

Trends in HR Marketing

Where HR Suppliers Spent their Marketing and PR Dollars in 2006 and What's Ahead in 2007



Abstract

This research report, sponsored by HRmarketer.com, the #1 Internet marketing and media visibility service for companies selling to human resource departments and/or targeting employee benefit brokers and consultants, covers the latest trends and best practices for marketing to the human resource (HR) and employee benefits marketplace going into 2007.

The data presented in this report is based on responses from HR and employee benefits suppliers collected during December 2006. The key trends outlined in this report are:

- Patterns of adoption and use of various marketing and PR tactics by HR and employee benefits suppliers
- Evaluation of marketing and PR tactics by HR and employee benefits suppliers
- Continuing devaluation of print materials, printed direct marketing and possible shifting of importance of trade show investment
- Potential growth of "Marketing 2.0" and "Marketing PR" tactics in 2007 including social media and press release optimization

This report also includes key findings, recommendations and what the HR/Benefits marketplace has learned about online marketing in 2006. Finally, a view of marketing activities to come in the HR/Benefits marketplace and in the integrated, online environment of 2007 and beyond is presented.

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Introduction

Marketing 2.0 or Marketing PR – terms popularized and used by HRmarketer in 2006 to encompass the new generation of interactive online communications including search engine optimization (SEO), search engine optimized press releases, blogs, webinars/webcasts, podcasts and RSS feeds—have become industry buzzwords for many marketers although only a few have taken advantage of all the tremendous opportunities 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.

The data from this most recent survey indicates more HR and employee benefits suppliers than ever are recognizing the need for these newer tactics and taking steps to incorporate them into their marketing budget in 2007. At the same time, as of the end of 2006, some Marketing 2.0 competencies and tactics remain largely unexplored by suppliers selling to the HR and benefits marketplace.

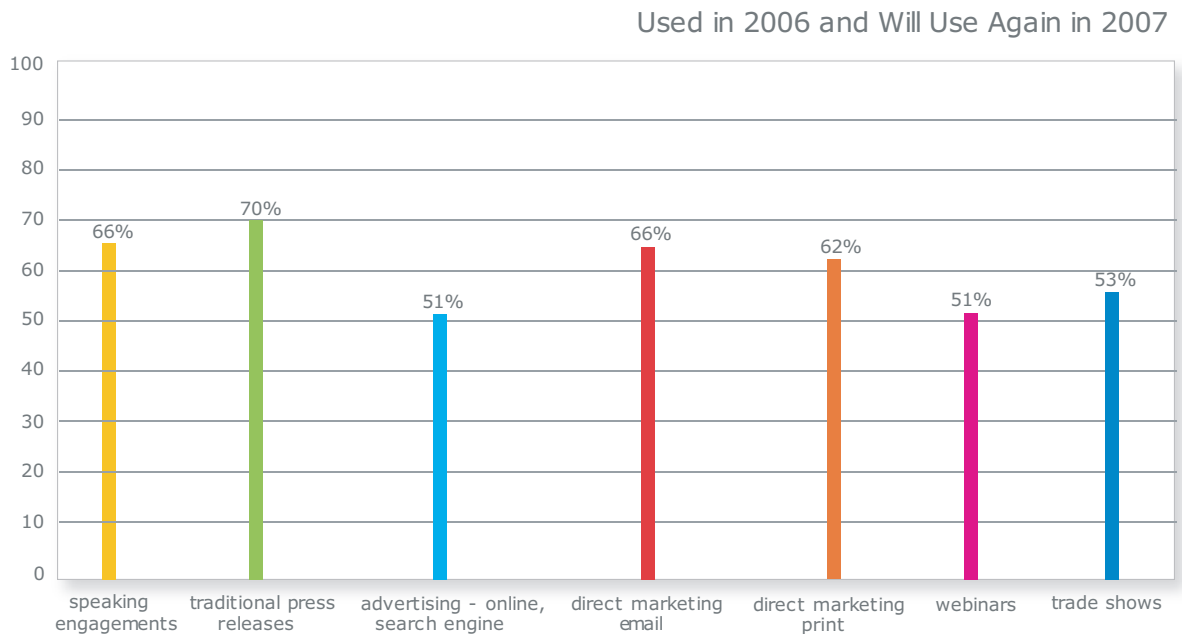
The respondents

Representing HR and benefits suppliers across a broad spectrum of companies, the research sample from this survey is used to represent the diverse population of suppliers with a common goal: marketing to HR professionals and C-level decision-makers and buyers of HR and benefits products and services. Company annual revenues of respondents ranged from \$1M to more than \$50M. Marketing department size, too, was diverse with anywhere from one to twelve or more. The predominant group—although not the majority (45%)—of respondents were in small marketing departments (one or two people). Fifty-five percent of respondents were senior people in their companies bearing a title of vice president or higher. Most industry verticals were represented in our sample, with the largest numbers in employee benefits, training and development, recruiting/staffing, payroll services and HR consulting. Other highly specialized verticals included healthcare, workforce planning and tax credit processing.

¹ "Trends in HR Marketing: Forays into Marketing 2.0 and PR 2.0," HRmarketer, June 2006

Overall patterns of use—tactics

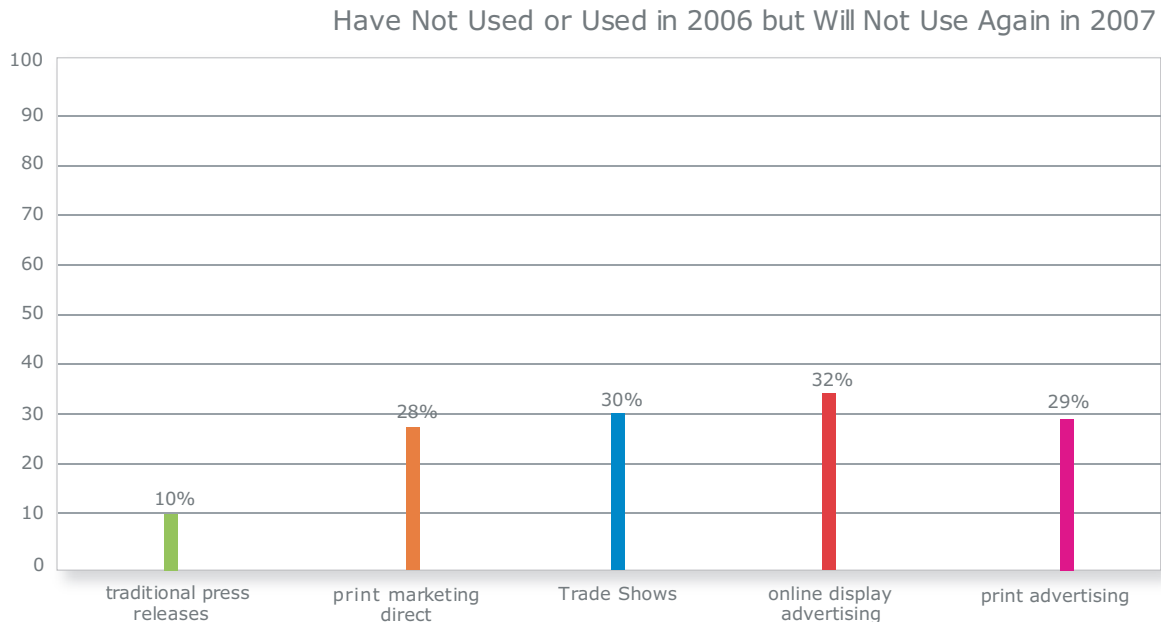
We asked respondents to report which tactics they used and which ones they plan to use in 2007. The tactics of choice for the majority of respondents are trade shows, webinars, print direct marketing, email direct marketing, search engine marketing (such as Google Adwords), traditional press releases and speaking engagements. In addition to using these tactics in 2006, the majority of respondents reported that they plan to continue their use in 2007.



The chart below offers a view of tactics that respondents have not used, have no plans to use, or tactics used in 2006 but which respondents plan to discontinue in 2007. As the use of these tactics decreases or is eliminated by some suppliers, an almost equal number of suppliers plan to increase their use.

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It is notable that three of these tactics are among the highest cost per qualified sales lead and/or not directly correlated to lead creation (in the case of the traditional press release). Clearly this is evidence of a greater emphasis on marketing ROI as an overall business metric—a topic covered in a recent HRmarketer article .

The tactics that have fallen out of favor with a portion of respondents are as follows: print advertising, online display advertising, trade shows, print direct marketing and traditional press releases.

Trade shows may fall into the category of something “you have to do” for our respondents and remain in their plans for reasons beyond lead generation. Likewise, respondents from large business are the very ones planning to continue print direct marketing and traditional press releases. One explanation for this is that print direct marketing, traditional press release, and even trade show costs vary depending on the size of the supplier’s business due to economies of scale. Also, larger firms tend to be the slow adopters, sticking with what has worked in the past and relying on the advice of large outside marketing/ad agencies that also tend to be slow adopters.

² “Boost Your Marketing ROI with ‘Marketing’ PR” – HRmarketer, November 2006

The relative importance of various tactics

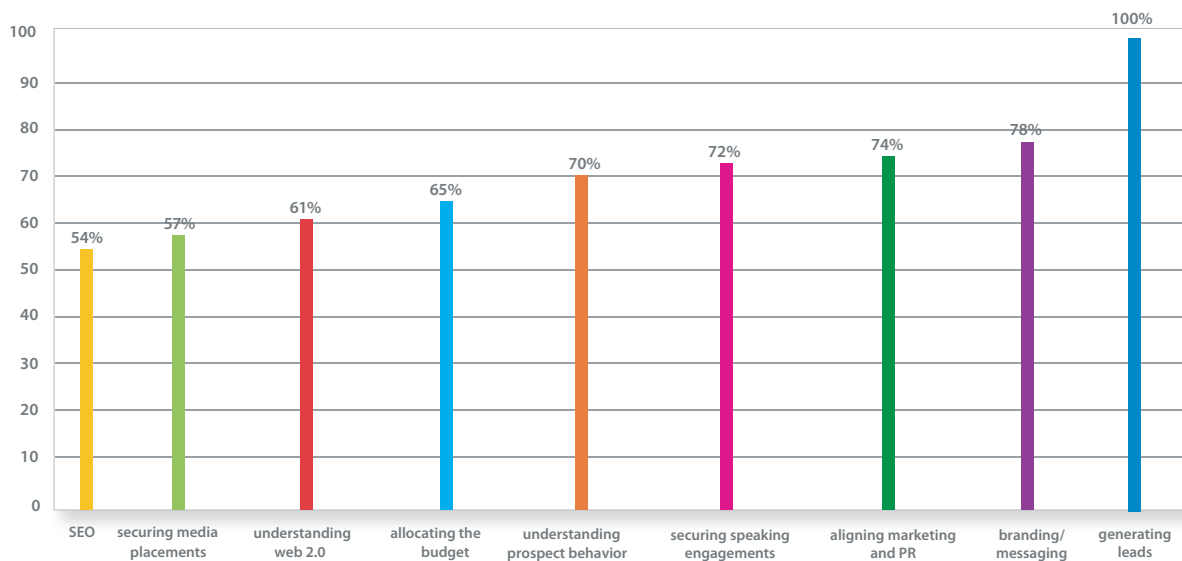
The views of survey respondents on the relative importance of various marketing tactics are reflected in their budgeting for 2007. A significant portion of our respondents report webinars, email marketing, SEO, the publication of white papers and both traditional and search engine optimized press releases as either "important" or "must have" tactics. An equally significant portion of suppliers view trade shows, print direct marketing and print advertising as expendable to their efforts by describing them either as "important, but would cut if budget reduced" or not applicable to their business.

For each of the following marketing and PR tactics, indicate how important each is.				
Percent of the total respondents selecting the option	Must Have	Important	Important, but would cut if budget reduced	N/A
trade show exhibiting/ sponsorships	23%	32%	30%	15%
webinars/webcasts	26%	43%	13%	19%
direct marketing - print	23%	28%	36%	13%
direct marketing - email	51%	36%	6%	6%
advertising - print	15%	19%	32%	34%
advertising - online display (e.g., banner)	15%	30%	23%	32%
advertising - online search engine (e.g., Google Adwords)	21%	32%	23%	23%
marketing press releases (traditional)	34%	45%	13%	9%
market press releases (search engine optimized)	28%	36%	15%	21%
blogging	13%	19%	17%	51%
analyst relations	19%	21%	11%	49%
podcasting	9%	11%	26%	55%
SEO (search engine optimization)	36%	34%	9%	21%
white papers	28%	47%	9%	17%

Suppliers' marketing and PR challenges

Some of the challenges are familiar and perennial: generating more qualified leads, aligning marketing and PR to generate more leads and developing the company's brand and message. Some are relatively new to many suppliers and hold tremendous promise for efficiency, efficacy and ROI such as web site SEO and other Web 2.0 technologies. Buyers' behavior (as we pointed out in our last Trends Report) is now reflecting overall consumer buying behavior—buyers turn first to the Internet. Marketing successfully to the HR buyer has always been challenging, but in a rapidly changing technological environment, and because of shifting patterns of buyers' behavior, it is more important than ever for suppliers to master new channels and new technologies.

Percentage of Suppliers Identifying as Somewhat Challenging or a Major Challenge



If we think about the above as a “share of challenge” and identify Web 2.0 challenges with a special color (in this case, red), it is easy to identify both how important each tactic is and how much new attention must be paid to these tactics. Respondents ranked webinars, email marketing, search engine optimized press releases, overall SEO and blogging as very important in order to keep pace with the competition. Making the shift even more critical is the challenge of understanding prospect behavior—a challenge that 70 percent of respondents identified and a topic HRmarketer covered in a previous white paper titled “Trends in HR Marketing: HR Buyers' Behavior.”

How do you know you're winning? Metrics

Suppliers pay attention to many numbers in their marketing and PR efforts: media placements, both online and in print; web site traffic; web site SEO metrics; lead generation; speaking engagements; brand recognition and sales. Gaining an understanding of the relative importance of all these marketing metrics is key to grasping how suppliers as a whole will be measuring their own performance in 2007. In the following table, we have highlighted the opinions held by more than 20 percent of respondents in order to show the viewpoints on marketing metrics that are statistically relevant.

Highlight Indicates >20% of Respondents	Not Important	Somewhat Important	Important	Very Important	Extremely Important
Sales	2%	2%	4%	21%	70%
Lead Generation (qualified leads)	0%	2%	11%	26%	62%
Brand Recognition	4%	6%	36%	23%	30%
Web Site Traffic	6%	11%	19%	36%	28%
Web Site SEO	17%	15%	21%	21%	26%
Speaking Engage	15%	19%	23%	28%	15%
Online Media Placements	21%	21%	32%	19%	6%
Print Media Placements	28%	21%	28%	17%	6%

Sales and leads are the most important metrics to almost every business selling services to HR and benefits buyers just as they were almost one year ago . As difficult as brand recognition might be to measure, a majority view it as very important or extremely important. But almost as many view web site traffic and web site SEO (both of which are measurable and extremely quantifiable) as “very important” or “extremely important.”

HR/benefits suppliers evaluate the success of their public relations investments with the same metrics. In the following table, we find a similar distribution to their viewpoints on the most critical metrics in marketing.

³ “Trends in HR Marketing: Annual Findings” – HRmarketer, April 2006

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Highlight Indicates >20% of Respondents	Not Important	Somewhat Important	Important	Very Important	Extremely Important
Sales	6%	9%	15%	17%	53%
Lead Generation (qualified leads)	4%	9%	21%	23%	43%
Brand Recognition	6%	6%	30%	28%	30%
Web Site Traffic	4%	17%	17%	34%	28%
Web Site SEO	26%	15%	15%	23%	21%
Speaking Engage	13%	23%	28%	15%	21%
Online Media Placements	15%	21%	36%	17%	11%
Print Media Placements	21%	13%	34%	15%	17%




These results map in a similar, but not identical, way. We can see that print media placements are a more important metric in regards to public relations, but not dramatically so. PR is less “accountable” for leads and sales than marketing. But the significant differences end there. HR and benefits suppliers already see marketing and PR in highly overlapping ways, indicating that “Marketing PR” as a unified concept is well on its way to complete acceptance among this population and that 2007 will see a greater integration and synchronization of these formerly separate disciplines than ever before.

Suppliers and public relations firms

Roughly one-fourth (28%) of respondents contract an outside public relations firm and more than half (57%) of those have been working with their firm more than one year. Seventy-two percent of those using an outside firm pay a \$3,000 or more monthly retainer and 45 percent pay \$5,000 or more. Sixty-two percent are satisfied or very satisfied with the effectiveness of their PR firm; 23 percent are somewhat satisfied and 15 percent are not satisfied.

“Marketing PR” as a unified concept is well on its way to complete acceptance among this population and that 2007 will see a greater integration and synchronization of these formerly separate disciplines than ever before.

Spending on SEO versus spending on paid online advertising

<p>According to most research, the majority of companies spend more on online advertising (paid placement ads) versus search engine optimization (tactics devoted to boosting “organic” search placement). Yet, leads generated from organic listings tend to drive more qualified sales leads. Do you agree with this statement?</p>		
yes, strongly		40%
yes, somewhat		53%
no I disagree		6%
total		100%

Most respondents are of the opinion that spending on search engine optimization efforts (tactics devoted to boosting organic search placements) is a better investment than paid placement ads for the purpose of generating qualified leads. The implication for this data is that we can expect a further migration of marketing spending away from paid online advertising in favor of continuous SEO.

The knowledge gap

Those marketing to the HR and employee benefits marketplace going into 2007 consider themselves informed on a robust array of tactics. Respondents view themselves as either very knowledgeable or having a general understanding of trade show exhibiting, webinars, print and email direct marketing, search engine and display online advertising and traditional press releases. Areas that respondents feel they could and should learn more are:

- Search optimized press releases
- Blogs and blogging
- Analyst relations
- Podcasting
- Web site search engine optimization

Improving the effectiveness of marketing and PR

In general, respondents see increasing the number of white papers and press releases (both traditional press releases and search optimized press release) they produce and spending on SEO as important to improving the effectiveness of marketing and PR. Also, many see increasing their marketing staff, increasing print and online paid advertising and/or podcasting as not important or only marginally important to improving the effectiveness of their marketing and PR.

Specifically, survey respondents expressed a general skepticism about adding more internal marketing staff as a way to improve marketing effectiveness; more than half said that doing so was not important. However, an equal number said that training their current staff is important, very important or extremely important.

Tactic	Not Important	Not Important or Somewhat Important	Important, very important or extremely important
more white papers	19%	32%	69%
increase search optimized press releases	13%	39%	62%
increase spending on SEO	21%	38%	61%
increase traditional press releases	15%	45%	56%
increase spending DM email	19%	49%	52%
training	21%	49%	51%
increase spending adwords	23%	57%	42%
blog	45%	62%	39%
increase spending DM print	45%	64%	35%
analysts	51%	66%	34%
increase spending trade show	49%	68%	32%
increase spending banner	40%	72%	27%
avoiding staff	51%	77%	23%
podcast	53%	76%	23%
print advertising	57%	78%	21%
increase spending webinar	26%	62%	15%

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Greater frequency of press releases is seen as a key path toward greater effectiveness in 2007. Fifty-six percent of HR and Benefits suppliers view increasing the number of traditional press releases as important, very important or extremely important. Sixty-two percent also see the potential in increasing the number of search optimized marketing press for improving the overall effectiveness of their marketing and PR.

Despite expressing a need to know more about analyst relations, podcasting and blogs, respondents are hesitant to take specific action in or make concrete strategic commitments to these three areas. Sixty-six percent indicated that being more aggressive with their analyst relations is either somewhat important (15%) or not important (51%). Views on blogging are similar with 62 percent saying blogging more often is either somewhat important (17%) or not important (45%). But a commitment to podcasting in the immediate future seems even less likely among respondents, with 23 percent viewing doing more podcasts as somewhat important and 53 percent declaring it unimportant to improving the effectiveness of their marketing and PR.

Both blogging and podcasting are “content intensive” activities. Rather than put their content creation resources into those tactics right now, 69 percent see increasing the number of traditional white papers they produce as a wiser commitment of time and assets.

2007: Where the suppliers are headed

With sales and qualified lead generation being more important objectives than ever, an increased commitment (including increased spending) to marketing and PR tactics that:

- demonstrably create leads
- demonstrably create sales
- have a clearly quantifiable ROI
- will be a trend that continues to accelerate in 2007.

Because they are judged to have greater value for generating leads and sales, and are easy to measure, expect to see more dedication of human and financial resources to:

- SEO
- search engine optimized marketing press releases
- white paper production and dissemination
- Email direct marketing

Conversely, because they are not directly correlated to generating leads and sales or because they are deemed only marginally effective for ROI, expect decreased spending on:

- print advertising
- print direct marketing
- online banner advertising
- trade show spending

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An increase in commitment to the following practices and competencies in marketing to the HR and employee benefits marketplace may be increasing but, due to additional learning and evaluation needed on the part of marketers, slower in coming. Marketers to the HR and employee benefits marketplace may also be taking a “wait and see” attitude regarding more demonstrable qualified buyer adoption of these delivery vehicles:

- podcasting
- webinars/webcasts
- online search engine advertising (such as Google Adwords)

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