

Trends in HR Marketing Forays into Marketing 2.0 and PR 2.0



Abstract

This research report, sponsored by HRmarketer.com, covers the latest trends and best practices for marketing to the human resource (HR) and employee benefits marketplace. The data in this report is based on responses from HR and employee benefits suppliers collected during the first half of 2006. The key trends outlined in this report are:

- Marketing 2.0 and PR 2.0 tactics increasingly relevant to B2B marketers
- PR becomes an integrated component of the larger marketing machine
- Multifaceted marketing approach necessary
- Executive expectations increasing
- Online lead generation underway with most HR suppliers

This report also includes key findings, recommendations and what the HR/Benefits marketplace has learned about online marketing in 2006 and best practices for successful HR/Benefits marketing in the integrated, online environment of 2006 and beyond.

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Introduction

This report provides information on trends and best practices for marketing to the HR/Benefits marketplace, and more specifically on the adaptation of Marketing 2.0 and PR 2.0 techniques for that marketplace. It includes an analysis of trends and the technologies most used in this industry. Finally, this report offers insight into the tremendous opportunity available for those marketers willing to innovate and who interested in gaining more market share.

Methodology

The research data referenced in this report is based on responses from suppliers in the HR/Benefits marketplace, and the data was collected during the first quarter of 2006. The HR/Benefits providers represented in this study come from diverse segments, including HRIS and ERP solutions, HR consulting, recruitment and staffing, compensation and incentive programs, employee benefits, training and development and outsourcing. The industry segment with the most input was Talent Management/ Employee Relations (23%) followed by Training and Development (18%).

This report is the second of four studies planned for 2006 that will focus on the trends in HR marketing. The next two research studies in the “Trends in HR Marketing” series will be released quarterly in 2006, and they are as follows:

- Q3: Trends in HR Marketing: A Report on HR Buyers
- Q4: Trends in HR Marketing: Annual Report

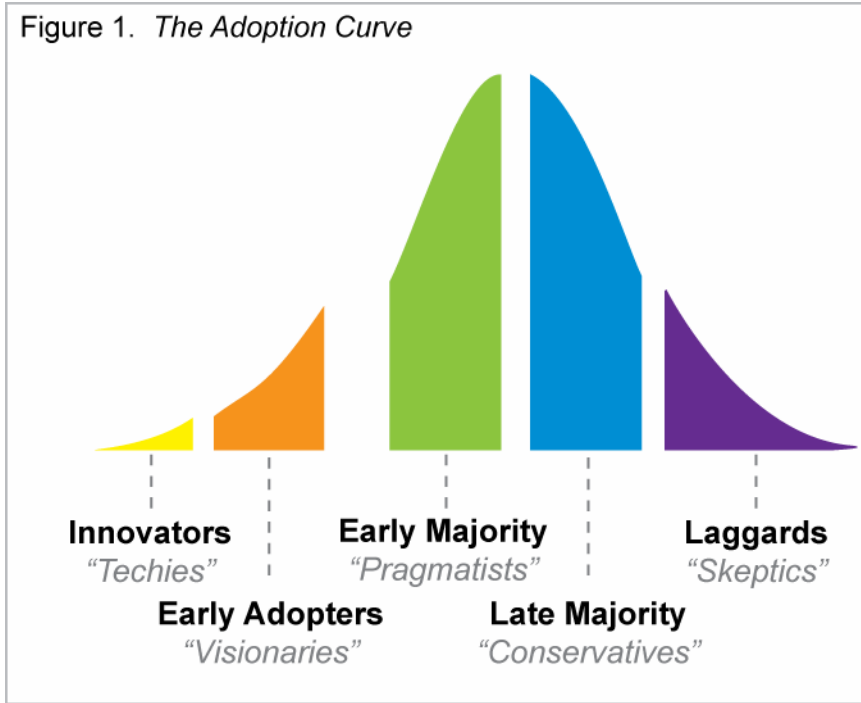
If you are interested in participating in the next survey, please email us at research@hrmarketer.com.

Summary of Key Findings

- Marketing 2.0 and PR 2.0 tactics increasingly relevant to B2B marketers
- PR becomes an integrated component of the larger marketing machine
- Multifaceted marketing approach necessary
- Executive expectations increasing
- Online lead generation underway with most HR suppliers

Marketing 2.0 and PR 2.0 tactics increasingly relevant to B2B marketers

Marketing 2.0 and PR 2.0, terms often associated with Web 2.0 and used to encompass the new generation of interactive online communication including blogs, podcasts and RSS feeds, have become



industry buzzwords for many marketers, although few have taken advantage of the tremendous opportunity offered. In the Marketing 2.0 arena, B2C marketers tend to be the early adopters while B2B companies fall in the late majority or laggards of the adoption curve (see Figure 1).

PR 2.0 is still a relatively new term, and it has yet to be established as a tactic by any industry. Like Marketing 2.0, it is the adoption of Web 2.0 tools (blogs, podcasts and RSS feeds) to distribute a PR message. YouTube is a popular

venue for PR 2.0—a company can post a video of a presentation or event to the site and use it to generate publicity for the company. Many of the tactics are similar to Marketing 2.0, and the tools are the same.

While many B2C marketers post on Myspace.com or utilize Flickr to get their message out to the masses, B2B marketers still rely on popular and well-established means of online marketing tactics such as PPC (pay per click) and banner ads. These methods can be unnecessarily costly for B2B businesses targeting a highly specialized marketplace.

B2B marketers, especially those who target HR buyers, must take advantage of the technologies that are most beneficial and cost-effective, rejecting those that cast a net too broadly or do not fit their audience and message. The chosen methods must support their marketing goals and the demand for accountability. (For more about current market goals, please see Figure 2.) In order to make these decisions, marketers must be aware of the technologies available to them, such as blogs, podcasts, RSS feeds and “Marketing” press releases and how to utilize these technologies for maximum impact, in

Those HR suppliers who wish to gain market share must take advantage of the technology available and reach their prospects faster with a more appealing message than their competition.

terms of both marketing goals and ROI. (For more information on Marketing PR, please visit the HRmarketer.com website).

Marketing professionals are under increasing pressure from executives for demonstrable results and evidence of adaptation to the current market place. Executives still speak in terms of qualified leads and return on investment, and our analysis suggests marketers struggle to satisfy the expectations of executives against these core metrics. Meanwhile, the iterative cycle of marketing technology development and decline continues to shorten. Professionals are ceaselessly looking for education and information from among the vendor, analyst and consulting communities. However, there is no school for Marketing 2.0.



When the complications of Marketing 2.0 are coupled with the constant emergence of new competitors in the marketplace, HR suppliers must constantly look outward to stay competitive. The number of suppliers has increased as the HR marketplace grows and technological barriers to entry—from a product development, delivery, and marketing perspective—decrease. The increasing extent to which buyers and sellers interact online allows suppliers to market directly to the HR industry without having to purchase expensive advertising. Those HR suppliers who wish to gain market share must take advantage of the technology available and reach their prospects faster with a more appealing message than their competition.

Marketing 2.0 cannot be ignored because it affords compelling opportunities; however, the skill required to execute successfully is equal to the opportunity. Marketers must be knowledgeable and discerning.

The Reinterpretation of PR in the Modern Marketplace

While the Marketing 2.0 has created an increasingly complex online universe, it has also created the need for a collaborative approach between the forces of Marketing and PR, which after all share the same ultimate audience. Marketing and PR have fused in many organizations to create Marketing PR – a term HRmarketer has used for some time now to describe this reality as well as the tactics that are put into practice as a result of this union. In the practice of Marketing PR, all marketing and PR tactics support marketing objectives (such as lead generation) versus media placements (or other traditional PR metrics). This resource consolidation has benefited marketers tremendously because Marketing PR drives online lead generation efforts, producing demonstrable ROI. Moreover, it is more measurable than traditional PR by monitoring web site traffic, lead generation and SEO rankings.

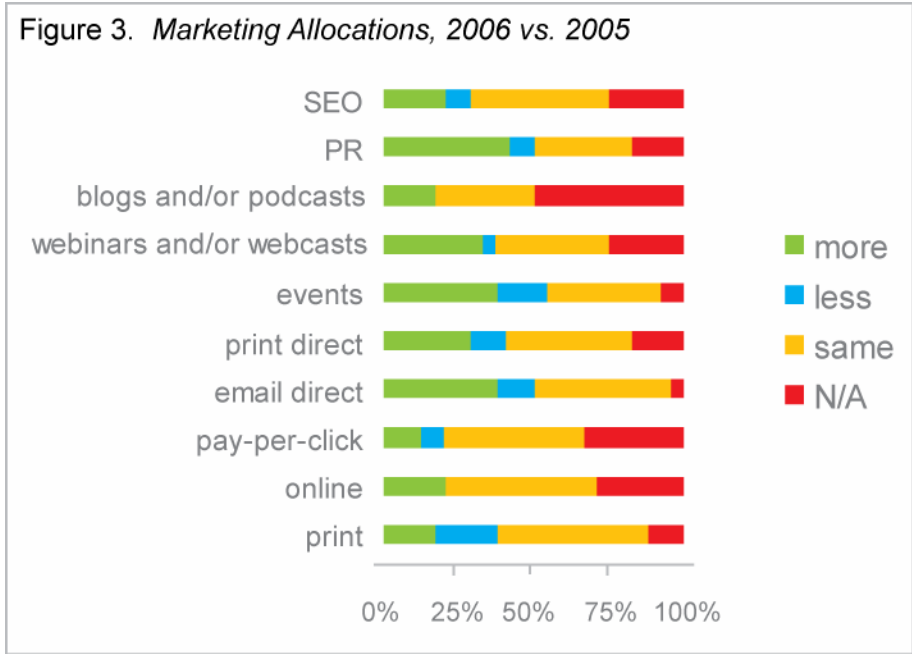
Marketing PR drives lead generation efforts through online media placements such as website publications and eNewsletters, more specifically those that link back to an online information collection form, and via marketing press releases. Marketers realize the value of media placements, in both traditional and online media, as a demand generation tool. More than 63 percent of respondents chose media placements as a key metric for 2006. In 2006, 74 percent have increased their spending on PR, and when respondents to our survey were asked how to increase the effectiveness of their marketing and PR departments, increasing PR staff was the most common selection. However, not all marketers are taking full advantage of Marketing PR—many have not utilized the marketing press release.

A marketing press release, or a press release written for *buyers* and not specifically the media, commonly includes a link to a promotional offer of some kind (a call to action). A marketing press release does not often lead to print media placements but can increase both demand and lead generation. While many respondents are sending marketing press releases, 23 percent are not sending any and 42 percent are not sending with the frequency necessary to drive the maximum amount of leads (which we estimate to be about once per month). This vital component of Marketing PR is still in its infancy for the HR/Benefits marketplace, but it can drive leads and demand if properly utilized.

Multifaceted Marketing Approach Necessary

The silver bullet marketing approach, whether it was television, direct mail, the annual trade show or a mention in a major metropolitan or national newspaper, is no longer sufficient in the world of online marketing. While many marketers have not yet developed a formula for maximizing their marketing expenditures, they are willing to try a variety of methods to increase demand and lead generation. Online

Figure 3. Marketing Allocations, 2006 vs. 2005



advertising and blogs were two categories in which no one decreased their marketing allotment from 2005 to 2006. The increase or consistency spending in print direct marketing, online advertising, pay per click, events, blogs and PR exemplifies a more diversified marketing portfolio for most companies in the HR/Benefits marketplace. Few marketers have decreased spending in any category.

While traditional methods of demand and lead generation, namely print advertising, PR and print direct marketing, are still perceived to be the most valuable tools for marketers, online advertising also made the top four, followed closely by email direct marketing. Marketers' perception of their tools is changing, and the value of direct marketing is predicted to increase over time.

More than 80 percent of respondents spend 50 percent or more of their budget on direct marketing.

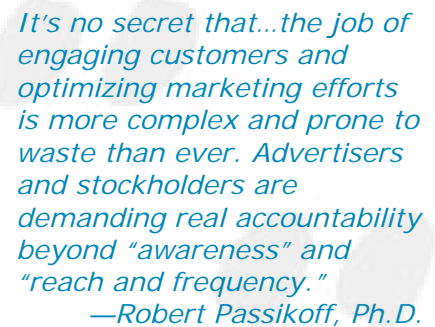
Direct marketing allocations are increasing, and analysts predict continued increases because of its effectiveness in the current marketplace. All respondents engage in some form of direct marketing, and 28 percent engage in direct marketing only. More than 80 percent of respondents spend 50 percent or more of their budget on direct marketing. Direct marketing efforts can be more effective through segmentation that:

- Increases response rates
- Drives more qualified leads
- Can potentially lower costs

More than 50 percent of respondents currently utilize segmentation in their direct response activities. Personalization, chosen by 60 percent of respondents as their strategy of choice for improving direct mail response rates, can more than triple response rates.¹ Relatively new methods of direct response advertising, such as webinars, are already receiving significant marketing allocations.

Executive expectations increasing

For most human resource and employee benefits suppliers surveyed, marketing expenditures are 5 to 10 percent of their total budget, and executives are no longer allowing ambiguity about what in their portfolio is working and what is not. Most executives realize the potential of online marketing tools to create demonstrable ROI; unfortunately, their expectations have traditionally overextended their allocations. This has been caused, in part, by the inability of marketers to fully realize and demonstrate the value of the various online marketing tools and to differentiate what activities are producing results. As Tony Romeo of iMedia Connection said, "It's not enough for internet advertising to be marginally more effective. Status quo bias can only be overcome by being much better. The case has to be made stronger and stronger, and persistently, so that the status quo becomes more and more indefensible."²



It's no secret that...the job of engaging customers and optimizing marketing efforts is more complex and prone to waste than ever. Advertisers and stockholders are demanding real accountability beyond "awareness" and "reach and frequency."
—Robert Passikoff, Ph.D.

While this disconnect between expectations and spending still lingers, allocations are increasing and in some areas are equal to performance expectations. Spending on email marketing and SEO, two online marketing tools, demonstrate far greater expectations than the current level of investment indicates. According to respondents, 82 percent expect more leads from email marketing, but only 39 percent are spending more. In the case of SEO, 50 percent expect more leads, but only 39 percent are spending more. To be sure, for SEO and email marketing, the amount spent does not necessarily equal the results. SEO can be done organically and relatively inexpensively and effectively increase page rankings on major search engines, especially if marketing press releases are a contributing component. Email marketing is used by so many companies that what is innovative and interesting is changing almost monthly. To avoid spending capital uselessly, marketers must be continually aware of changing best practices and CAN-SPAM compliance. We do expect spending to tilt more heavily toward online marketing in coming quarters.

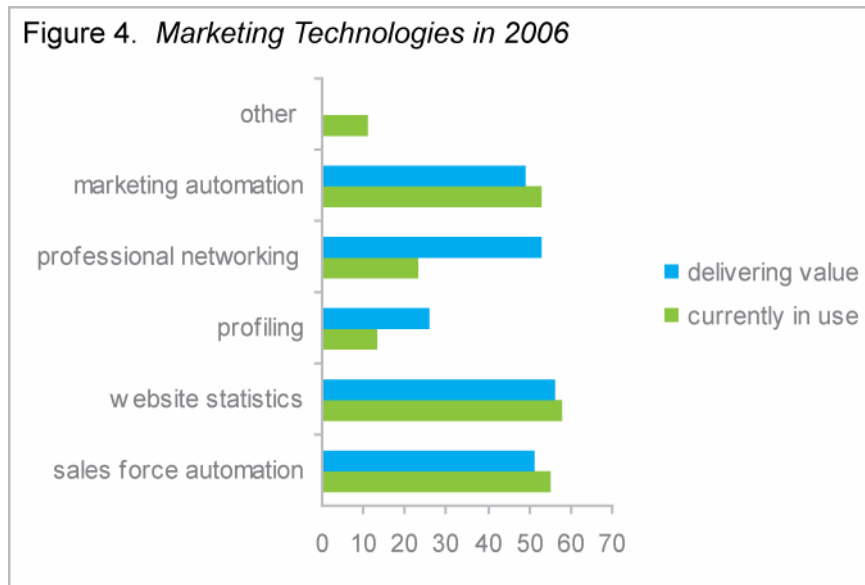
¹ According to Direct Marketing magazine.

² "Interactive Marketing: Keeping the Edge," iMedia Connection, April 18, 2006.

The one exception of the expectation and expenditure misalignment is PR. PR is expected to drive more leads by 68 percent of executives, and 68 percent are willing to invest more in PR. Again, the dual functionality of PR as a lead and demand generation tool which can accomplish marketing goals if properly utilized is appealing to those from the Marketing 1.0 and 2.0 generation. As marketers learn to capitalize on and demonstrate the value of Marketing 2.0 tools, investments will increase accordingly.

Online lead generation underway with most HR suppliers

Very few marketers have not engaged in online marketing in some way; only 7 percent of those surveyed said increasing web traffic was not a marketing goal for 2006. Most marketers are also taking advantage of support technologies, such as sales force automation and marketing automation (see Figure 4). Those who utilize sales force automation and website statistics recognize its effectiveness.



However, the expertise to use these tools, and the new tools of Marketing 2.0, are difficult to find for B2B businesses. Many marketers are choosing to outsource both PR and marketing business processes—43 percent have two or more marketing and PR vendors but less than three marketing employees. Outsourcing is preferable to training in these new technologies for many; only 4 percent believe in training. Also, managing online marketing technologies in-house can be unnecessarily costly. Earlier, organic SEO was mentioned as a cost-effective means of marketing. There are companies that charge tens of thousands of dollars to increase page rankings on major search engine such as Yahoo! and Google. The

demands for industry expertise are high, and companies are not willing to make costly mistakes by trying internal staff for certain functions and business needs.

B2B marketers are educating themselves about the marketing services they are purchasing. According to respondents, email direct marketing was the most compelling topic for future learning (46%), followed closely by measuring PR and marketing success (53%) and marketing press releases (44%). Marketers are interested in new technologies, and learning those new technologies, but many are not willing to let go of traditional marketing methods if they still drive some results.

Best Practices for 2006 and Beyond

Tremendous opportunity exists for HR/Benefits suppliers willing to embrace online marketing

According to a recent study by eMarketer, more than half of American Internet users said that the Internet is their primary source for information about products and services they purchase (and nearly 70% with household incomes of \$75K+), whether they're buying a car or an applicant tracking system. Yet, most human resource and employee benefit suppliers have not responded with the appropriate online marketing tactics. Those who do implement a strategic marketing plan have the opportunity to reach an unsaturated market segment.

Marketing 2.0 also creates more opportunities for reaching prospective clients with a more relevant message. The increased segmentation of media has created more platforms for a company's message, and prospective clients can find these messages by searching for topics that interest them. When companies reach out to prospects, list segmentation allows marketers to craft messages specific to the prospective client's business vertical and position in the buying cycle. Personalization allows the marketer to go even further, customizing the email based on interests, position, etc.

Outsourcing marketing and PR growing more common

While it is necessary for marketers to learn more about marketing technology, online marketing and Marketing 2.0, outsourcing will continue to increase because it allows companies to focus on their core competencies. It also provides a venue for all marketers to access industry expertise. Marketing and PR vendors must have industry-specific expertise as well as marketing technology experience to transform the funds received into lead and demand generation pieces that work and can provide demonstrable ROI.

Trends in HR Marketing: Forays into Marketing 2.0 and PR 2.0

For more information about the future of Human Resource and Benefits services marketing in 2006 and beyond, look for more from the "Trends in HR Marketing series." Each quarterly installment will include valuable results from surveys sent to over 5,000 HR suppliers, as well as analysis from HRmarketer.com's leading experts on marketing and media visibility.

Subsequent reports will address these relevant issues:

- Q3: Trends in HR Marketing: The HR Buyers Report
- Q4: Trends in HR Marketing: Annual Report

About HRmarketer.com

HRmarketer is the # 1 Internet marketing and media visibility service for companies selling to human resource departments and/or targeting employee benefit brokers and consultants. Founded in 2000, HRmarketer helps companies generate more publicity, traffic and sales leads and is used by hundreds of recruitment and staffing, payroll, employee benefit, training and development, outsourcing and other human resource suppliers, as well as PR and marketing agencies. HRmarketer combines a database of marketing and PR opportunities with press release distribution, campaign management, business intelligence and advisory services. Learn more by visiting www.HRmarketer.com.