

Ad spend goes down, HR investment goes up

As advertising spend is in the decline, employees are stepping into the gap as brand ambassadors for their companies, making HR investment even more important.



Samantha Crous

As consumers become more empowered to interact with brands, through social media and other channels, trust in business is changing shape and the opinions of real people rather than advertisers are becoming the preferred source of information, says Samantha Crous, regional director: Africa & Benelux for the CRF Institute.

In this climate, it is doubly important to invest in people. "Consumers no longer want to be told what or who to trust; they want to discover that for themselves and, with the rising influence of social media, crowdsourcing and citizen journalism, a generation of consumers are now empowered to interact actively with brands and make up their own minds.

"Advertising is no longer the primary image-builder for a company."

Trust issues crucial

According to the Edelman Trust Barometer, rank-and-file workers, especially those with technical expertise, are by far the most trusted source of information about a company. Their expertise is trusted in a variety of areas, ranging from technical issues to employment conditions. The only area in which CEOs are most trusted is in financial reporting.

"This means that the image of a business is largely in the hands of its employees. Employees are the new brand ambassadors. How employees are treated and how they feel about the company they work for can therefore contribute directly to the bottom line: not only because happy employees provide better service and are better brand ambassadors, but because attracting top talent places an organisation firmly at the helm of thought leadership in its field."

In line with this trend, an increasing number of organisations are investing in becoming employers of choice. The CRF Institute, which certifies top employers in over 45 countries around the world, has noted a steep increase in the number of companies applying for certification - 31% in 2012 and a further 15% in 2013.

Ad spend declines

At the same time there has been a global decrease in advertising spend. Adcorp's most recent half-year report cites "wide-scale reductions in advertising spend across most sectors" and adds, "the declining trend was even more pronounced in December, with an unprecedented decrease in billings in a number of markets when compared to December 2011."

Google's chief economist Hal Varian notes that advertising spend in the print medium has been in a steady decline since the 1950s, while the Jack Myers Media Business report projected "record-setting declines" from 2009 - 2012. The Warc Global Marketing index, meanwhile, shows that marketing budgets overall are mostly in decline.

HR spend increases

A report by HRMarketer shows that there has been an increase in both expenditure and optimism in regarding HR as a marketing tool and the majority of respondents said they planned to increase their HR marketing budgets from 2011.

"It's a cost-containing strategy," says Crous, noting that Forbes' Jeanne Meister has dubbed 2013 "the year of social HR", in reference to the number of companies using cost-effective social media marketing to facilitate employee engagement and mould their business image through this channel.

"This change in investment strategy is a key part of gaining the trust of consumers these days. In a world where people are increasingly relying on endorsements, independent research, and the word of their friends to make purchasing choices it does not make financial sense to invest an enormous amount of money in an expensive ad campaign that might not work.

"It makes far more financial sense to invest where your image is really being shaped: in other words, your people. Your money is best spent on an HR strategy that will lead to happier, more productive employees that make up an ambassadorial army for your brand," she concludes.

For more, visit: <https://www.bizcommunity.com>