or years) it takes to prove ROI on a new delivery center.

Whatever you choose, it's important to remember the big picture: the Board and your CFO might talk about outsourcing because they see potential benefits, but they're really after a marketing setup that just works.

It's not just about saving costs; it's about finding a solution that fits smoothly into the company's bigger picture and delivers real results.

About 2X

2X is the world's first-ever Revenue Marketing Resource Center (MRC) built for B2B firms. Our customers witness results in two ways: headcount savings and strategic marketing direction that can fuel long-term revenue impact.

Our delivery centers—founded and operational in English-proficient Southeast Asian geographies such as Malaysia and the Philippines—hire and train skilled, new-age B2B marketers, protect against service delivery risks, and facilitate maximum efficiency across all existing marketing operations.

Here's how we stack up against building a captive center in India:

Buying from 2X in SE Asia (Malaysia/Philippines)	Crucial Factors to Consider	Building a Captive Center (India)
Prioritize, aim, and manage outcomes · Design and orient goals toward strategic marketing objectives · Leverage Center of Excellence expertise from certified marketers and 1,000+ documented best practices for new-age marketing · Report clear outcomes and measurable ROI to the Board	Your Role	**Hands-on, day-to-day operational involvement** · Continuously hire, train, and develop talent · Build operational workflows and closely manage leadership activity · Regular travel to locations for training and culture-building
High | Philippines #20, Malaysia #25	English Proficiency (out of 113 countries)	Moderate | India #60
30 days	Speed to Go-Live	6-18 months
14-18%	Annual Attrition Rates U.S. = 17.3%	55%
4-6%	Annual Wage Inflation U.S. = 3.3%	9.3%
No lock-ins; vendor SOW flexibility to scale up/down	Flexibility	Salaries are fixed like internal headcount with limited ability to shift & significant employee termination & downsizing constraints
Improved business operations · Best practices from >200 offshore marketing transitions · Comprehensive process documentation - smooth & fast onboarding · Labor policies managed by vendor, resulting in quick resource replacement and continuous improvement · Vendor continuity incentive for work quality and satisfaction, with contractual adherence to SLAs and servicequality	Stability of Operating Model	**Risk to business continuity and work quality** · Skill gaps and high attrition can cause project delays · Low English proficiency can lead to inefficient communication and collaboration with onshore counterparts · At-will employment not recognized (termination requires cause) · Focus towards running defined processes vs art & science blend

Our Success Stories

FARO

A 46% reduction in marketing spend after shifting 50% of its marketing organization to 2X, and yet, a 93% increase in marketing-sourced revenue; from $59.4 million to $114.86 million

SANDLER

A 30% increase in marketing-influenced pipeline in six months and a 300% boost in web engagement.

SAP

A $1:$112 ROI on total program investment to pipeline value, a 60% reduction in cost per engaged account, and the ability to engage 2.5x more accounts on a flat marketing spend.

View Our Full Services