

MARKETING

Staffing firms still spend relatively little on marketing

But VP of research says increased marketing may be advisable

Compared with other industries, the staffing industry spends relatively little on marketing, but is it time for a change?

Staffing Industry Analysts VP of Research Jon Osborne says increased marketing might make sense. Meanwhile, several marketing firms that cater to the staffing industry say they are seeing more activity.

Overall, staffing firms spend a median 0.6% of sales on marketing, according to research from Staffing Industry Analysts.

In comparison, retailers spend between 0.4% and 5.0% of sales (Walmart was the 0.4%); automakers spend between 2.5% and 3.5% of sales; and packaged goods makers spend between 4% and 10% of sales.

However, staffing firms may want to consider spending more on marketing, especially as the use of vendor management systems becomes more prominent, Osborne said during a presentation at the Staffing Industry Executive Forum in Las Vegas.

Staffing firms will have three options in a VMS world, Osborne said:

- Find big non-VMS users
- Become super-efficient
- Target smaller companies

“To keep looking for big non-VMS users, that is going to get harder and harder to do,” Osborne said. “It is a fair short-term strategy; I know staffing firms that are doing that successfully.”

On the other hand, staffing firms could focus on efficiency in order to compete for VMS business.

The third option – pursuing business at smaller staffing buyers – might avoid VMS but could require more marketing.

“Smaller companies don’t use VMS to the same degree that the large companies do, and they never will,” Osborne said. “The reason is that you need a certain critical mass of temp spend to justify going through the process of establishing VMS, getting somebody to understand it, buying it and all that kind of stuff.”

But pursuing the smaller buyers will likely require more marketing, he said.

“If you’re going to do that, you can’t use the sales strategy that is fairly typical of staffing firms; it is too labor intensive, you can’t have people calling chasing very tiny accounts,” Osborne said. “Marketing is the way to do that. So if you’re going to go that route, you’re going to need to do more marketing.”

Top of mind

Despite the relatively low spend as a percentage of revenue by staffing firms, some marketing agencies said there are staffing companies still making the investment in marketing.

David Searns, president and CEO of staffing firm marketing agency Haley Marketing in Williamsville NY, said he’s seen an uptick in firms investing in marketing, particularly toward the end of the year.

And some firms continued investing in marketing even during the downturn. “They knew most of their competitors would pull back even more, and they didn’t want to disappear off the radar screen,” Searns said.

One of the challenges as the economy recovers is staying at the top of staffing

buyers’ minds, he said. As large buyers start using more staffing and smaller buyers start using it again, “they are going to call either the vendor they used last or whoever is top of mind,” Searns said.

Leslie Vickrey, president and founder of Chicago-based outsourced marketing firm ClearEdge Marketing, said her business grew even as the economy slowed.

Firms that invest in marketing are three times more likely to grow when the economy returns to health than companies that cut back during the recession, Vickrey said.

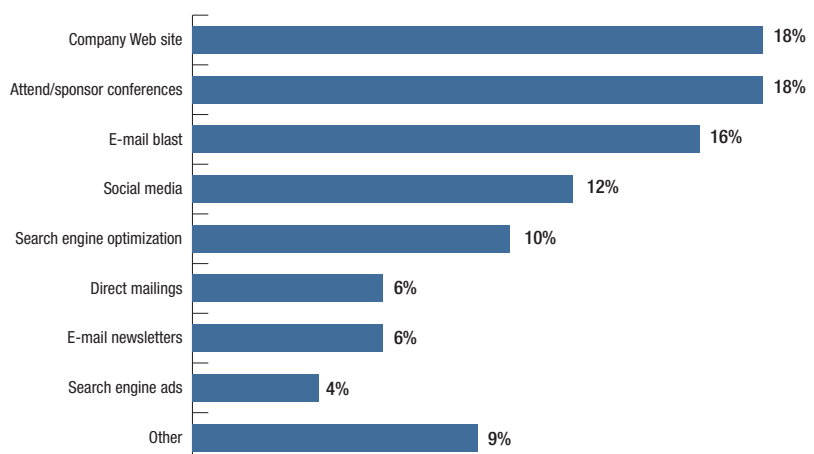
However, she said there has been a shift to more “target account programs.”

One example of a target account program involved an information technology staffing firm where ClearEdge developed a five-week program aimed at giving the staffing firm’s 15 sales representatives a reason to call their targeted prospects. The campaign included postcards and notecards, promotional items, follow-up e-mail and voicemail scripts, and training to sales representatives.

Vickrey also said her firm has seen an uptick in interest for sales optimization – aimed at ensuring that a firm’s salesforce is fully prepared as the economy continues to improve.

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Highest Bang-to-Buck Marketing



Source: Staffing Industry Analysts 2010 Staffing Firm Survey

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Web sites

Staffing Industry Analysts research also found that staffing firms report highest bang-to-buck marketing return from Web site development and attending trade shows.

Other Internet-related marketing efforts generally ranked highly, including sending e-mail blasts, social media and search engine optimization.

The marketers agreed that Web sites are important.

“In our opinion, it’s critical to the success of your branding or marketing,” ClearEdge’s Vickrey said.

A bad Web site can make a sale more difficult, she said.

“If you have a negative impression out of the gate, [a client] may not work with you ... or it’s going to be a lot more difficult, much more of an uphill battle,” Vickrey said.

As part of a good Web site, “you have to make sure the message of what you’re selling matches what you have online,” she

said. For example, take an IT staffing firm seeking to place Microsoft experts in the Chicago area. If there’s no reference to being a Microsoft certified partner on the staffing firm’s Web site, it may raise questions in the mind of a staffing buyer.

Searns also said he generally agrees that Web sites are a good bang-to-buck method.

Web sites are often the first impression for staffing buyers and candidates, and staffing firms can convert investments in Web sites into sales leads, he said.

Searns cites the example of a staffing firm in Reading PA. Haley redid the firm’s Web site and, by working with social media and e-mail marketing, was able to take the site to 15,000 hits per month in August 2009 from 1,000 per month in March 2009. However, the social media and e-mail marketing campaign needed the redone Web site in order to be successful, he said. ◇