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In-house agencies should always have an offshore partner to take on the work that they can't take on. My offshore partner stepped up and delivered by getting 600 assets out of the door in two weeks.

MARIE PHILEMON
DIRECTOR OF CREATIVE OPERATIONS
NORWEGIAN CRUISE LINE

THE 2023 GLOBAL BENCHMARK REPORT:

Offshore Creative Production

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Introduction: Flexible Production Models for a Challenging Economy

As we enter 2023, with the pandemic still fresh in our minds, there has been a further surge in economic uncertainty, resulting in price rises, a drop in consumer spending and high inflation.

Businesses and brands around the world are leaning on their marketing, operations and procurement teams as well as their in-house studios to explore more commercially effective models to deliver the “content-at-

scale” challenge that all brands are wrestling with. This has resulted in an inevitable shift towards more flexible, economically viable production models.

There is now a greater relative investment in offshore production, than in any other production model, with an emphasis on studios that can provide lower-cost resources at scale, while ensuring quality standards, communication excellence, and cultural alignment are preserved.

As companies strive to find the balance between their in-house studios, offshore partners or hubs and external agencies, more contemporary forms of offshore production, including Smartshoring®, are being adopted.

20%

**of total production spend is
currently managed offshore**



This generally results in savings of 40% and up to 80% in some cases for tier 3 production services, including digital banners, video post-production, CGI and transcreation.

This year's benchmark report shines a light on some of the biggest content challenges brands are facing. It explores a number of themes including the maturity of the offshore landscape, which services are best suited to offshore production, expected savings across all service lines, technology must-haves, barriers to a successful partnership and how to best measure success.

55%

of companies that don't currently offshore will definitely offshore creative production in the next 12 months, with a further 28% considering an offshore model

Methodology

TKM Consultants work with leading brands and agencies around the globe to understand and share the latest business insights and consumer trends impacting marketing, advertising, technology, creative services and content production.

This report's unique and fresh insight has been developed in partnership with **We Are Amnet**, pioneers in global offshore creative production. **We Are Amnet** is the **leader in Smartshoring®**; **a progressive hybrid model of offshore creative production hubs and regional client services teams. Smartshoring® delivers commercial value and flexible resources, while ensuring culture, communication, and quality are always on point.**

Brands and marketing teams, more than ever, are evaluating the make-up of their production models for "content-at-scale" execution. In-house teams, network agencies, independent agencies, and offshore partners all have a role to play.

Determining which services should be taken in-house, defining the content tiers and services most suited to the offshore market, establishing where the best cost savings can be realized as marketing budgets shrink further, and devising solutions to deal with the on-going need for more digital skills, are areas this report will address.

This report shines a light on a host of observations and the latest industry analysis, including:

- **How the offshore market is maturing in relation to other production models**

- **Uncovering the greatest areas of content production spend for 2023**
- **Defining the primary business drivers and assessment criteria for an offshore partnership, including locations and services most suited to an offshore studio**
- **Identifying success factors when selecting an offshore partner and how best to onboard them**
- **Classifying commercial savings by service-line**
- **Defining the technology and automation must-haves as we look to the future**

By gathering insight, opinions and data from leading brands, in-house studios, and agencies, we were able to define and prioritize the criteria that in-house agencies, marketers, and external agencies consider when building an offshore strategy.

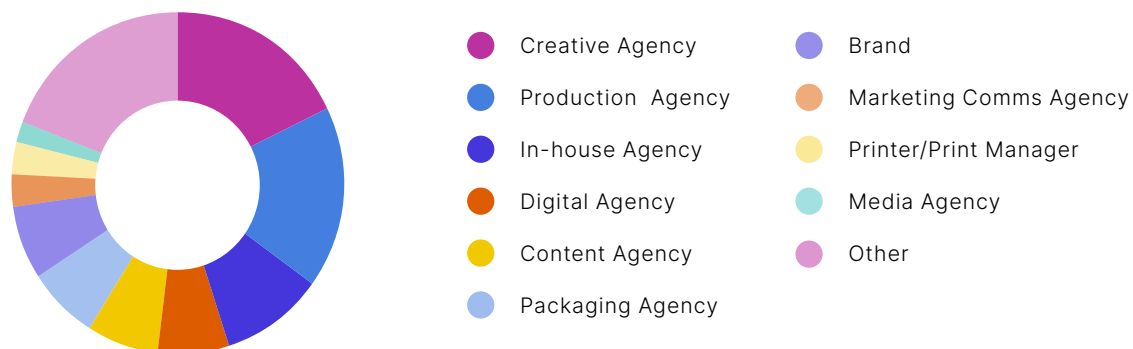
The survey was completed by a selection of brands and a wide array of agencies (in-house and external) as seen below.

As well as an online survey, we interviewed a selection of global

leaders and influencers in the creative production and creative operations industry, including:

- Creative, operation and production directors, running in-house teams
- Studio leads for global brands
- Agency CEOs
- Leading consultants specializing in in-house and offshore production
- Procurement and Sourcing leaders

RESPONSE BY AGENCY TYPE



To ensure a wide representation of thoughts, ideas, and opinions, a range of senior executive roles were polled.

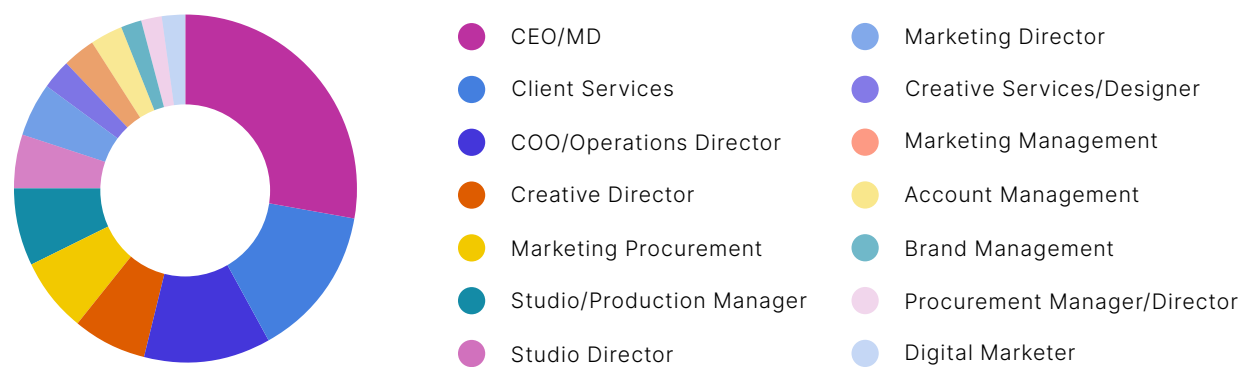
28% were CEOs or Managing Directors

24% were Studio, Production & Operations Directors

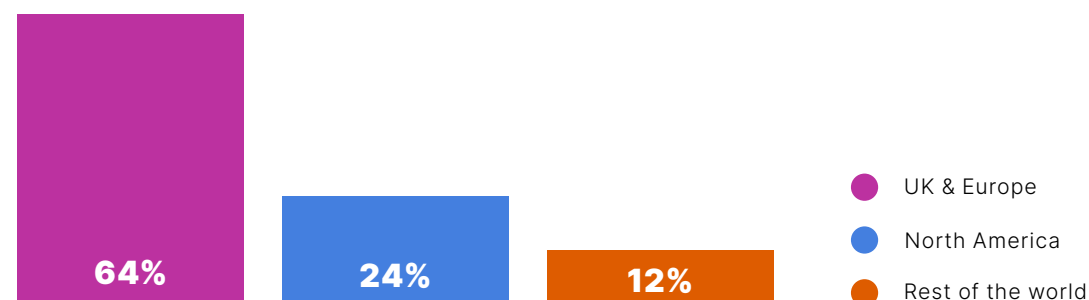
Client Services, Procurement, Brand and Digital teams were also represented.

Participants are spread across 4 continents, with Europe and the US having the greatest representation; Europe (64%) and North America (24%).

RESPONSE BY ROLE

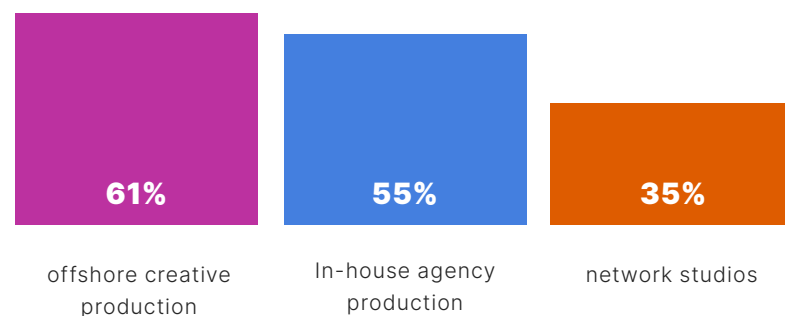


RESPONSE BY LOCATION

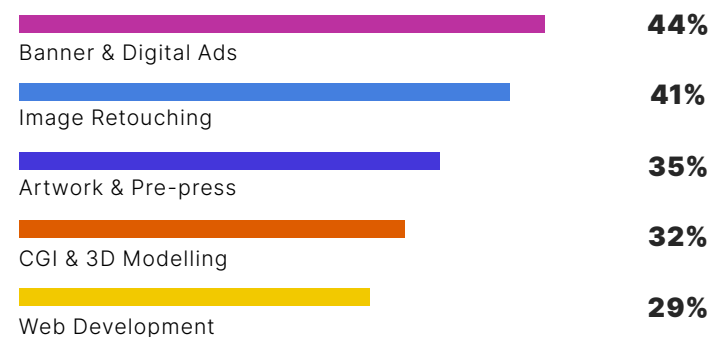


A Snapshot

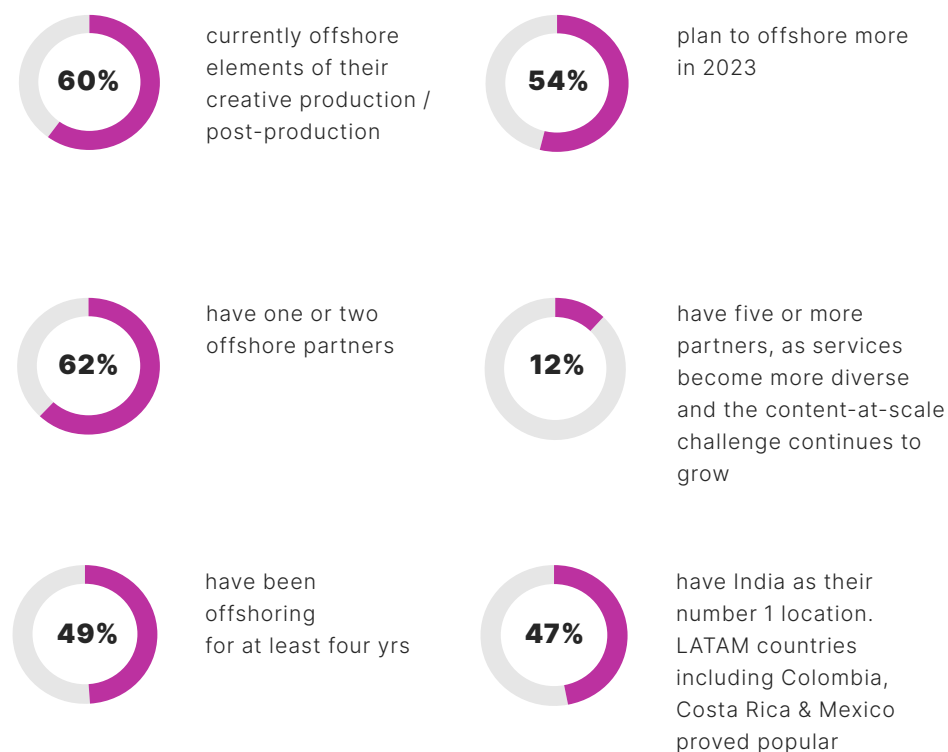
PRODUCTION MODELS SEEING THE GREATEST INVESTMENT IN 2023



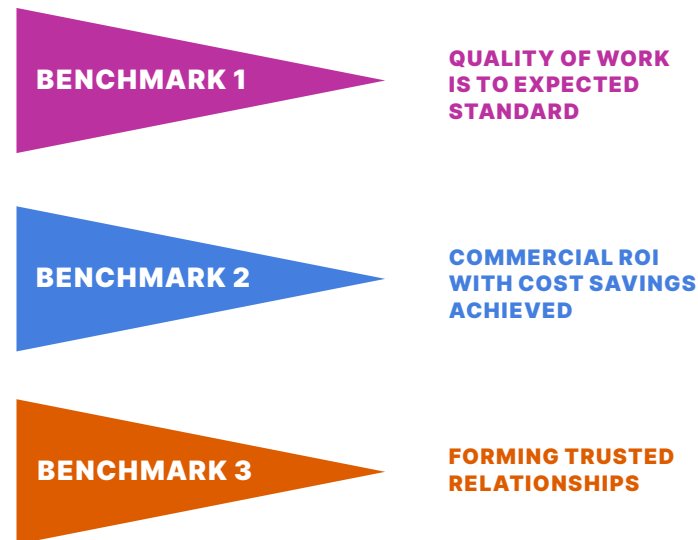
SERVICES MOST SUITED TO BEING OFFSHORED



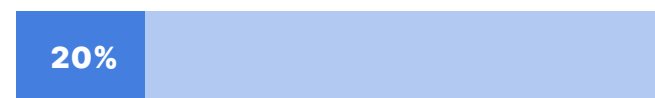
COMPANIES THAT CURRENTLY OFFSHORE



HOW DO YOU MEASURE THE SUCCESS OF AN OFFSHORE PARTNERSHIP?

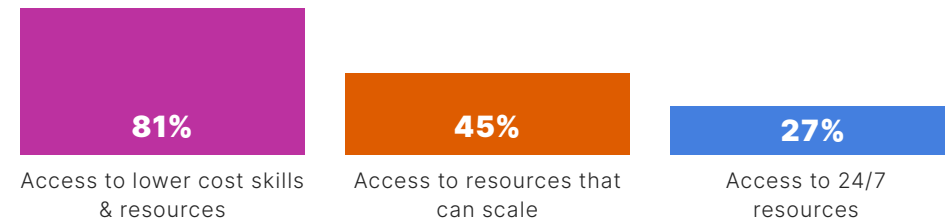


% OF TOTAL PRODUCTION SPEND MANAGED OFFSHORE

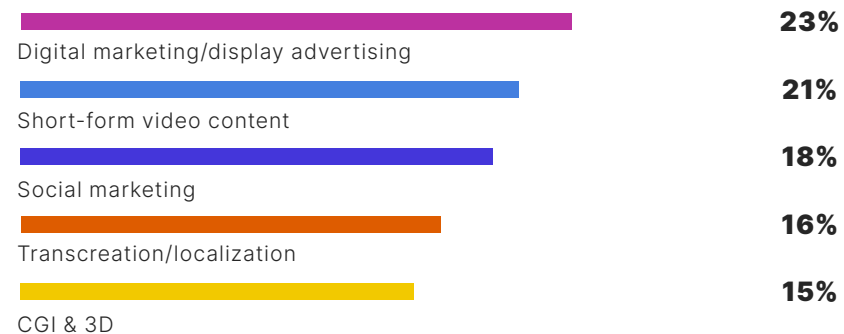


close to one in two companies manage at least 20% of their creative production offshore

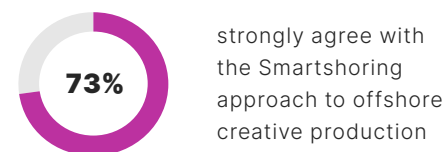
PRIMARY BUSINESS DRIVERS FOR WORKING WITH AN OFFSHORE PARTNER



AREAS OF CONTENT PRODUCTION WITH THE GREATEST LEVEL OF SPEND



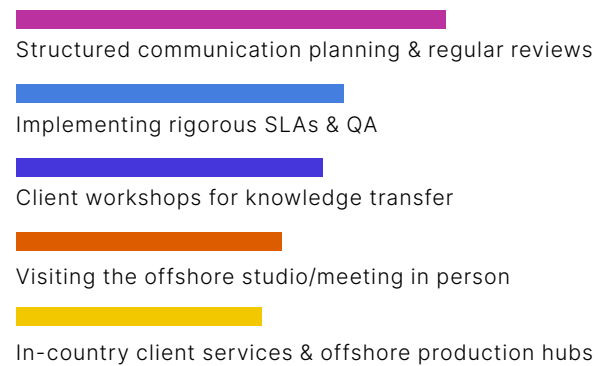
THE SMARTSHORING APPROACH



HOW HAPPY ARE YOU WITH YOUR OFFSHORE PROVIDER?



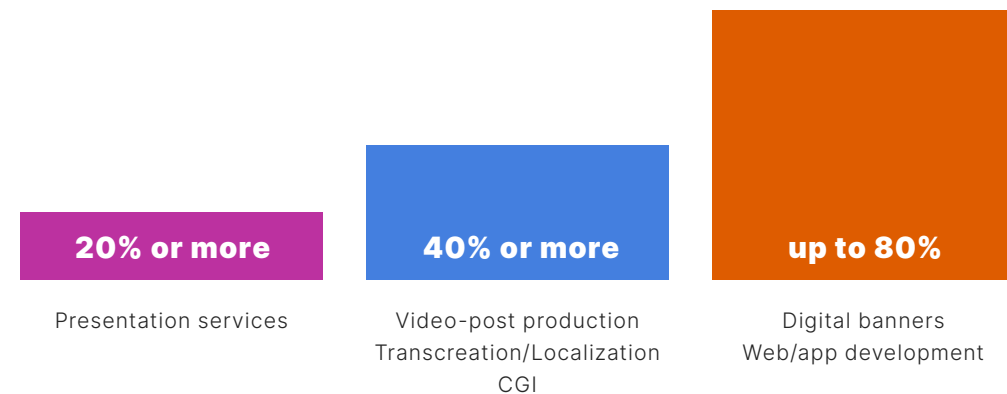
MOST IMPORTANT FACTORS TO ONBOARDING



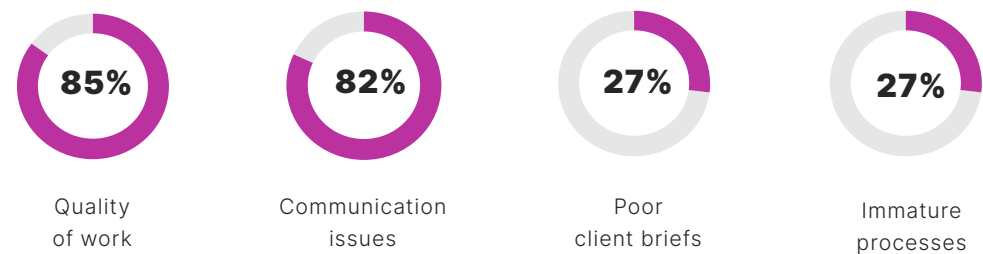
TECHNOLOGY MUST-HAVES



EXPECTED SAVINGS ACROSS SERVICES



BARRIERS TO A SUCCESSFUL PARTNERSHIP



Key Findings

Q1: Looking to the future, which production models will have the greatest levels of investment in 2023?

Last year, once again, was fairly unpredictable as businesses continue to transition to new ways of working while content volumes ramp up.

Following record low marketing budgets in 2021, budgets climbed from 6.4% of company revenue in 2021, to 9.5% in 2022 but still lag behind pre-pandemic spending. Digital channels account for 56% of marketing spend, offline channels are on the rebound, as we move into 2023. (Gartner)

CMOs have adopted hybrid multichannel strategies, as customer journeys recalibrate, and social, search, display, video, digital out-of-home, event and sponsorship marketing all have higher allocations of budget.

A hybrid strategy isn't only applicable to channels, it also applies to the content production supply chain, as we see varying degrees of increased investment assigned to the different models.

The offshore and in-house "partnership" that has been developing and maturing over the past 3 years, continues to evolve.

The results from this year's survey clearly highlight this, with **61% of participants stating that the offshore production model will have the greatest level of investment in 2023 closely followed by in-house agencies with 55%.**

Global network studios for production and post-production continue to see steady levels of investment, with 35% of the vote.

The content-at-scale challenge that many brands face is developing a clear direction of travel in relation to investment, with in-house and offshore as the fastest-growing models.

61%

of participants see the offshore production model as having the greatest investment in 2023

55%

of participants see more investment
in the in-house agency model for
creative production

The move to offshore production is unsurprising given the commercial restraints, economic uncertainty and resource challenges many brands and agencies are experiencing across the US, UK and Europe. For content tier 3 post-production, in particular, offshore has become a common destination for:

- re-versioning
- transcreation
- localization
- reformatting and resizing
- artwork and retouching
- presentation services
- adaptation

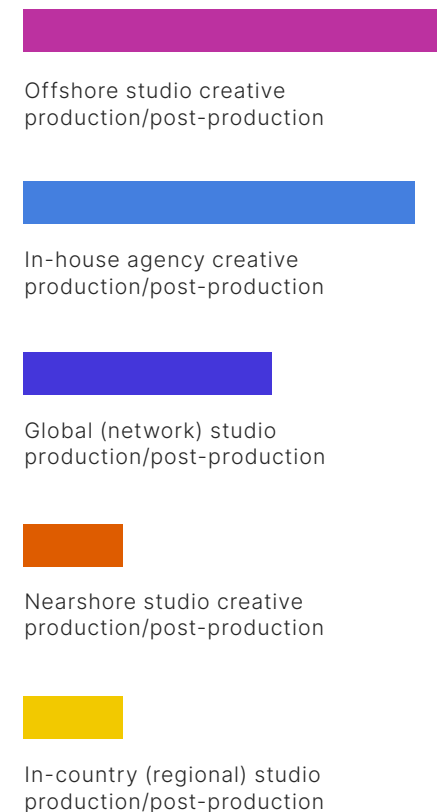
The movement of these services offshore, generates significant cost

savings and alleviates the “post-production” burden on more creatively minded in-house or agency teams focused on asset creation.

The maturing “marketing operations” function, now commonly seen in brands around the world, is looking to optimize marketing processes and drive both efficiency and best practice.

The process relating to content creation, production and asset management will invariably be part of the marketing operations sphere of influence. Marketing operations see the in-house and offshore combined production models as one that can deliver scale, efficiency and brand equity.

LOOKING TO THE FUTURE, WHICH PRODUCTION MODELS DO YOU THINK WILL HAVE THE GREATEST LEVELS OF INVESTMENT & GROWTH IN 2023?





Conversations around offshoring historically are probably more likely to happen in finance and procurement... So, the more we are talking about offshore as a delivery system and as a part of the wider creative ecosystem, the bigger the conversation becomes, the more visible it is to everybody in that creative ecosystem.

Part of the problem is that it's probably thought about too much from a finance point of view and not from a production strategy point of view.

**NICKY RUSSELL
PARTNER, WDC**

Q2: Which areas of content production do you see having the greatest level of spend in 2023?

For the past two years, the ramp-up in digital spending has been significant as e-commerce, online sales, and social commerce all saw considerable growth, to overcome the many challenges and restrictions consumers were facing.

Many brands continue to build on their “digital first” strategy to firm up their online presence, to drive an effective and robust online sales strategy, suitable for sustained growth. So while a hybrid content strategy is non-negotiable to ensure customer relevancy, the key channels that

best contribute to both performance and effective inbound marketing will continue to dominate spending.

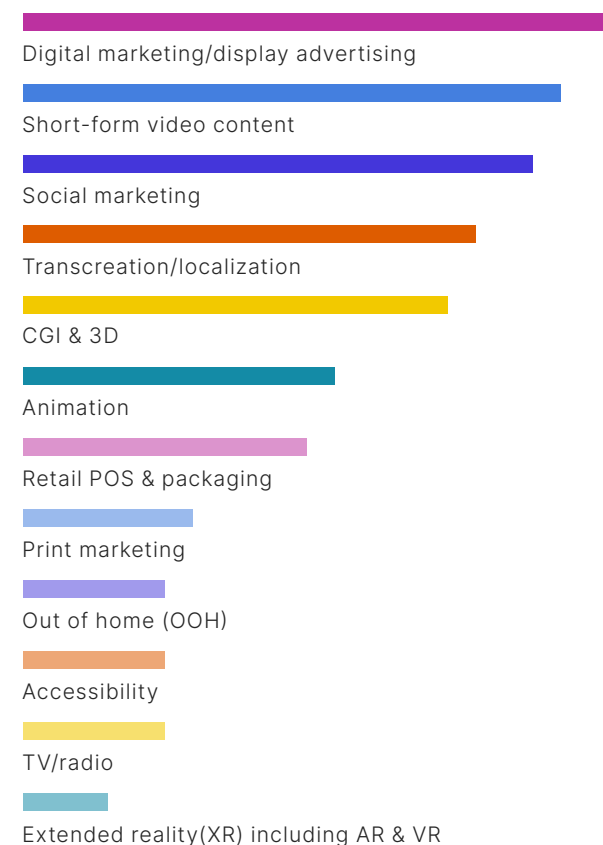
As a result, Digital Marketing and Display Advertising (23%) has ranked number one for the greatest levels of production spend, closely followed by short-form video content (21%).

Also ranked in the top five was CGI and 3D (17%), illustrating that momentum around investment in CGI through the pandemic has been sustained as we enter 2023.

23%

of participants had digital marketing & display advertising as their number 1 area of greatest spend, closely followed by short-form video content with 21%

WHICH AREAS OF CONTENT PRODUCTION DO YOU SEE HAVING THE GREATEST LEVEL OF SPEND IN 2023?





The biggest challenge I see is the constant requests for new content. It's getting more complex, because we are scaling up also in terms of personalization and personalizing the content by community or demographic.

The second challenge that we are facing is how we reduce waste? How can we connect our teams better in order to reduce the waste?

EZIO SAPONARI
CREATIVE & PRODUCTION LEAD
GLOBAL CONSUMER BRAND

Transcreation and localization, while not featuring significantly in the number one area of spend, feature consistently in the top three. With one in three registering transcreation and localization as having increased spend.

Social marketing continues to perform well as budgets adjust to incorporate TikTok alongside already-established Facebook and Instagram spend.

As digital accessibility becomes a pressing topic for every business to ensure inclusion, and with over two billion people living with a disability according to the World Health Organization, it comes as no surprise that accessibility has started to capture greater levels of spend. We expect this to increase significantly next year.

Q3: Do you currently offshore any creative production or post-production services? If not, are you considering offshoring in the next 12 months?



From a creative perspective, when we pitch really high creative work out of the major markets like New York or LA, the ideal model is we can pitch that work creatively within those markets, but to execute the volume, it has to be centralized in an offshore hub.

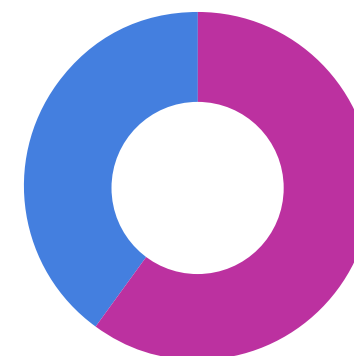
MARCELO GANDOLA
MEDIA & CONTENT EXECUTIVE
EDISEN

Nearly two out of every three companies offshore elements of their creative production or post-production.

The last couple of years in particular, have seen offshore partner engagement ramp up, as in-house teams and agencies look for:

- flexible resources solutions to help manage campaign peaks and troughs
- additional skills and capabilities as talent pools become stretched
- savings that can be passed onto stakeholders, especially on digital and video content

DO YOU CURRENTLY OFFSHORE ANY CREATIVE PRODUCTION OR POST-PRODUCTION SERVICES?



● YES (60%) ● NO (40%)

IF YES, ARE YOU PLANNING ON OFFSHORING MORE PRODUCTION/POST-PRODUCTION IN 2023?

Offshore more (54%)



Offshore the same (20%)



Offshore less (0%)



Not sure (23%)

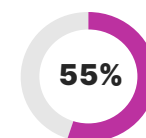


Other (3%)

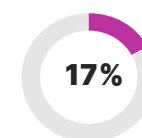
Of those companies that currently offshore creative production and post-production, 74% will offshore more or the same over the next 12 months.

With no companies planning to offshore less than they did in 2022.

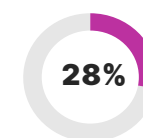
Finally, from those companies that currently don't offshore, a whopping 83% are definitely or possibly considering offshoring in the next 12 months.

IF NOT, ARE YOU CONSIDERING OFFSHORING IN THE NEXT 12 MONTHS?

YES



NO



MAYBE



You can't just have the tier three being managed by the offshore partner and then the creative team managing the big shiny stuff.

The creative and production strategy need to be linked otherwise there is a huge bit in the middle and the production model will start to collapse like a souffle that's just come out of the oven.

NICKY RUSSELL
PARTNER, WDC



We're trying to get the work out as quickly as possible with as little impact to the organization's bottom line as possible.

And I think having an offshore partnership is really important to achieve this.

**MARIE PHILEMON
DIRECTOR OF CREATIVE OPERATIONS
NORWEGIAN CRUISE LINE**

Q4: How many years have you been offshoring creative production services?

The offshore creative production market has moved through “emerging” into the “growth” phase, as pure-play offshore providers increase sales, profitability, production market share and global customers.

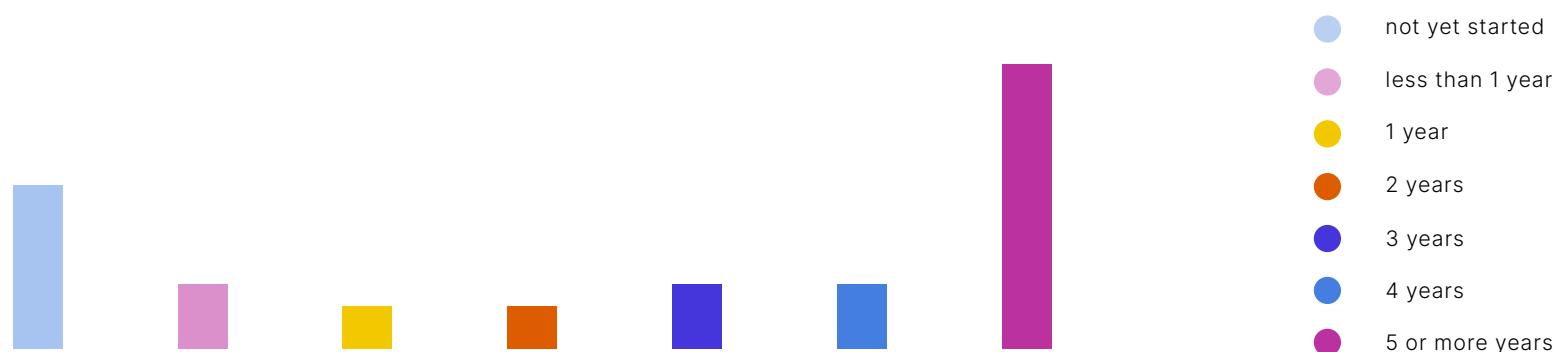
As a result, the competition is increasing and production agencies with studios in North America and Europe are investing more in their offshore hubs. This allows them to leverage lower-cost resources,

access to larger studios, and ultimately volume. As a result, they are able to sustain their share of the market and de-risk their balance sheet as economic uncertainty develops.

The “power of the buyers” has been fairly stable over recent years, due to the ongoing content-at-scale challenge that’s being managed with less budget and a smaller talent pool.

As a result, growing content requirements can sustain large numbers of offshore creative production companies and new entrants, however, we will enter a period of consolidation in the next three to five years with more M&A activity. Studios will come together to offer a greater breadth of locations, services and increased talent pool, while preventing economic challenges like high inflation, rising salaries, and geopolitical uncertainty.

HOW MANY YEARS HAVE YOU BEEN OFFSHORING CREATIVE PRODUCTION SERVICES?



49% of participants have been offshoring creative production services for at least four years, slightly up on 2022's figures, while 30% have had an offshore partner for between one and three years. 9% of companies have only just embarked on their offshore journey.

Establishing an offshore model has become a strategic imperative for many in-house teams, marketing operations

departments and independent agencies looking to scale up.

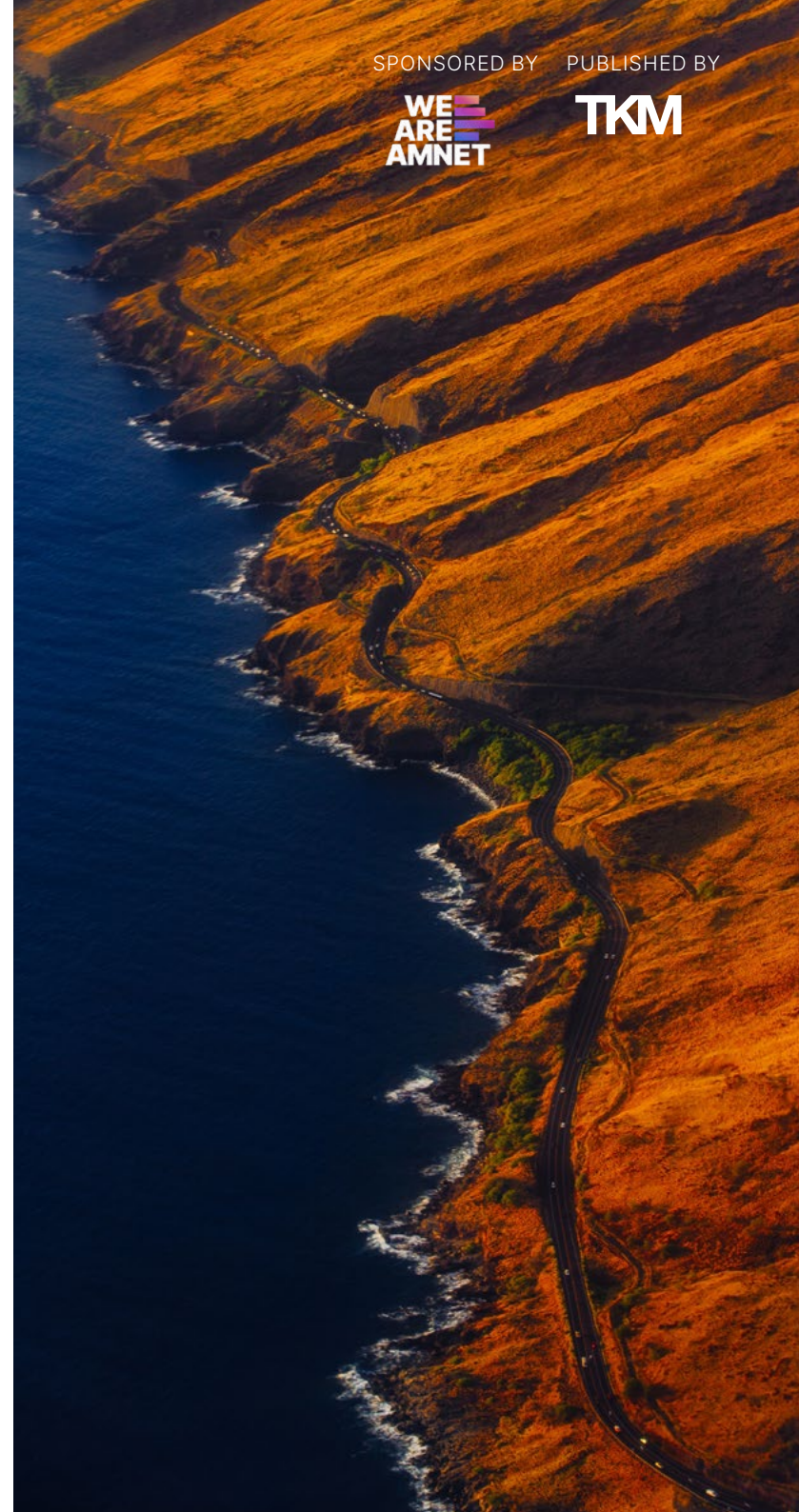
For many offshore companies, a strong, unique and discrete market positioning, coupled with robust quality assurance processes, excellent communication skills, leading technology, tried and tested automation, omnichannel services (advertising to packaging) and a progressive culture anchored in strong principles will help deliver success.

49%

**of those surveyed
have had an
offshore partner for
at least four years**

30%

**of those surveyed
have had an offshore
partner for between
one and three years**



Q5: How many offshore partners do you have?

One offshore partner (53%) continues to be the favored number for the majority of in-house teams and agencies. Successful partnerships are often based on chemistry, credibility, capability, cost and quality, all wrapped up in effective onboarding, with a view to a long-term partnership.

Effective onboarding for an offshore partner should include:

- Excellent communication cadence with planned and structured regular reviews and strong knowledge transfer at the outset, especially around brand guardianship,

technology activation, and production workflow

- Rigorous and well-defined SLAs so expectations are clearly met on the briefing, amendment cycles and quality assurance

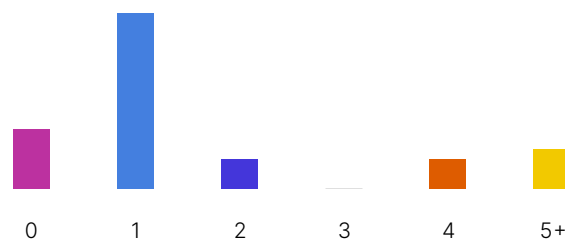
Those companies that have more than one offshore partner documented the following reasons:

- Mitigate any risk (continuity of supply, resilience) associated with only one offshore partner
- Different and diverse services and volume requirements
- A need to scale up quickly
- Multiple global hubs, for different language and cultural requirement

62%

of companies have one or two offshore partners

HOW MANY OFFSHORE PARTNERS DO YOU HAVE?



Ensuring you have the relevant internal resources to build these partnerships is crucial. Marketing Operations can lead this process and are becoming more prevalent as a key stakeholder, working closely with the Studio Lead and Head of Creative Operations.

12% have five or more partners. This is an increase on 2022, perhaps due to the skills and wide-ranging omnichannel services now required.

Q6: In what location is your primary offshore provider based?

For the 4th consecutive year, **India, dominates the offshore creative production landscape as the primary location for most in-house teams, marketers, and independent agencies to source their offshore partner.**

We firmly believe India will continue to hold the number one ranking for many years to come due to the:

- **Growing and unrivaled talent pool.**

With many of the major cities in India now having established production centers, including Chennai, Mumbai, Jaipur, Bengaluru and Delhi – with

the likes of Pune and Goa developing quickly as centers of production excellence. Ensuring resources can be ramped up and scaled at pace, to fulfill the production and post-production of thousands of assets. A host of well-known production businesses are well established across India, with Chennai arguably having the largest talent pool for creative production, within the largest commercial center in South India.

- Many of the Indian cities mentioned, have **large numbers of higher education institutions and colleges**

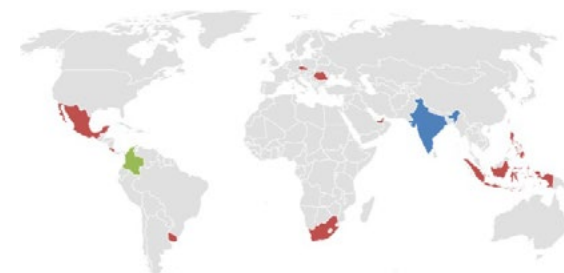
investing heavily in creative, digital and technical disciplines.

India's creative economy has an overall market size of \$36.2 billion and contributes to 8.3% of the country's overall employment. The creative sector in India, also employs more 16-29 year olds (30%) and more females (28%) than the non-creative sector (thehindubusinessline.com). Ensuring that the investment in creative services, especially in the colleges, will continue to keep up with the demand.

47%

of responses had India as their number one offshore location

PRIMARY OFFSHORE LOCATIONS



India ranked first for the fourth consecutive year

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- **Strong language skills and proficiency in English.** This is hugely appealing to both the US and UK markets, and any country where business is conducted primarily in English.
- **A deep-rooted understanding of the international outsourcing market** ensures that India has a well-developed infrastructure for international clients, state-of-the-art facilities and technology to match.
- **Commercially competitive.** India continues to provide excellent value for money. While costs are undoubtedly rising in India, so has maturity of process, quality standards, and levels of skills, so India continues to be considered excellent “value for money”.
- A geographical location that ensures **clients based in the US, Europe and the UK can all benefit**

from a time-zone that ensures work can be delivered overnight, while 24/7 production shifts can provide additional value, as the studios working hours can sync up with those in the west.

Outside of India there are a large number of countries that continue to rank well for offshore production partnerships, with countries in Central and South America featuring heavily.

Countries in LATAM ranked just behind India, with Colombia, Costa Rica & Mexico all seen as thriving creative production destinations.

Colombia

A country that has been on the verge of breaking through as a leading offshore creative services destination, has now broken through. This is due in part to a highly educated workforce, a very supportive government (through their Productive Transformation Program), a progressive digital first infrastructure via a government-funded digital inclusion program, and of course a time zone that mirrors many parts of the US.

Colombia's economy is now the fourth largest in Latin America, with Bogota in particular having economic and financial stability. While Spanish is the primary language, English is steadily on the rise and services are provided in both Spanish and English.

There has been significant investment in Colombia's creative economy, dubbed the "orange economy", which is now worth \$10.8B. The orange economy includes services relating to graphics, advertising, content and application development.

Costa Rica

A fast developing and growing creative economy, with strong digital and technical skills combined with outstanding creative talent. Focusing primarily on the US and Canadian markets, many of the large creative networks have operations in Costa Rica.

Costa Rica has an excellent education system, described as high quality, and a high level of talent retention within the creative sector, especially for graphic design, user experience and web development.

Ranked number one for digital skills in LATAM as well as English proficiency, and ranked number two for skilled employees.

Costa Rica has an advertising market that is close to \$1B (cinde.org), the foundations are set for Costa Rica to grow further and establish itself as a "go to" destination for offshore production.



**Central & South
America:
Colombia, Costa
Rica & Mexico rank
top in Latin America**

Mexico

Mexico continues to rank as number one for the top exporter of creative assets in Latin America, with a mature offshore footprint, a large skilled creative workforce (the 12th largest market for film production globally) with world-class audiovisual production facilities, on par with those in the US and UK. Mexico ticks many boxes for clients in the US, with similar time zones, versatile locations for shooting content and still commercially competitive.

Mexico City generates almost \$42B of the city's total income through its creative design industry which employs approximately 70,000 people (Adweek).

The creative production talent surge continues to focus on those areas of greatest investment with CGI artists developing at pace alongside digital designers and developers.



Offshoring or Smartshoring, can deliver large scale adaptive consistency for greater brand equity.

An in-house team, with a dedicated offshore team are perfect for adaptation and edits.

EZIO SAPONARI
CREATIVE & PRODUCTION LEAD
GLOBAL CONSUMER BRAND

Other primary locations that featured predominantly included Indonesia, the Philippines, United Arab Emirates,

South Africa, Romania and the Czech Republic.

Q7: How much of your total production related spend is managed offshore?

Almost one in three European and US marketing teams and in-house studios now have a mature or very mature offshore strategy, according to the latest Global Content Production Report by the World Federation of Advertisers & TKM. Our statistics show that over one in four companies are now utilizing offshore studios for more than 40% of their entire creative production spend.

As the volume of tier three production relating to formatting, versioning, transcreation and localization accelerates, the need to lean into an offshore hub grows.

Almost one in two companies that currently offshore, manage at least 20% of all their creative production offshore.

Up to 20% of production and post-production is the most likely volume being offshored, and this is consistent with the volume split from last year's Benchmark Report.

With offshore pre-media studios having established lean production workflows, efficient approval cycles, excellent and rigorous communication, better brief management and strong SLAs that guarantee certainty around quality, turn-around-times and cost, the growth in offshore production will continue to steadily rise over the next five years.

We believe that the combination of in-house studios and offshore teams, along with the development of content automation, will see volumes increase even further over the coming years, Content-at-scale challenges should develop, with more digital and the move to meta and XR.

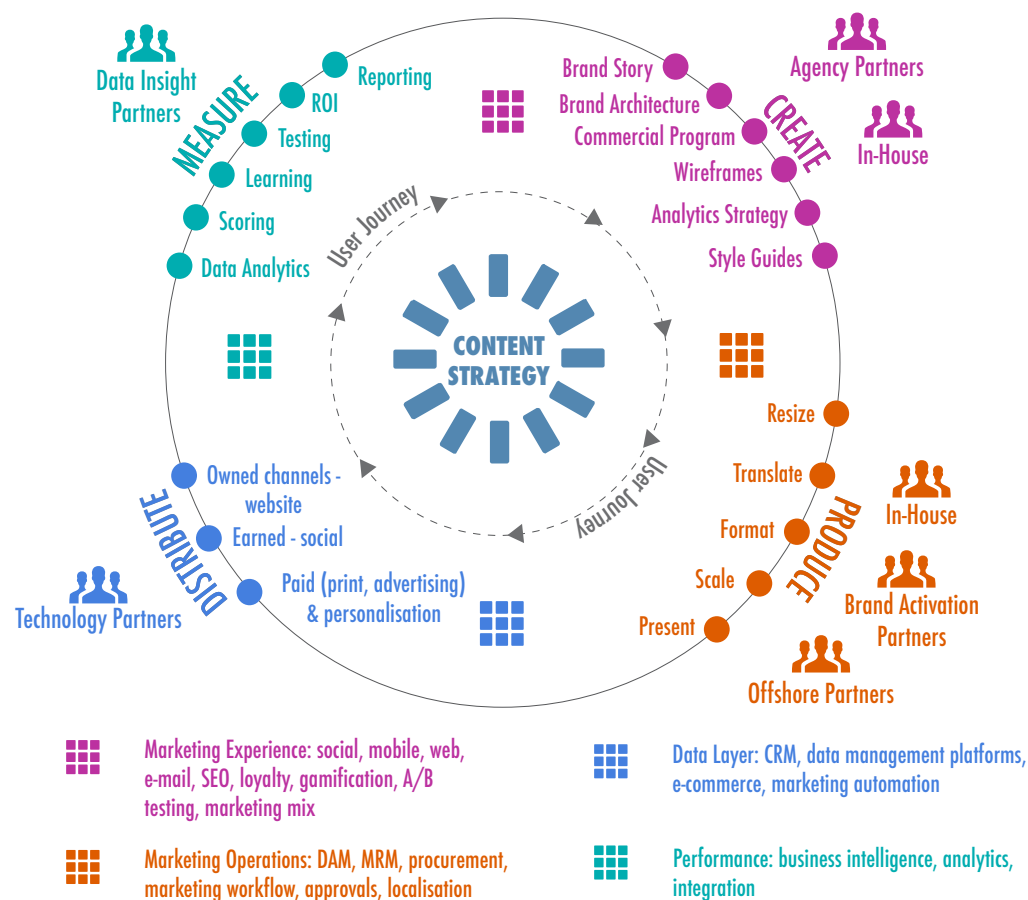
68%

of the companies that currently offshore, manage at least 10% of all their creative production offshore.

HOW MUCH OF YOUR TOTAL CREATIVE PRODUCTION RELATED SPEND IS SENT OFFSHORE?



Defining Tiers & the Content Eco-System



CREATE

Tier 1

Insight, Planning, Strategy Concepts, Masters

PRODUCE, EXECUTE, ACTIVATE

Tier 2

Asset Production, Creative Design, Copy, Brand Guardian, UX, AR, VR, XR

Tier 3

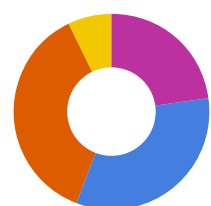
Transcreation, Web Development, Multi-channel Adaptation, Post-Production (Video, Social, Digital, CGI, Artwork, Presentations, Podcasts), Re-versioning, Resizing, Formulaic, Mechanical, Automated

Q8: What percentage of savings would you expect to make across the following services?

Cost savings for offshore production and post-production continue to have a significant impact on the bottom line. Companies that embrace this model can expect **savings of 40% across the board.**

41% of participants would expect a typical saving of 40-60% across all service lines

WHAT PERCENTAGE OF SAVINGS WOULD YOU EXPECT TO MAKE ACROSS THE FOLLOWING SERVICES?



Adaptive Design



Artwork



CGI



Digital Banners & Social



Video Post-Production



Retouching



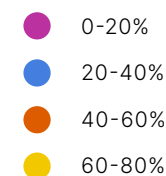
Web/App Development



Presentation Services



Transcreation/Localization



In some cases, savings were expected to be as high as 80%, especially for digital banners and web/app development.

77%

**expected savings
of at least 20% for
adaptive design**

64%

**expected savings
of 20% or more for
presentation services**

52%

**expected savings
of at least 40%
for transcreation/
localization**

78%

**expected savings of
40% or more for video
post-production**

59%

**expected savings
of at least 40% for
digital banners**

47%

**expected savings of
40% or more for CGI**

Q9: Which services are most suited to being offshored?

Services that reside firmly in the “tier 3” category of content production, continue to perform strongly offshore. These services are typically focused on adaptation, transcreation, localization, resizing, reformatting, re-versioning, and retouching, and are utilized for local and regional advertising.

Post-Covid, access to CGI talent continues to be a challenge for many regional marketing teams and agencies, so offshore studios have strengthened their capability and breadth of expertise in this area, to enhance their offer and provide a solution for in-

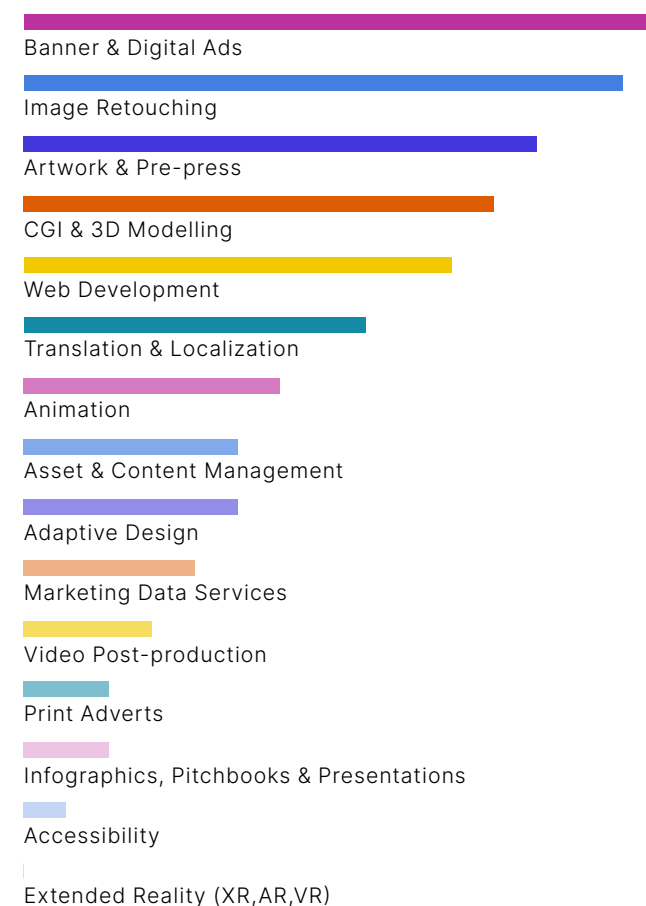
house teams and external agencies.

As offshore studios mature, and Smartshoring develops, a move into “tier 2” content is starting to develop. This includes more creative services, asset production and access to a brand guardian.

Transcreation ensures advertising is delivered within the context of the local market, ensuring brand relevancy, cultural alignment and content that resonates with the target market. 23% of responses had transcreation and localization in their top three services.

Banner & Digital Ads is considered the service most suited to offshore production, with 44% of participants ranking this service in their top three

WHICH SERVICES ARE MOST SUITED TO THE OFFSHORE MARKET?

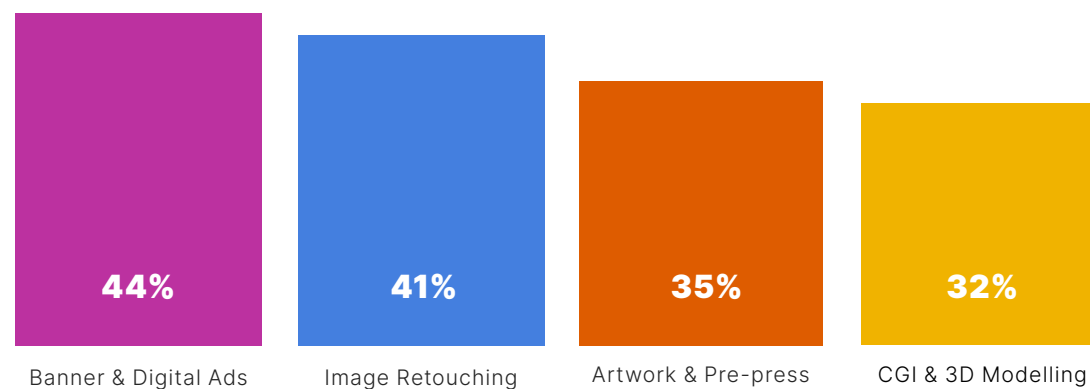


Unsurprisingly, Extended Reality (XR AR, VR) didn't feature in any participant's top three, while accessibility and video post-production scored lower than we would have expected.

Capability in video post-production is on the rise, with state-of-the-art studios opening up across India and Mexico.

The accessibility guidelines, especially in North America, ensures you are able to reach a wider audience, reduce the risk of legal complication and improve usability, so we see this as a service that will continue to strengthen offshore, as more teams fulfill compliance regulations and deliver on the sustainability agenda.

PRODUCTION SERVICES MOST SUITED TO THE OFFSHORE MARKET



As part of our qualitative interviews, we asked industry leaders:

“What do you see as the biggest challenges facing brands in 2023?”



MARIE PHILEMON
DIRECTOR OF CREATIVE OPERATIONS
NORWEGIAN CRUISE LINE

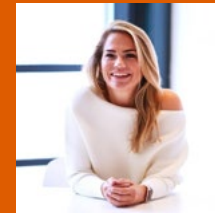
The biggest challenge for brands is planning.

We’re creating the original piece of creative that then gets versioned out to the regions, so we need to get that buy-in from leadership in time to produce hundreds of assets at launch time. And that’s the challenge that we and many companies like us are facing right now.

For example, we know that Black Friday is going to come up. We know that big ecommerce sales are coming. How do we get ahead of it to make sure that we have enough time to still get hundreds of assets done and versioned out in time?

The account teams are always planning their accounts. What’s coming up? What big initiatives are they considering? So we can get ahead and get the support, time and plan to staff up. We’re producing more content as we fight for people’s attention. We’re all looking to get 15 seconds of someone’s valuable time.





NICKY RUSSELL
FOUNDING PARTNER AT WDC,
A MARKETING & CREATIVE OPERATIONS
CONSULTANCY

The biggest challenge for brands producing vast amounts of content is ensuring the brief, the creative and production strategy all work in tandem.

When you want to produce vast amounts of content, then production solutions have to be part of the creative development rather than being thought of as just delivery.

Particularly now creative is becoming a lot more dynamic and a lot more complex in terms of its scale. You need to know how to feed that kind of machine. In-house agencies have the competitive edge here, as they are close to both the creative and production, but it's still an evolution for them.

Production specialists need to be way more upstream, and I want to hear the words 'production strategy' talked about more.

You have to be really considerate about your customer experience now, it's no longer linear. Creativity is changing, everyone is online all of the time, so production specialists need to be upfront with the creative teams.



EZIO SAPONARI
CREATIVE & PRODUCTION LEAD
GLOBAL CONSUMER BRAND

The first big challenge is the constant request to have new content. So it's the quantity of content.

It's getting a little bit more complex, because we are scaling up also in terms of personalization. And the real discussion about personalization is how far we want to go with that, how far do we want to personalize the content?

Just as an example: do we want to personalize the content by community instead of demographic? But do we want to personalize also the sub element of the production, like the music, like the voiceover?

The second big challenge that we are facing is how we reduce waste. How we can connect better inside and bring media and creative and production all together in order to reduce the waste?

The third big challenge is measurement. Our content is performing well, but how much do you measure in terms of engagement versus sales. Is being liked on Instagram enough or is there something more related to sales that needs to be measured against the content being produced?





MARCELO GANDOLA
MEDIA & CONTENT EXECUTIVE
EDISEN

The big challenge for global brands is operating like a global brand by being more cohesive across countries and regions.

This is a structural challenge. You can treat the US like one big market, but Europe can become incredibly regionalized, so centralizing volume execution, potentially offshore, moves you closer to a global model and will bring creative and production closer.

Having a truly 24/7 team for global execution, with the creative being managed out of the major markets, like New York and LA, will build brand equity and ensure you can scale up.

Q10: What are your primary business drivers for working with an offshore partner?

81%

of all participants ranked 'access to lower cost skills & resources' in their top three drivers

1. Access to lower-cost resources

For the last couple of years pre and post-pandemic, our previous Benchmark reports have shown access to “flexible resources” as the primary business driver for sending work offshore, as volumes were uncertain and consumer journeys were shifting dramatically, as the move from high-street to digital and D2C took hold.

As the economic climate evolves, with consumers cutting spending, inflation spiking and a general slowing of the global economy, this has seen marketing budgets and in-house teams come under increasing commercial pressure. The focus once again reverts to a combination of low-cost resources with the right level of skills to manage large volumes of tier 3 and now tier 2 content as the primary driver for sending work offshore.

Close to one in three participants defined “low-cost resources” as the primary reason for working with an offshore partner and 81% rank this requirement in their top three. Cost, once a hygiene factor for offshore production, is again the primary driver for in-house teams. These teams often have inadequate levels of resources in-house due to a freeze on hiring or regional agency costs proving prohibitive to produce and deliver campaigns efficiently.

2. Access to resources that can scale

With the larger, available talent pools in the lower cost economic regions of India and Mexico providing certainty around resources availability, it's not surprising that 45% of participants ranked “access to resources that can scale” as one of their primary business drivers.

Coupled with the fact that hiring production talent and resources are less impactful on the bottom line for many offshore studios, ensures that a “bench” of production talent, often up to 10% can be retained, for peaks when scale is required.

In addition, onboarding new talent can happen at pace, so building teams of fifty people plus is not uncommon and provides scale, whatever the requirements from integrated producers and artworkers to retouchers, CGI experts and digital developers.

3. Access to 24/7 resources

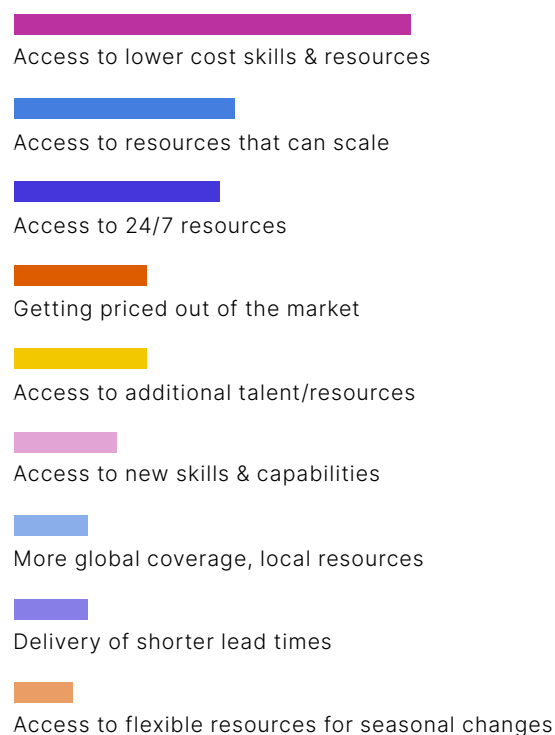
Ranked number one by 27% of all participants (and 42% selecting it in their top three) this result reinforces the consequence of global, always on campaigns and the impact localized production now has on the wider eco-system. Many studios now adhere to multiple shift patterns to fulfill briefs that can be delivered from anywhere in the world, via any time zone.

The trends around decentralized content studios adhering to centralized brand guidelines and globally diverse marketing teams will ensure offshore studios will need to maintain resource availability for the foreseeable future.

The onboarding of workflow solutions for more effective briefing and approvals are mitigating some of the risks associated with the pace of production, while the talent shortage

is de risked due to greater offshore capacity that can operate at 24/7.

WHAT ARE THE PRIMARY BUSINESS DRIVERS FOR WORKING WITH AN OFFSHORE PARTNER?



'Access to 24/7 resources' was ranked number one by 27% of all participants

Getting priced out of the market (selected by 27%) continues to also feed the offshore business case, especially for those in-house teams having to compete with external agencies who may have productions hubs in a variety of locations around the world, where work can be done at lower cost and overnight.

Additionally, external agencies that have multi-year client contracts, can continue to deliver commercial value and increased profitability without the risk of increasing their own headcount. By moving a percentage of the work to an offshore hub, this reduces their cost base and ensures commercially viable contracts as they move into year three and beyond.



The biggest pressure on in-house teams is on budgets. There is a demand for much higher salaries compared to the same experience levels two or three years ago. All of a sudden they are finding that budgets are not going to stretch as far as they would have done in previous years.

**NICKY RUSSELL
PARTNER, WDC**

Q11: What are the most important assessment criteria when selecting an offshore partner?

“Expertise and Capability” (45%), still ranks as the most important assessment criteria, as it did in the 2022 Benchmark Report. Expertise and capability is often evaluated through a rigorous pilot or series of tests before full engagement. The maturity of offshore expertise continues to strengthen, building trust and instilling belief as the relationship develops.

‘Expertise & Capability’ along with ‘Quality Assurance’ and ‘Quality Control’ were the number one assessment criteria when selecting an offshore partner

“Quality Assurance” was ranked in the top three by 45% of participants but only 9% had QA as their number one criteria, confirming the improvements being made by offshore studios around quality control and briefing management.

With more robust brand guardianship than ever before and significantly more emphasis and investment in QA procedures, quality metrics and quality audits, offshore teams are generally ticking the boxes on QA SLAs and quality management.

Communication (33%) was ranked third, followed by turn-around times, case studies/client references and commercial models; all of which received 27%.

WHAT ARE THE MOST IMPORTANT ASSESSMENT CRITERIA WHEN SELECTING AN OFFSHORE PARTNER?



Unsurprisingly, **communication** is a crucial factor to building an effective relationship, in terms of clarity and regularity.

The most effective offshore studios are outstanding communicators, investing in language training, where required, and ensuring that relevant regional language knowledge is a prerequisite during the hiring and onboarding program.

Communication goes beyond the verbal and includes strong documentation, capturing and escalating production issues, managing approvals, commercial management and keeping campaign plans, quality and risk logs updated, while ensuring lessons learned and continuous feedback are included in quarterly reviews.

Turnaround times continue to be a major factor and can be assessed during a pilot with real work, and actual campaign deadlines – even if the initial projects are simple, with the likes of digital banners, brochures, PowerPoint decks or video editing.



We are trying to find the balance between a model where we have an offshore partner and an in-house team available; so we have a team that can respond to urgent requests.

PUNEET SRIVASTAVA, HEAD OF DIGITAL CONTENT & SERVICES LAB, ROCHE
'Outperform Your Competition with Content-at-scale' Event, Nov 2022

Turnaround times are clearly bolstered with offshore locations enabling overnight work, with many offshore studios now having hubs across time zones, from Chennai, India to San Jose, Costa Rica providing even greater value to their customer base.

Technology-enabled briefing, online approvals, digital workflow, content automation and asset management all assist in a more lean, efficient production workflow. From Workfront and Aprimo to Joule and Create Totally, the utilization of a technology platform is now a must have to drive speed to market.

It's encouraging to see **case studies and client references** become more relevant

when assessing an offshore partner. With many offshore studios providing specialist knowledge in different industries.

From B2B and financial services to entertainment, healthcare and retail, having industry know-how can ensure a smooth onboarding process, reduce risk and has the added advantage of sharing best-practice. Industry expertise may also assist in establishing the culture of the organization, especially where greater levels of compliance and governance are needed. Reference calls with existing customers is a must have for all organizations looking at offshore partners.

22%

**of all participants
selected 'Case
Studies, Clients
and References'
as the number one
criteria**

Sustainability failed to register as a top three criteria, illustrating the challenges organizations have in assessing sustainable practices as part of a selection program.

In a recent WFA survey, approximately 50% of their members had only just started their "sustainable journey" centered around production, so the knock-on effect on the offshore partners is very much in its infancy.

**Behind the camera,
sustainable
practices could
include using local
crews, recycling,
scheduled
shoots to reduce
transport, fuel
efficient vehicles,
energy efficient
lighting, building
tool kits to
encourage eco-
friendly production
and measuring
carbon footprints
on ad production.**

Q12: Do you agree with the Smartshoring® approach?

Smartshoring® is a fast-growing category and the most progressive form of offshore creative production. It combines regional client services with offshore production hubs - giving access to the best talent, wherever they may be - with significant cost savings for clients.

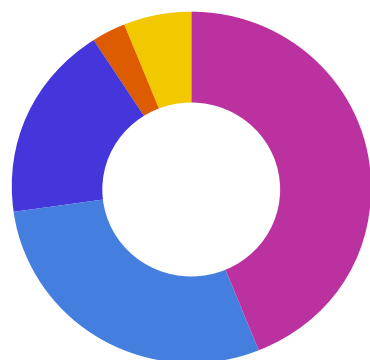
As offshore production studios became a strategic imperative for in-house

agencies and external agencies producing content-at-scale, a more progressive model to service the market was needed.

Smartshoring ensures culture, communication, quality and commercial value can all be realized through a hybrid model of regional client services teams and offshore production hubs, offering a fully integrated service.

Smartshoring® provides agile and flexible solutions for in-house teams wrestling with producing content at scale

DO YOU AGREE WITH THE SMARTSHORING APPROACH TO OFFSHORE PRODUCTION?



- strongly agree
- agree
- neither agree nor disagree
- disagree
- need to know more

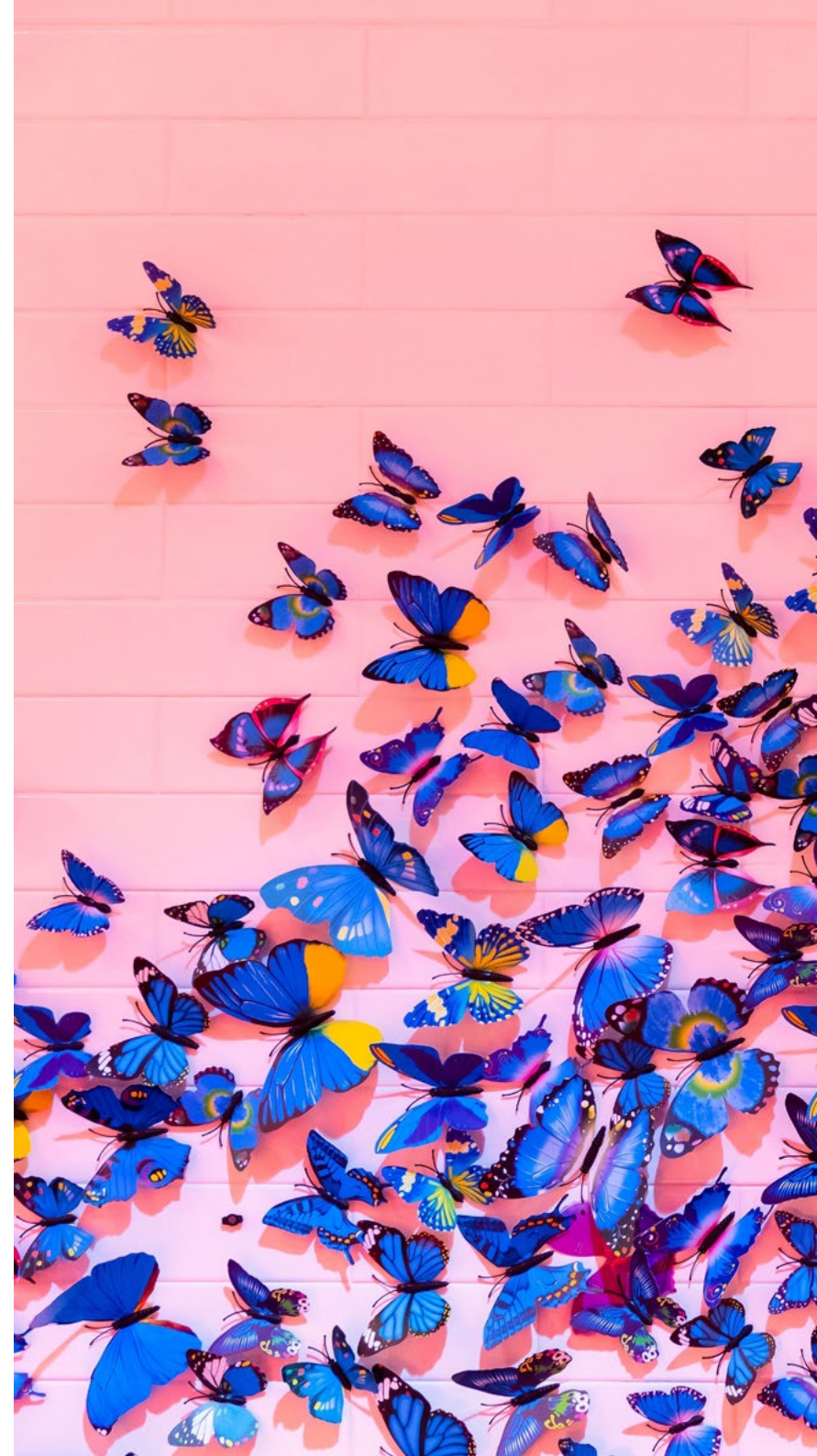
73%

of participants agree or strongly agree with the Smartshoring® approach to offshore creative production

In-house teams and agencies can benefit from:

- Commercial value; savings can be realized quickly and more easily be passed back to the clients
- Access to skills and expertise without capital expenditure
- 24/7 production shifts aligned to client time zones
- Resources that are flexible and can scale quickly
- Infrastructure that is built in lower-cost economies
- Flexible commercial models, from transactional pricing to fixed-term employees, as well as captive management and build-operate-transfer models
- A network of studios to produce global campaigns
- Technology enabled to deliver production efficiency and streamlined working practices

The Smartshoring approach is being adopted by in-house teams around the world, to maximize the value of resources availability to deliver low-cost tier 2 & 3 productions, while having access to in-country client services to mitigate any cultural and communication risk.



//

Offshoring isn't new, it's been going on forever. Once the creative is sold in, you need to turn to offshore for execution.

The physical onshore presence for creative talent and client services with offshore production hubs for large scale execution, is why Smartshoring® is so important.

MARCELO GANDOLA
MEDIA & CONTENT EXECUTIVE
EDISEN

Producing Content-at-Scale

Brands are striving to find the balance between their in-house agency, creative agency and Smartshoring®, to produce content at scale.

Companies are leaning on culture as a fundamental need for sustained growth. Smartshoring is rapidly being adopted as a model that promotes cultural alignment.

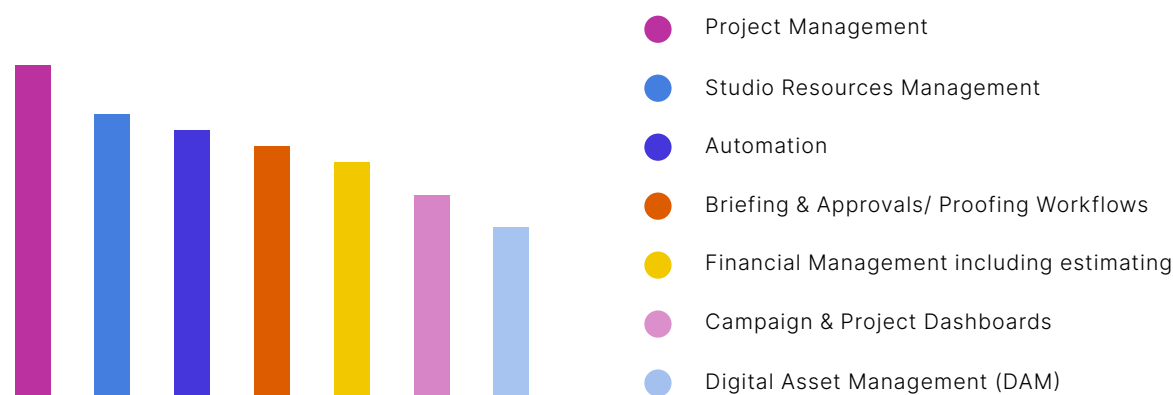
Marketers, in-house teams, and agencies get the “best talent, from their offshore partner, wherever they are in the world” all thanks to regional account managers, studios that put their people first, modern hybrid working, strong diversity, equity, and inclusion, and a rigorous selection process.

Smartshoring® is fast becoming a strategic imperative for in-house teams and agencies offering the following services:

- Artwork Production
- Retouching
- Digital Banner Advertising
- Video Post-Production
- CGI, Motion & 3D
- Adaptive Design
- Repro/File Prep
- Data Services
- Automation
- Web/App Development
- Accessibility
- Publications
- Presentation Services
- Content Management

Q13: What technology should be provided by your offshore partner?

WHAT TECHNOLOGY SHOULD BE PROVIDED BY YOUR OFFSHORE PARTNER?



Project management was selected by 62% of participants as a 'must have' technology. Studio resources management (53%) & Automation (50%) came second and third.

Technology continues to play a major part in any successful offshore partnership. The ability to automate certain production outputs from digital banners to video re-versioning and even packaging artwork, is undoubtedly becoming a must have for most production studios.

Transparency around studio utilization, especially with the large volumes being

moved offshore, ensures in-house and marketing teams have greater visibility and are getting maximum “bang for their buck” when investing in full-time resources.

Digital asset management, the most mature of all the software services, is now seen as a hygiene factor and something that should be provided as part of the service, to ensure assets can

be reused and repurposed regionally and globally.

Along with DAM, studios delivering content management services offer added value, enabling governance, rights management, and effective tagging to ensure assets are fully searchable and re-usable, saving companies hundreds of thousands of dollars by repurposing content and ensuring brand consistency.

Q14: What were the most important factors in the onboarding process for you?

Whether you're onboarding a new regional production partner or an offshore studio, many of the challenges marketing and in-house teams face are similar. A robust and well defined onboarding process, for both sides, will edge you closer to success.

1. Structured and regular communication is non-negotiable, and has taken over as the number one most important factor in the onboarding process (it was second in the 2021 Benchmark Report). Especially when potentially dealing with multiple time zones

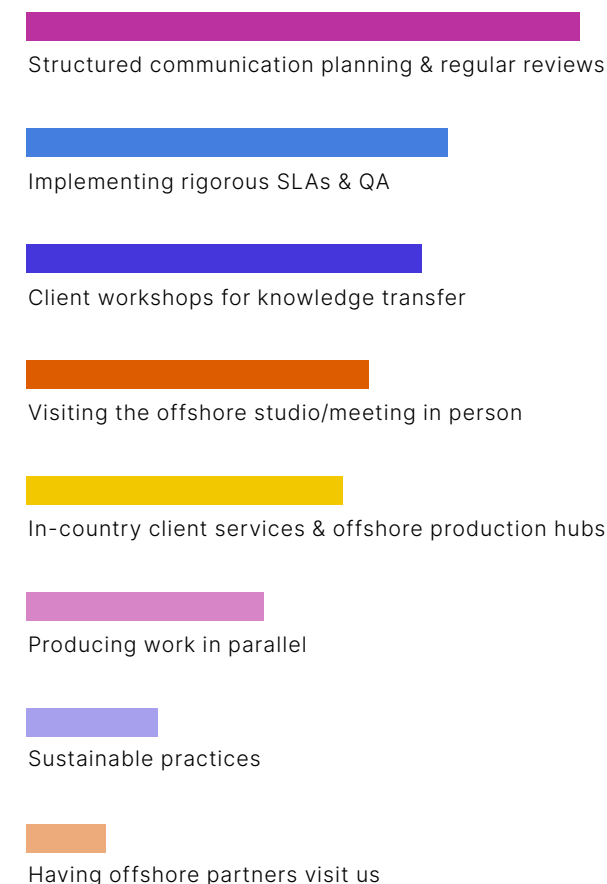
and perhaps unfamiliar cultures, ensuring how and when you communicate, as well as ensuring transparency, honesty and continuous open feedback, will foster a relationship built on trust and team spirit.

Ensuring internal communication is equally important, so teams are aware of roles and responsibilities, clear on the project goals and objectives and are fully bought into the "why" for an offshore partner.

65%

of participants selected 'structured communication planning & 'regular reviews' in their top three. 'Implementing rigorous SLAs' & 'QA procedures' was a close second with 50%.

WHAT ARE THE MOST IMPORTANT FACTORS IN THE ONBOARDING PROCESS FOR YOU?



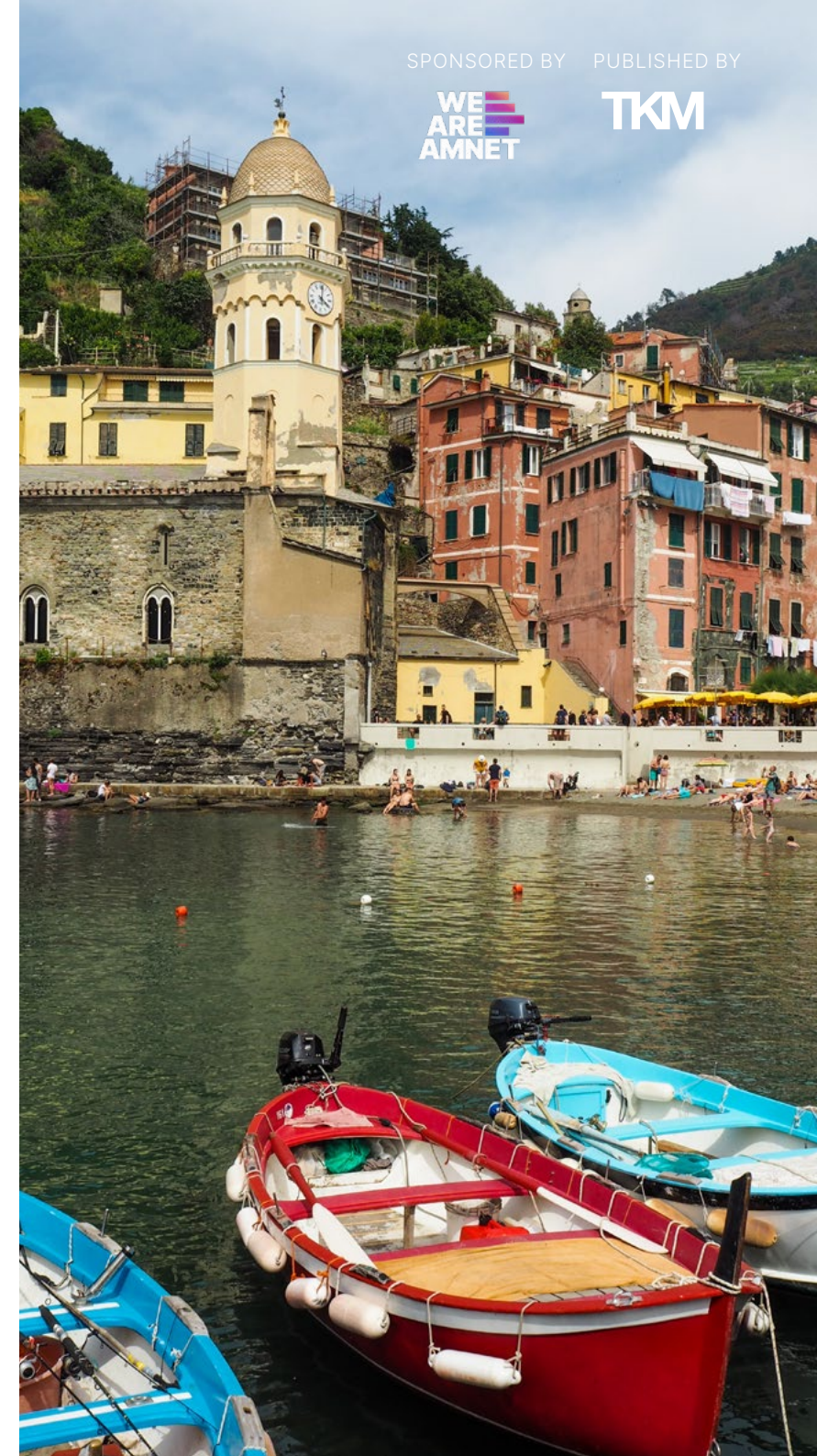
2. The importance of clearly documented and agreed expectations on the briefing, approvals, capabilities, quality assurance and turnaround times, means **implementing rigorous SLA and QA practices and procedures** is a high priority when introducing a new offshore studio.

Ensuring typical and exceptional scenarios are accounted for will assist with the smooth running of any partnership, especially when volumes are high and the studios are at maximum capacity.

3. With hybrid working prevalent across most production studios, the opportunity to visit an offshore studio, meet the teams, share knowledge and integrate cultures is a significant value add for success.

Much can be accomplished in a short time through a face-to-face visit, as studio working practices, culture, hiring talent, retention strategy and communication approach can be assessed quickly.

Client Workshops at the start of the engagement for knowledge transfer were selected as the number one most important factor by 22% of participants.



Q15: What are the barriers to a successful partnership?

Quality (85%) and Communication (82%) are the two areas that define success or failure, in any offshore production partnership.

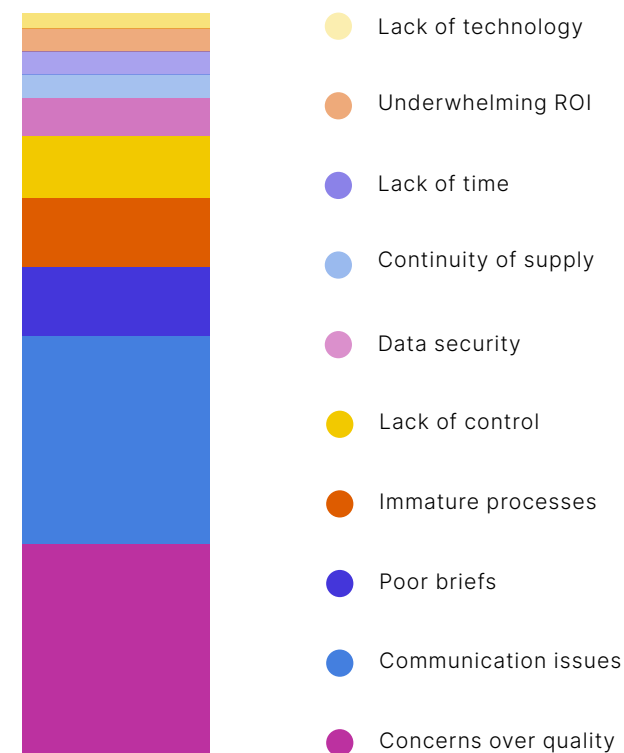
Without quality targets being hit or surpassed, there is no chance of success. Communication underpins the entire relationship, from briefing and approvals to resolving project or campaign issues and potential issues around quality.

The two standout barriers were concerns over 'quality' and 'communication issues', with 'poor briefs' and 'immature processes' tied in third.

As companies strive for right first time production and to ensure they are working with an offshore partner that can fulfill the aspirations around quality and communication, some areas to consider are:

1. Ensure they have operational excellence at the heart of the studio; including appropriate certifications, including ISO 9001 and 27001.
2. Utilize a well-documented quality assurance program, including "design for quality" principles, a "quality-check" methodology, quality audits, FTR methodology, asset quality reviews and post-production QA and robust quality checklists

WHAT ARE THE BARRIERS TO SUCCESSFUL PARTNERSHIP?





3. Align with the Smartshoring methodology, where regional client services teams can be immersed in the client's culture to ensure greater collaboration between the two teams, provide a "last mile" check on quality and overcome any communication barriers.

With this structure in place, the offshore studio will become an extension of the in-house team, with an accountable client services SPOC (single point of contact).

4. Leading production workflow software provides a platform for best practices, greater transparency, better management information, real-time dashboards and a full audit trail to enhance quality and communication.

5. Your offshore partner should have Brand Guardians within the project teams, responsible for ensuring the ethos of the brand is represented effectively. Fully immersed in each campaign, they will ensure the "creative to production" handoff is smooth, quality control is adhered to and brand equity is maintained at the highest level.

Q16: What would you expect to be automated/partially automated?

Automation delivers speed, accuracy, relevancy, personalization and ultimately enables an efficient and effective digital production strategy.

As companies struggle to add head count and mobilize large in-house teams to manage the volume of content now required, automation can assist with the management of high-volume adaptation.

Offshore studios will often provide a combination of studio resources and automation (for repetitive tasks), to maximize their customers' spend, and to ensure they can deliver greater speed and volume.

65%

of all responses believe that social content versioning should now be a wholly automated task.

A further 56% believe the same about display advertising (banner ads). 41% believe video localization should be automated where possible.

WHAT WOULD YOU EXPECT TO BE AUTOMATED?



- Social content versioning
- Digital & display advertising (banners)
- Video localization
- Packaging artwork
- Print & retail point of sale



Content automation is a really important part of the ecosystem. And I think it can be both effective and really efficient when it's used in the right way.

Companies, particularly procurement teams, are ready and eager to invest in that area...that's what we're seeing. But my caution, again, comes from not thinking about it in isolation, it needs to feed that delivery model.

How do you feed an automation enabled eco-system to complement and amplify your message. It's not only about creating more, but being more targeted.

NICKY RUSSELL
PARTNER, WDC

Social content versioning and banner resizing are two such services that can lend themselves to automation, focused on building network-ready ads, across languages, formats, channels and markets.

Content versioning for video is also a production service where automation is taking hold, where thousands of versions can be created and deployed directly to the relevant social channels.

As digital ad spend grows year on year by approximately 10%+, so does the spend on creative automation technology, with no signs of slowing.

Automation as part of the technology roadmap is a must have for all offshore producers of content.



“

In terms of automation, we're moving towards being more dynamic... I can see the glimmer in everyone's eyes and I can see the benefit of automation.

Workloads are just going up and automation is something we're looking at, it's something all companies should be looking at, for both personalization and volume.

MARIE PHILIMON
DIRECTOR OF CREATIVE OPERATIONS
NORWEGIAN CRUISE LINE

Q17: How do you measure success?

Quality of work continues to out-perform a commercial ROI as the stand-out measurement of success.

Quality was selected by a resounding 91%, up from 76% in 2022 and 73% in 2021.

Commercial ROI, selected in the top three by 75% of participants, continues to be a benchmark for success, and is certainly a key consideration for procurement and marketing operations.

Cost savings are a must, especially for those in-house teams and agencies that operate from the US, UK or across Western Europe where day rates are often double or triple the offshore cost.

Forming trusted relationships ranks highly once again reinforcing the significant growth and maturity of the offshore partner relationship,

often seen as an extension of the in-house studio, with brand guardians responsible for uplifting brand equity and ensuring guidelines are adhered to and campaign deadlines are never missed. Reinforced by the fact our results show “work done to deadlines” is now on par with trust when it comes to measuring success.

‘Quality of work expected to standard’, followed by the ‘Commercial ROI with cost savings achieved’ and ‘Forming trusted relationships’, were the top three measurements of success.

HOW DO YOU MEASURE SUCCESS?



Q18: How happy are you with your existing offshore provider?

As we've established, satisfaction is primarily down to quality standards and levels of communication, however poor briefs and immature processes on the client side can also contribute to a strained relationship.

Inevitably there is room for improvement with 8% of participants claiming levels of dissatisfaction with their incumbent offshore suppliers, while 23% are neither satisfied nor dissatisfied – clearly, an opportunity here to raise the bar and improve on

the relationships with a better ROI and improved “right first-time” quality standards.

However, with more than two out of every three companies satisfied or very satisfied with their existing relationships, achieving success is more likely than not.

In fact, the “happiness percentage” is higher (61% in 2021, and 69% in 2022) than in previous years' Benchmark Reports.

69% of all participants were either very satisfied or satisfied with their offshore provider

HOW HAPPY ARE YOU WITH YOUR EXISTING OFFSHORE PROVIDER?



Conclusion

With 60% of all companies utilising offshore production as part of their content ecosystems and a further 83% (of companies that don't currently offshore) considering an offshore solution this year, it's unsurprising that the investment in offshore creative production is superseding all other production models.

The economic uncertainty surrounding businesses has meant the attainable commercial savings delivered through offshore production (on average at 40%) have emerged to become the key business driver for marketers, in-house teams and agencies. 81% of all participants rank "access to lower cost skills and resources" as the number one reason for working with an offshore partner.

Additional business drivers including access to talent that can scale, new digital skills, 24/7 resources and to "avoid being

priced out of the market", all contribute to a compelling "offshore adoption" strategy.

Our results show that digital marketing, short-form video content, social marketing, transcreation and CGI are the top five areas of production spend going into 2023.

Offshore studios provide extensive skills around these high-volume execution areas, with digital banner ads (44%), CGI (32%) and transcreation (23%) all rated in the top five for services most suited to the offshore market.

Automation is playing a more significant role, as social content versioning (65%) and display advertising (56%) are considered primed for greater automation.

73% of companies agree with the Smartshoring approach to offshore creative production.

Smartshoring combines "regional client services teams with low-cost production hubs" to ensure quality standards, cultural alignment and communication are always consistent with the client's needs.

This model is emerging as the most progressive and suitable model to combat the biggest barriers to a successful partnership. In addition, India continues to be ranked number one as the primary location for low-cost hubs, with Mexico, Colombia and Costa Rica also ranking highly.

Short to medium-term offshore growth is beyond inevitable as satisfaction levels climb, offshore hubs become a fundamental cog in volume delivery and execution, and creative and offshore production strategies become more integrated.

About Us



We Are Amnet is a **global leader in creative production**.

We Are Amnet deliver unmatched expertise in multi-channel content production and post-production.

We Are Amnet are **pioneers in Smartshoring®**; a hybrid model based on global production hubs and in-country client services teams.

Smartshoring® has become essential for brands, in-house teams and agencies to stay competitive, deliver unparalleled quality and increase profits when implementing global campaigns.



TKM is a **growth consultancy and a leader in marketing transformation**.

We specialize in the ever-changing marketing services, marketing operations and martech landscape. We understand how it all fits together to deliver your revenue and growth targets.

We enrich this process by capturing market leading B2B insight and provide a platform for thought leadership.

For more information please visit:
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