

Trends in HR Marketing

HR Buyers' Behaviors



Abstract

This research report, conducted 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 buyers collected during Q3, 2006. The key trends outlined in this report are:

- Increasing reliance on informal networks and trusted sources for purchasing decisions
- Dependence on professional peers for purchasing information
- Increasing importance placed on a vendor's online visibility
- Devaluation of print materials with the exception of third-party product reviews and white papers
- Growth of blogs as a peer-to-peer information source offers potential for HR marketers

This report also includes key findings, recommendations and what the HR/Benefits marketplace has learned about online marketing in 2006 and best practices for aligning marketing practices with the needs of an increasingly savvy consumer in 2006 and beyond.

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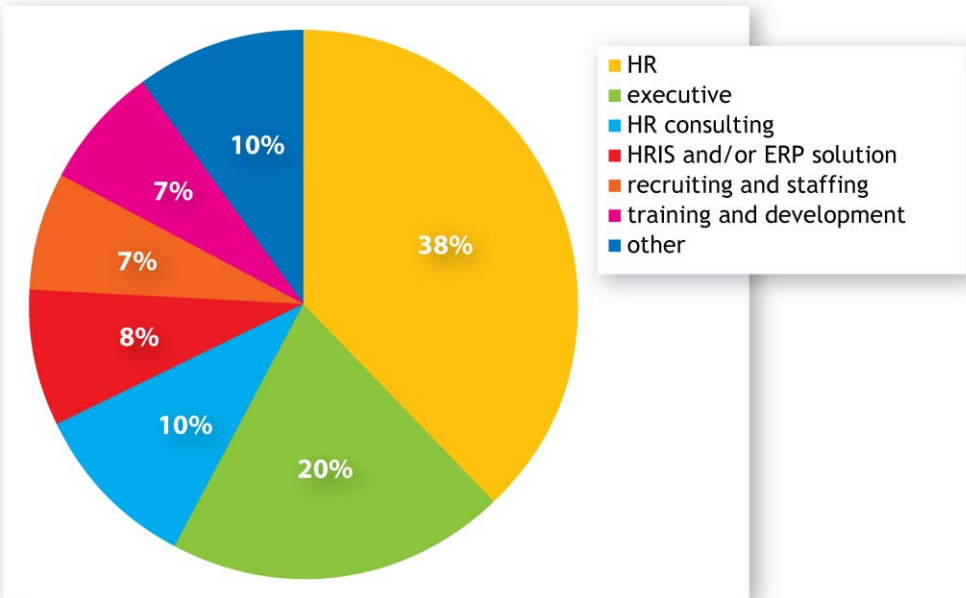
Introduction

This report provides information on trends and best practices for marketing to the HR/benefits marketplace, and more specifically on the purchasing behavior of the HR buyer. It includes an analysis of trends and the progress of the HR buyer through the purchasing cycle as well as the tools they use to progress through each stage. This analysis, combined with an understanding of macroeconomic trends and the shifting purchasing behaviors throughout the North American marketplace, provides readers with a better understanding of their target market and the best tools with which to reach them.

Methodology

The research data referenced in this report is based on responses from professionals in the HR/benefits marketplace, and the data was collected during the third quarter of 2006. The HR/benefits professionals 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.

Respondent Roles in HR



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The industry segment with the most input was general HR (38%), followed by executive-level HR professionals (20%).

This report is the third of four HRmarketer studies in 2006 that focus on the trends in HR marketing. The final research study in the "Trends in HR Marketing" series will be released at the end of Q4 2006.

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

Summary of Key Trends

- Increasing reliance on informal networks and trusted sources for purchasing decisions
- Dependence on professional peers for purchasing information
- Increasing importance placed on a vendor's online visibility
- Devaluation of print materials with the exception of third-party product reviews and white papers
- Growth of blogs as a peer-to-peer information source offers potential for HR marketers

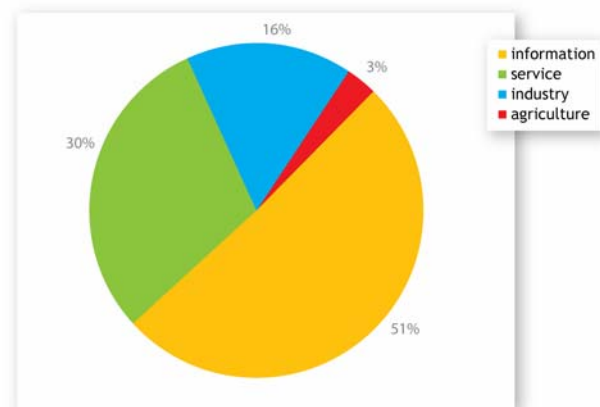
Increasing reliance on informal networks and trusted sources

For professionals in every industry, information overload is an increasingly real hazard in the Information Age. More is available than we can possibly process. The Internet, a primary source of information for a majority of Americans, currently grows by nearly one million pages each day. To further complicate the problem, each business person is targeted by individuals and companies seeking to provide them with information and services.

More than 80 percent of our economy is in the information or services sector, and as a result, we receive more marketing from these companies than ever. Our in-boxes are filled with e-mails demanding our time (and at least a few are marketing messages intended to capture both our time and resources); commercial messages intersect our field of

vision on our computer screens, at the bottom of our IM (Instant Message), as we drive along the highway, as we watch TV at night and even in church bulletins; our desks are piled high with more industry periodicals than ever, all of which may be obsolete by the time we get around to reading them. Information overload is particularly pervasive for HR/benefits buyers due to the relatively small number of buyers compared to the large number (and diversity) of products and services being sold to them. With perhaps the exception of IT and the senior executive suite, no other corporate department is involved in more purchasing decisions than HR.

Current Division of Economy in U.S.



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Because of the continual stream of advertising, many distrust or completely disregard marketing messages. Sixty-five percent of Americans feel “constantly bombarded” by advertising messages, and 59 percent believe that ads have very little relevance.¹ This lack of trust and avoidance of traditional marketing has a devastating effect on B2B marketing metrics. More than 80 percent of traditional B2B marketing campaigns actually cause the market share and brand equity to drop.² (Translation: Most marketing is not only ineffective but corrosive to a company brand.) Instead of advertising, people look to informal networks and trusted sources for information, including purchasing information.

For those marketers attempting to reach buyers and inform them about products that can truly change their business and positively impact their bottom line, new approaches are needed to reach this increasingly skeptical audience.

HR professionals are searching for insight from industry experts, but the trust in their vendors is often nominal. HR professionals tend to trust other companies and their collateral even less because of destructive marketing practices such as the proliferation of sales messaging and thinly veiled sales pitches.

One of the potentially destructive marketing practices that works against the objectives of sales and marketing collateral and dissolves the credibility of the brand is using a sub par white paper as a sales tool. While readers know that a marketing message will often conclude the white paper, on the whole, they expect to gain knowledge from the document. Readers have been disappointed time and time again by companies that lack the industry expertise necessary to write a timely and unique white paper or use the document as sales collateral. However, some companies with established names and credentials continue to publish white papers that have a large readership.

Buyers are no longer willing to hunt and sort through all the companies that could provide them a service; they turn back to the trusted providers in their space. The focus is no longer on selection but elimination.

¹ According to a recent study by Yankelovich Partners, a consulting firm. The study was referenced in *The Economist*.

² According to Justin Kirby in “How to Manage and Measure the Word of Mouth Revolution” published by MarketingProfs.com.

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Buyers remember the value of the white paper and keep the source "top of mind" when beginning a purchase cycle; no longer willing to hunt and sort through all the companies that could provide them a service; they turn back to the trusted providers in their space. The focus is no longer on selection but elimination.

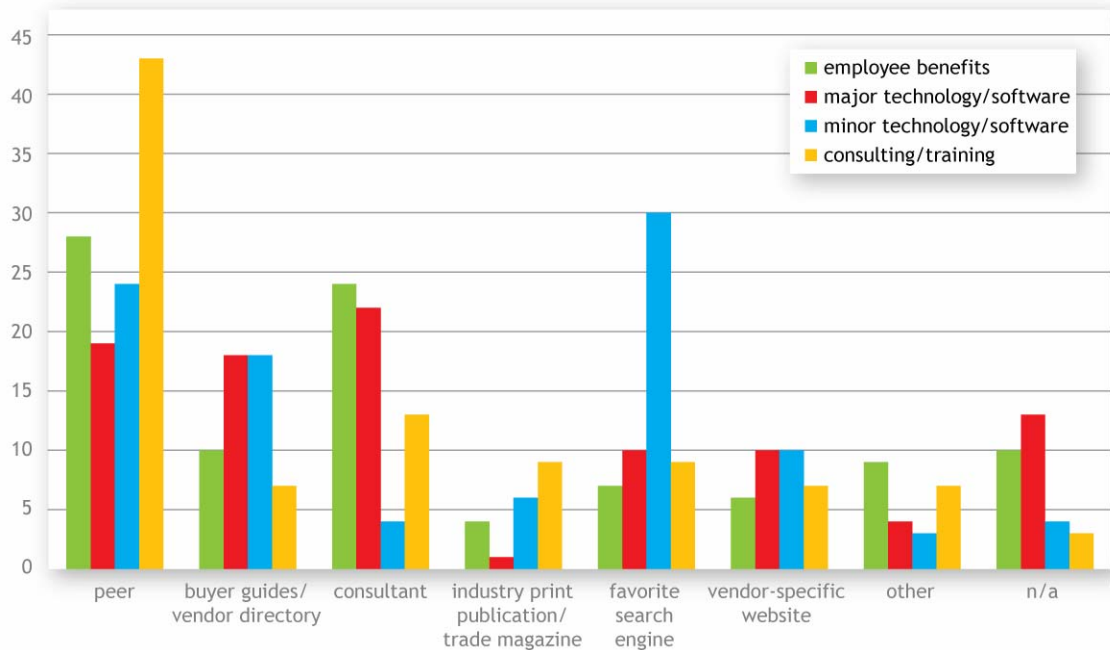
Marketing Takeaway

- HR vendors must prove themselves as valuable resources for HR buyers, **before the sales process begins**. To do this they must:
 - Consistently deliver valuable insight to the market such as best practices, industry research, new technology, et cetera.
 - Position their company as a thought leader through PR opportunities such as byline articles, speaking engagements and white paper publication.
- They must also separate sales and early-stage marketing collateral because:
 - Prospective customers value information in the early stages of the sales process.
 - Pitches have little to no influence on HR buyers at any stage in the sales process.

Dependence on professional peers

Overwhelmingly—across almost all kinds of purchases and across all functional areas—the most important information source is professional peers. This influence is a relevant factor in the initial stages of a purchase, specifically in choosing companies to short-list and initiating a sales discussion. This is unsurprising, considering the influence of highly coveted word-of-mouth advertising. More than 75 percent of consumers cite word-of-mouth as their main influence in traditional purchasing decisions.³

Resource Used to Begin Vendor Search



In the initial stage of the purchasing process, peer influence is most important for those HR products and services that are “high touch,” more specifically employee benefits (28%) and consulting/training (43%). Employee benefits and consulting/training were the two services reviewed that require a competent provider. These types of services will have a variable impact on the company depending on the expertise and interaction of the provider. In order to gain the most value from a “high touch” service, HR professionals turn to others in their field that might have had experience with a specific vendor.

³ According to a 2004 study by UK consulting firm CIA:MediaEdge.

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For major technology purchases, a consultant was the primary resource used to begin the vendor search (22%).⁴ This is an extension of the word-of-mouth advertisement; a consultant is simply an expert in the industry or field who can provide qualified information on a product or service.

The final, and most interesting, statistic pertains to the vendor search for minor technology. **For this type of purchase, 30 percent of respondents chose a search engine such as Google or Yahoo! to identify vendors.** (For more, please see the following section.)

HR/Benefits suppliers must use SEO (Search Engine Optimization) to encounter the prospective customer at the critical moment when they begin to pursue purchasing options .

If you are an HR supplier, your marketing and PR campaigns must accommodate your online prospects as they search for research, best practices, news and product information. Do prospects find your company's name at every Internet crossroads or only on your website?

As the Internet plays a greater role in your prospects' purchasing behavior, you must reach out to meet them through Marketing PR, strategic online offers and SEO.

For more pragmatic information on leveraging the Internet to reach the HR/Benefits buyer, read "Research Shows HR Buyers Use Internet as Primary Source for Gathering Product Information", available exclusively through HRmarketer.com.

⁴ For the purposes of this study, any technology purchase of more than \$50,000 is considered a major purchase. Those less than \$50,000 are considered minor technology purchases.

Marketing Takeaway

- HR buyers begin the search for a new product in one of two ways: they go online or they ask for advice.
- HR suppliers must have a positive reputation among buyers, and this is possible through:
 - Employment brand elevation
 - Consistent commitment to customer care and service
- Increased visibility helps HR suppliers penetrate peer circles. Opportunities to increase visibility include:
 - Trade show exhibitions
 - Speaking opportunities at HR events

CAUTION: **Do not** abuse speaking opportunities by giving sales pitches, because you probably won't be asked back. Offer valuable information to prospective customers and develop a reputation as an industry thought leader.

Employment Brand

A company's employment brand includes the following components:

- Awards and honors it has received
- Benefits and work/life balance options
- Career opportunities
- Culture
- Image as the leading firm in the industry or geographic area
- Impact of the product/service on the quality of people's lives
- Learning and growth opportunities
- Management style
- Quality of current employees
- Stable employment image
- The fact that it is a challenging but fun place to work
- The quality of its products

Increasing importance placed on a vendor's online visibility

Buyers use their favorite search engine to begin the vendor search; it's not enough to have a website—HR/Benefits suppliers must align their web presence with their buyers' search habits.

While buyers use various means to determine how to begin the vendor search, the Internet is playing an increasing role in their selection. This is most evident in the purchase of minor technology/software. **For this type of purchase, 30 percent of respondents chose a search engine such as Google or Yahoo! to identify vendors.** For all other types of products, between 5 and 10 percent of respondents used a search engine as their primary source to identify vendors. Between 5 and 10 percent of respondents utilized vendor-specific websites.

In the B2C world, consumer online research is becoming increasingly relevant to retailers: for nearly 70 percent of households with incomes of more than \$75,000+, the Internet is the primary source of information about products and services.⁵ Those purchasing habits are beginning to extend into the business world as well. The transition is not complete—24 percent of respondents still chose to ask a peer for information—but the use of websites as relevant information sources is increasing. For initial searches, buyers typically turn to search engines to find vendors and to get an idea of the relevant players in that industry.

The website becomes even more valuable during the decision stage for technology purchases. More than 20 percent of respondents said that the website influenced their purchase decision for all types of products, and nearly 50 percent reported that the website significantly influenced their latest minor technology purchase. The web presence is valued throughout the sales process.

For those vendors interested in reaching HR/Benefits buyers who search online, SEO, or search engine optimization, and SEM, or search engine marketing, are essential.

⁵ According to a recent study by eMarketer.

SEM, which often includes SEO, is the practice of strategically placing links and references to the company website at locations that the prospect is most likely to search, such as the first page of Google.

Many firms do not fully appreciate the value of SEO. The total money spent on SEO represents only 12 percent of what is spent on pay per click advertising (PPC). Yet, the undeniable truth that organic search engine results (those that show up high in natural "free" listings) are better noticed, read and clicked on than the paid listings, and organic clicks convert as well as or even better than paid clicks. This is consistent with HRmarketer's research and shows that HR suppliers are under-spending on SEO and Marketing PR.

Marketing PR is the combination of what are traditionally two separate departments (PR and marketing) to one united front (Marketing PR). In this model, all marketing and PR tactics support marketing objectives (lead generation) and media placements (a traditional PR metric). A key difference between traditional PR and Marketing PR is how a press release is used. Marketing PR writes and distributes a press release for the multiple purposes of **securing media placements, enhancing website SEO and generating sales leads.**

As the transition to Web 2.0 continues, Internet-savvy companies will reach their prospects more often and at critical moments in the purchasing process. While a robust Internet presence increases the likelihood that consumers will find your company and product, the lack of an Internet presence may cause consumers to reject your service, regardless of their initial reaction. More than half of consumers do not trust a product that does not have a website, and more than two-thirds of consumers are looking to those websites to begin their search for products and services.

A robust Internet presence is a marketing tool that buyers trust and rely on throughout the early stages of the purchase process.

Marketing Takeaway

- HR suppliers must use SEO and SEM to elevate their Google page ranking.
- Organic SEO produces better results than many costly SEM techniques.
- Marketing PR can help suppliers meet sales and marketing goals. A brief guide for creating a marketing press release is as follows:
 1. Start with a press release written specifically for journalists.
 2. Edit the release's headline so it speaks to your prospective buyers—the shorter the better. This version will not be sent to journalists directly like in traditional PR.
 3. Turn your targeted keywords and phrases within the release into hyperlinks that lead to your website.
 4. Distribute the release over a wire service that allows for embedded hyperlinks (e.g., HRmarketer.com's Direct2Net service).
 5. If the release is promoting a "free download" (e.g., a white paper), simultaneously send out email campaigns to house and subscription lists to encourage downloads.
 6. Create a website data capture form to intercept all requests for the white paper (and capture leads).
 7. Follow up with an informative email or phone call.

Devaluation of print materials

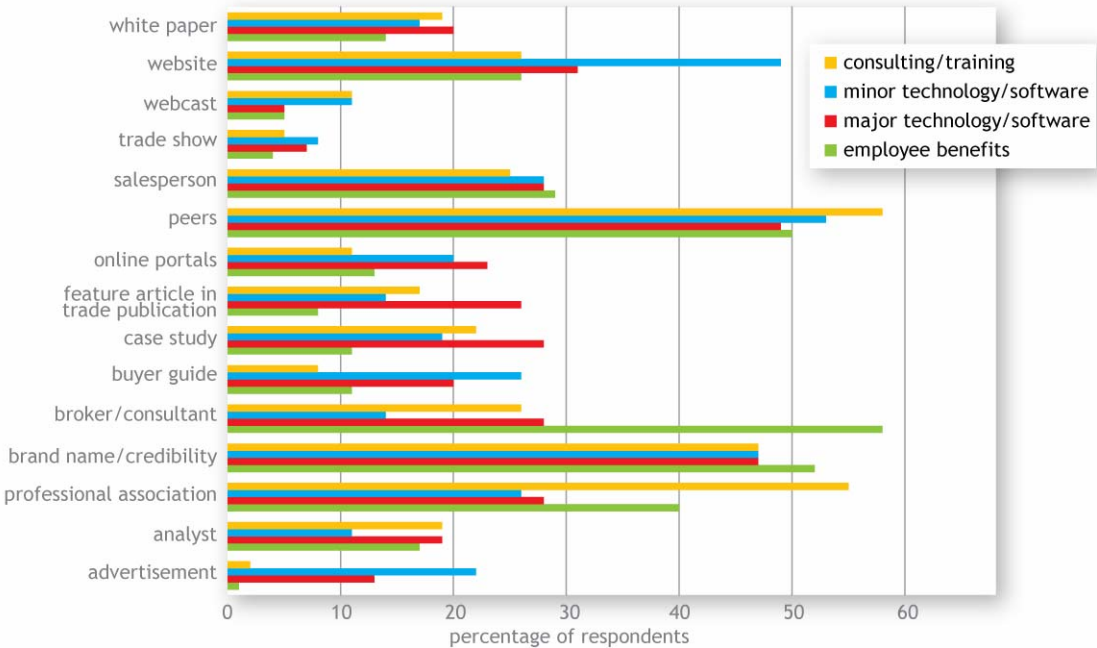
While many B2B firms focus on developing collateral for the prospective customer, these documents are often unfocused and provide a mélange of information for prospects at all stages of the sales process. These documents offer industry research, background information, process specifics, sales material, et cetera, in one document. Contrary to the “one size fits all” practice used in the creation of these white papers, prospective customers use distinct collateral at specific points in the sales cycle. Focused print material is needed—not every piece can work for everyone. Several types of printed materials have steadily declined in value, becoming nearly worthless to buyers; however, third-party reviews and white papers are still valued by the HR buyers.

Printed materials are most valued by HR buyers during the early stages of the sales cycle—more specifically, the stage at which they decide whom to contact and add to their short list of vendors. During the first stage of the sales cycle—when prospective buyers are beginning the vendor search—the only printed material that a significant number of respondents said they used was a trade publication. Only nine percent chose trade publications as the primary tool used during the sales process. The most valued source for information at this stage was peer commentary. However, printed materials are more valuable during the next stage in the sales cycle.

When prospects are sifting through vendors and creating a short list, collateral such as white papers and product reviews were highly valued.

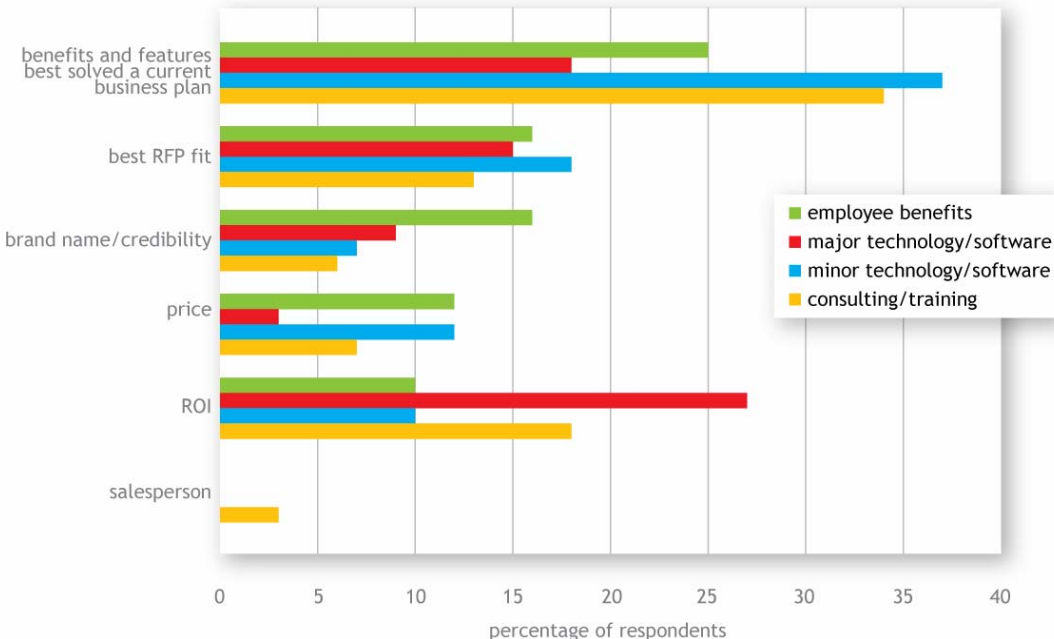
For all types of purchases included in the research study, downloaded collateral (primarily white papers) were used by more than 40 percent of respondents. Those who purchased major technology items used white papers most heavily (49%). Product reviews were even more valued by HR buyers, and more than half of those who purchased technology items used these reviews. Analyst reports, the other type of printed material measured at this stage, were less valuable to buyers. For most products, less than 25 percent of buyers used these reports.

Primary Influence for Purchasing Decisions



During the final stage of the sales process measured in this report—the decision stage—all printed material affected less than 25 percent of buyers in most cases. Advertising had the least effect, with an average of 9 percent reporting influence, and white papers had the greatest effect, with an average of 18 percent reporting influence. However, both of these pale in comparison to the importance of brand credibility, peers, website content and professional association recommendations.

Most Important Decision Criterion



Marketing Takeaway

- Independently, printed material has a relatively small effect on the buyers' decision. (Website, peers, broker/consultant, brand name/credibility and professional association all had more clout.)
- Informative print material **can and does affect other influential factors** in the sales process (most notably website and brand name/credibility).
- White papers are most effective when the content is targeted at a specific audience at a specific point in the sales cycle.
- Buyers are most interested in collateral that offers relevant information that will help them find a solution or drive a more effective, efficient or valuable solution.
- Buyers will seek out valuable collateral online and in print during the sales process. To provide this collateral:
 - Focus efforts on developing quality white papers.
 - Publish on your website and send via email to your house list.

CAUTION: PR firms and suppliers often spend too much on placement in leading print publications and national dailies.

Developing credibility on a budget

Write two or three articles a month pertaining to your field (more, if you're a fast writer or have the time) and submit to outlets in your target audience. Go after major publications, but don't forget about smaller, lesser-known publications.

It's all about getting your name out there and establishing credibility. You want people to know you exist. Enlist your friends, employees and colleagues to help you write articles.

-- Courtesy of MarketingProfs.com

Growth of blogs offers potential for HR marketers

In all stages but the final decision stage, peer influence is tremendously important. Buyers rely on their peers to tell them the truth and help them select the best vendor. To leverage this valuable information exchange, HR/benefits marketers may be able to use blogs in the near future.

Blogs are proliferating, especially in business, and marketers can utilize this tool as a repository of peer reviews and company-created information. This type of tool, if authentic, will offer prospective buyers the information they are looking for *throughout* the sales process.

While blogs have been around since 1994, companies in the HR industry have only begun using external corporate blogs. More than 5 percent of Fortune 500 companies have external blogs, and this number is increasing.⁶ Generally speaking, in the human resource marketplace, recruitment and staffing firms (and their buyers) are the Innovators while employee benefit firms and their buyers are the Laggards.⁷ Several recruiting firms have developed blogs (see below for examples). The audience for these blogs is growing—already 49 percent of HR professionals currently read blogs.

For companies interested in using blogs as a marketing tool, intelligent and informed deployment is essential. Blogs still have mixed results and reviews, and no style of blogging has been universally accepted. Some industry experts fervently argue that a CEO should never blog, while others argue that this increases the value of the brand because it shows executive leadership in all facets of the business. Some blogs are used as a forum for questions and product reviews while others are simply outlets for the marketing department. Examples of HR/Benefits industry blogs include:

- Todd Raphel's World of Talent (http://www.ere.net/blogs/world_of_talent/)
- Recruiting.com (<http://www.recruiting.com>)

⁶ Anderson C. and Mayfield R. [Fortune 500 Business Blogging Wiki](#)

⁷ For more about the adoption rate of the HR industry and Web 2.0 innovation, visit the HRmarketer blog for September 20, 2006 at <http://hrmarketer.blogspot.com>.

Marketing Takeaway

- Blogging is not yet imperative but could offer significant competitive advantage in the future.
- Begin blogging now—the most respected blogs are rarely new. To begin:
 - Determine the “voice” of your blog—is it the CEO speaking about the company, an expert blogging about industry trends, or a conglomeration of voices and relevant topics?
 - Use the blog to complement pre-existing collateral—the website, newsletter, et cetera.

CAUTION: Create a blogging policy immediately to circumvent potential problems. By this we mean: is it public or private? Does it accept and post comments from blog visitors? What are the editorial standards of the contributors? What is the mission of the blog – news, features, opinion, tips, or something else? Does the blog link to external sites or not?



Conclusion

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.

About HRmarketer.com

HRmarketer.com is a service of Fisher Vista LLC, a marketing and information services firm focusing exclusively on the human capital industry. The company services over 300 human resource and employee benefit service providers, helping them generate publicity, website traffic, sales leads and improved SEO. HRmarketer brings you the latest information on industry leaders, the tools they use and how they use them. 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 is used by 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.