

IN-DEPTH MARKET RESEARCH REPORT

Key Strategies To Win Over SMB Benefit Buyers

A Model for Understanding Owner, HR, and Employee Decision-Making in 2019 and Beyond



EMPLOYER AS THE CHANNEL:

How Carriers and Brokers Can Enable The Most Important Distribution Point for Millennial Customers

Employees today are demanding more and more out of their benefits package over and above salary. Historically low unemployment has made the employee a key influencer in the benefits decision, and employers are struggling to keep up with rising expectations from their workforce.

To win with today's small business, carriers and brokers must compete successfully across the "last mile" of the payroll and benefits decision. They must enable owners and Heads of HR to administer benefits to employees smoothly by removing friction points across the benefits journey.

We leveraged DigitalPulse™ listening and quantitative primary research to pinpoint key emerging strategies that will drive SMB acquisition and wallet expansion. By talking to employers and employees directly, we were able to cut to the core of buyer pain points and hone-in on actionable revenue opportunities.

Based on this research, MarketBridge is providing a blueprint for payroll companies, carriers, and brokers to unlock the small business opportunity using a buyer-centric approach.

MarketBridge's EVERGREEN GROWTH ENGINE Framework for Delivering Breakthrough Go-to-Market Performance

FIRST-MILE STRATEGY

LAST-MILE EXECUTION



ABOUT THIS REPORT:

Key Strategies To Win Over SMB Benefit Buyers

MarketBridge combined four insight sources to understand winning go-to-market strategies in the benefits market for carriers, payroll companies, and agencies, based on 25 years of B2B and considered purchase experience

EMPLOYER SURVEY

- Sub-100 business
- Business owner, C-suite, HR
- Benefits decision-maker
- Offer benefits to employees

EMPLOYEE SURVEY

- Sub-100 business
- Eligible for benefits

DIGITAL LISTENING

Human analysts tracked thousands of industry, buyer, and competitor conversations to surface newsworthy, real-time insights as well as past historical data.

Listening period: 1st half of 2019

IN-DEPTH BROKER INTERVIEWS

Candid observations of industry drivers and key trends to watch from benefits consultants and brokers

Quantitative surveys optimized for desktop and mobile, with stringent data quality assurance.

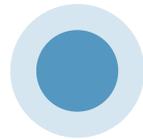
\$273 billion opportunity

total small business spend on employee benefits in the US



59M

people employed by small
businesses in US



30M

small business employees
have access to employer-
sponsored benefits



\$9K

per employee per year

FIVE ACTIONS TO ACQUIRE AND GROW SMB ACCOUNTS

01
SWITCH

ACTIVATE LATENT DISSATISFACTION

Inertia – not satisfaction – makes small businesses stick with their benefits status quo. Carriers and brokers have an opportunity to entice employers by offering attractive plans that give them something to switch TO, rather than run away FROM.

02
FUND

CULTIVATE A PEO STRATEGY

Non-traditional funding mechanisms, such as PEOs and Purchasing Alliances, offer affordability to cost-sensitive small business owners. Expect growth in these types of purchase engines and future-proof by developing a comprehensive product and marketing strategy with them in mind.

03
SHOP

ENABLE SOLUTION-BASED SELLING

Overwhelmed with choices, employees crave greater guidance when selecting benefits. Work to position the portfolio as an integrated umbrella package that meets employees' needs *comprehensively and* communicate the benefit of holistic protection.

04
MANAGE

LEAD WITH TECH TO SOLVE HR PAIN POINTS...

Brokers should make digital transformation their calling card, with a friction-free software management layer to remove HR administrative burden. Carriers should steer clear of proprietary technology platforms and portals, and work with brokers on *their* platforms, leveraging APIs.

05
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...BUT LEAN ON PEOPLE TO ENGAGE USERS

Employers ultimately value one-on-one service, so when problems arise, they are solved quickly by someone they trust. Employees crave a more personalized, relationship-based channel that cannot be automated away.



01
SWITCH

Activate Latent Dissatisfaction to Drive the Switch

Many heads of HR are living with carrier dissatisfaction—but the trigger to switch isn't strong enough to push them over the edge

Small business benefits buyers have come to accept an unremarkable, and even inadequate, experience from carriers and payroll companies—but carriers can break through the malaise with persuasive value propositions

General disillusionment with carriers—particularly medical—leaves many buyers resigned to a mediocre experience

39% – 15%

of employers are **at least moderately dissatisfied** with their carriers

yet only a small percent of them **have switched carriers** in the past few years

24%

of small businesses are ready to make the switch—*if* they are presented with a compelling offer

Opaque reasoning for constant double-digit price increases frustrates small business buyers

48%

of employers seek transparency and clear expectations when selecting a carrier

“

I would like more details on our price increases and justification

– Head of HR



But to *drive the switch*,
features and benefits are
actually more important than
low cost

Of those who have switched
carriers in recent years...

46%

have switched for
**better features
and benefits**

39%

have switched for
lower cost



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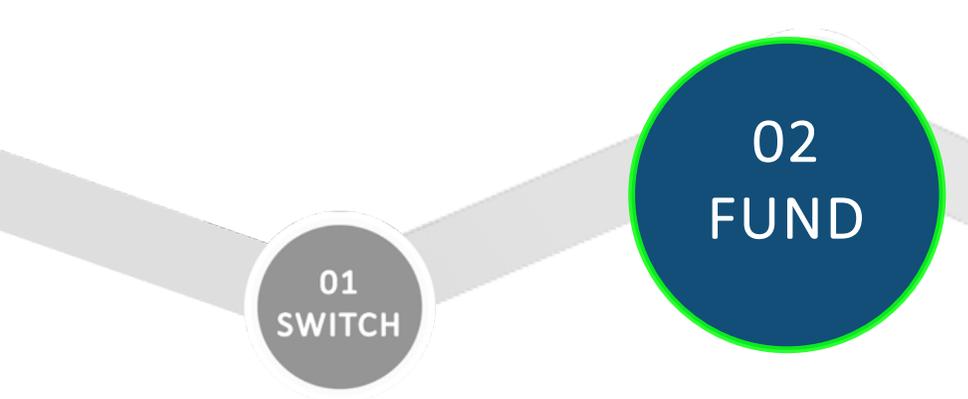
ACTIONS TO DRIVE THE SWITCH

Marketing and Sales Motions:

- Combat frustration with lack of transparency by promising **stability and visibility**
- Drive switching by emphasizing **differentiated and compelling benefits and features**
- **Keep** customers with clear, no-nonsense communications about why premiums are changing

Data-Driven Targeting:

- Carriers can help brokers identify potentially dissatisfied accounts by bringing their superior analytics capabilities to bear



01
SWITCH

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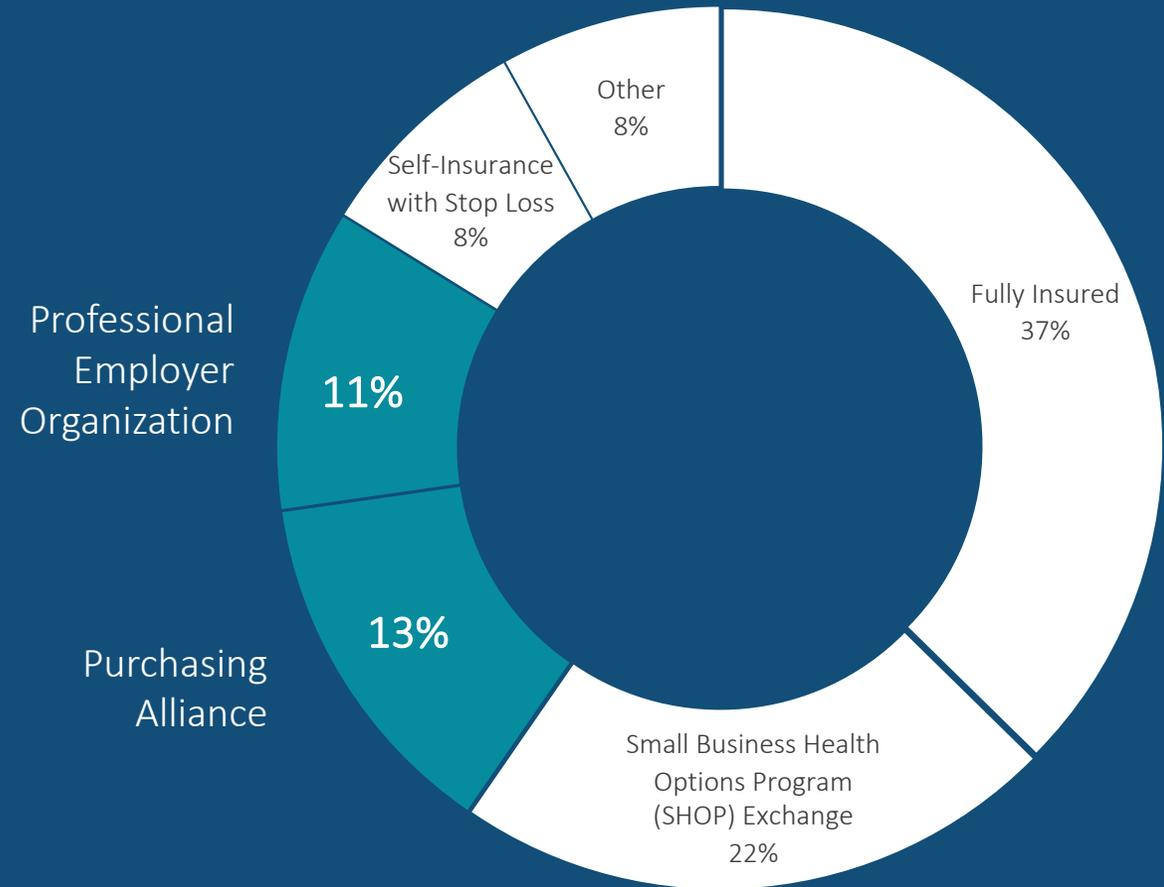
Cultivate a PEO Growth Strategy

Look to pool-based funding and purchasing mechanisms to drive success with small businesses

Cost- and time-strapped small business buyers are turning to options where they can pool their resources and offload their administrative burden to a larger entity

Only a quarter of small businesses currently use a pool-based funding mechanism...

24%



...but high appeal with employers points to forthcoming growth of pool-based funding options

Of those on fully-funded insurance, many express high interest in non-traditional, pool-based funding mechanisms

38% PEOs

41% Purchasing Alliances



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GET ON THE PEO TRAIN

Market and Customer Insights:

- Keep a pulse on the trends and developments around non-traditional purchase mechanisms, with a focus on Small Business Buyers' perceptions and reliance on these types of organizations
- Identify and target PEOs and Purchasing Alliances that present the greatest opportunity

Coverage and Channel Design:

- Post sales reps against PEO and Purchasing Alliances who understand their unique needs
- Enable reps with tailored PEO / Alliance content

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Enable Solution-based Selling

Small employers can't be expected to truly understand employee needs—or communicate the benefits of an optimal package

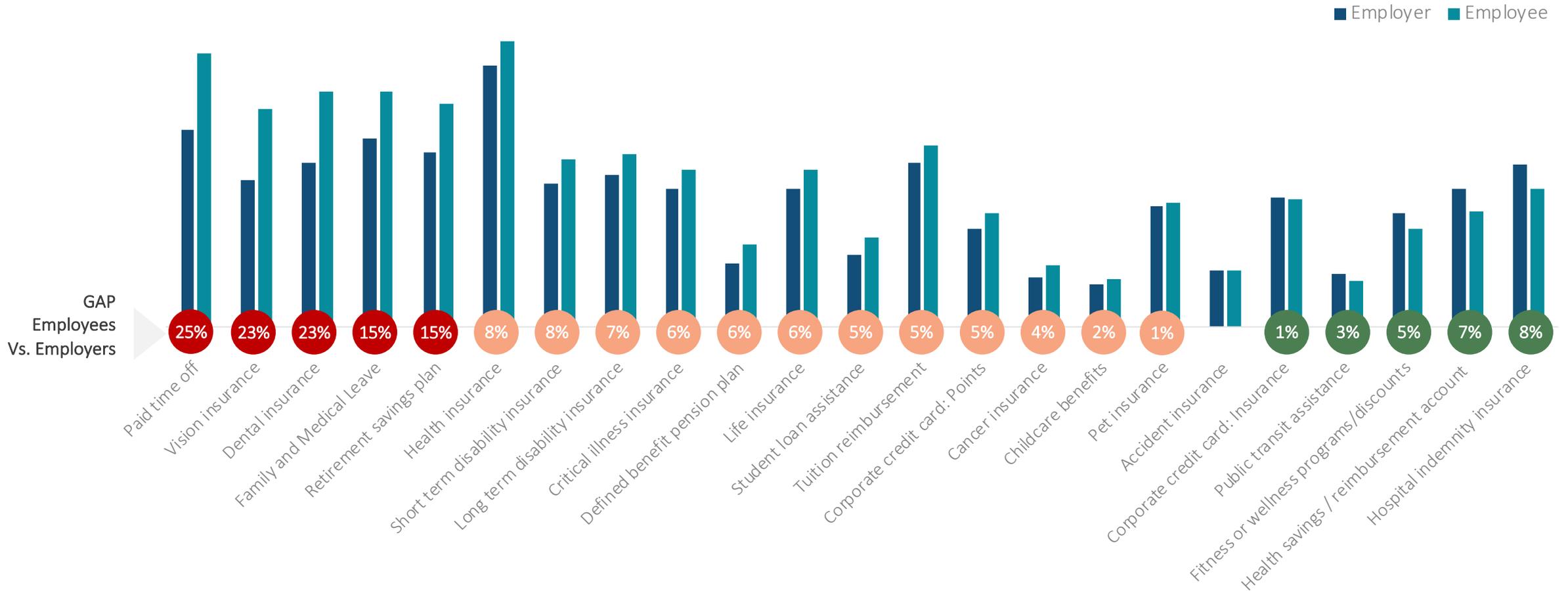
Employees feel unprepared to make value-judgements on a litany of plans with complex language and confusing features—they just want to know they're making a good decision

Employers struggle to understand their needs—particularly in smaller companies

That's where brokers, medical, and ancillary carriers can **come together** with compelling and simple solutions that **meet needs** rather than **present features**

Employees crave more comprehensive coverage than employers realize

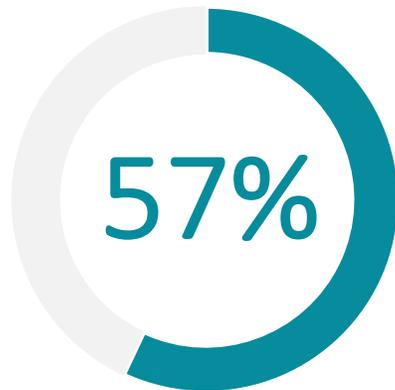
Importance of Benefit Offering
 (Top 2 Box: Extremely/Very Important)



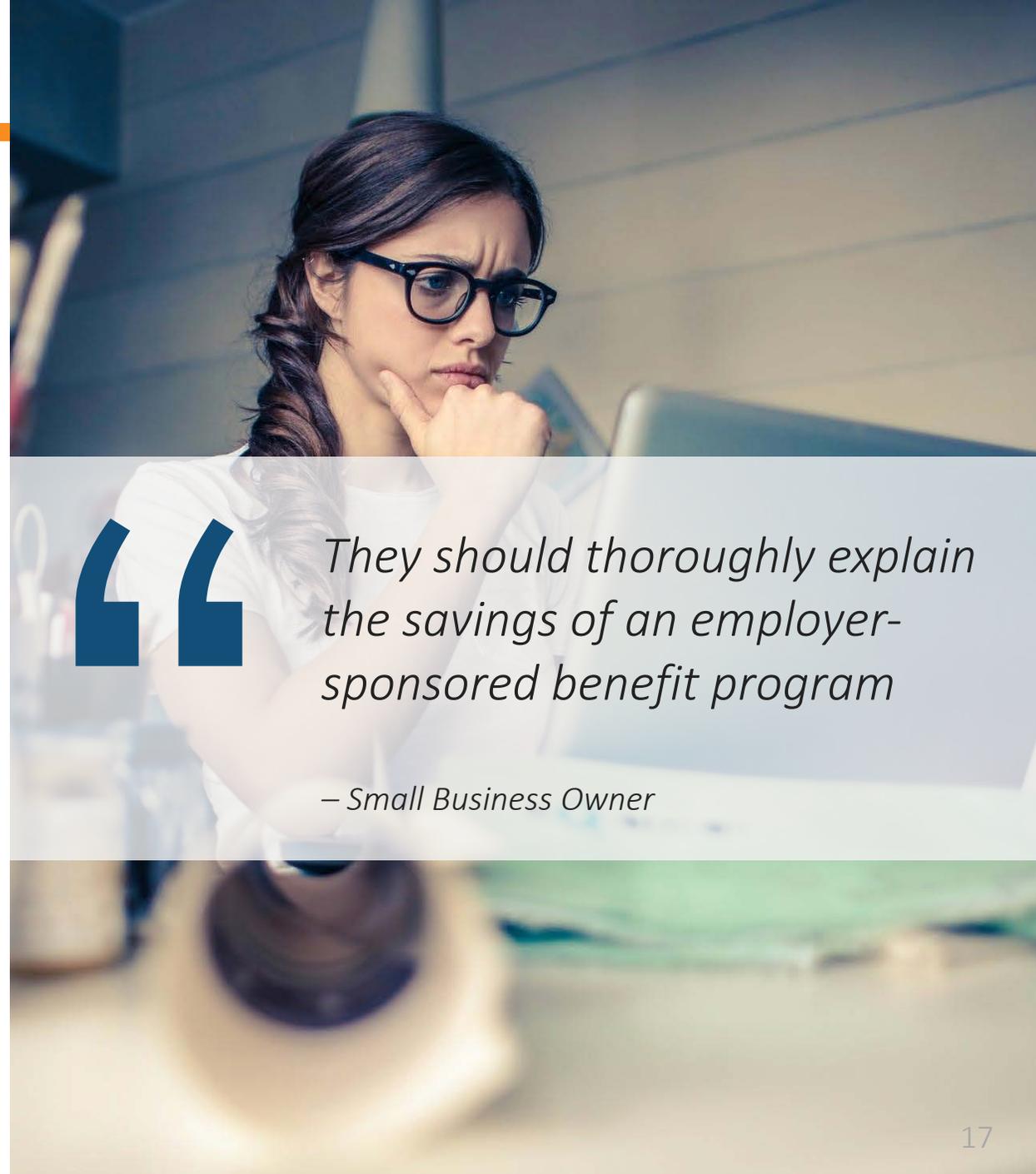
Benefits selection is an overwhelming task that employees struggle with



of employees agree: Too many optional benefits to select make the **open enrollment process** intimidating and frustrating



of employees express low literacy on at least one of health, core, or optional benefits, "I **don't really understand the benefits** / what I'm getting"



“

They should thoroughly explain the savings of an employer-sponsored benefit program

– Small Business Owner



“

[I wish I understood] which benefits employees value most. And which ones that we don't offer currently that they may like to see in the future.

- Small Business Owner

And, though employers are relied on, they fall short on making optimal decisions on behalf of employees

31%

of employers feel unequipped when it comes to selecting the right benefits and optimizing their offering



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POTENTIAL TACTICAL ACTIONS

Sales & Channel Enablement:

- Carriers should think outside the spec sheet and provide compelling solution language
- Brokers must communicate how plans can **work together as a complete “umbrella” portfolio** to tackle employees’ unmet needs

Data-Driven Targeting:

- Carriers and brokers can segment employers based on most likely solution need for their employee base—and then drive leads and sales plays with tailored, solution content

Growth Pathways:

- Medical and ancillary carriers can partner on solutions

01
SWITCH

Lead With Tech To Solve HR Pain Points

For HR record-keeping, enrollment / life events, and data transmission between providers, employers crave a one-stop, easy-to-use technology platform

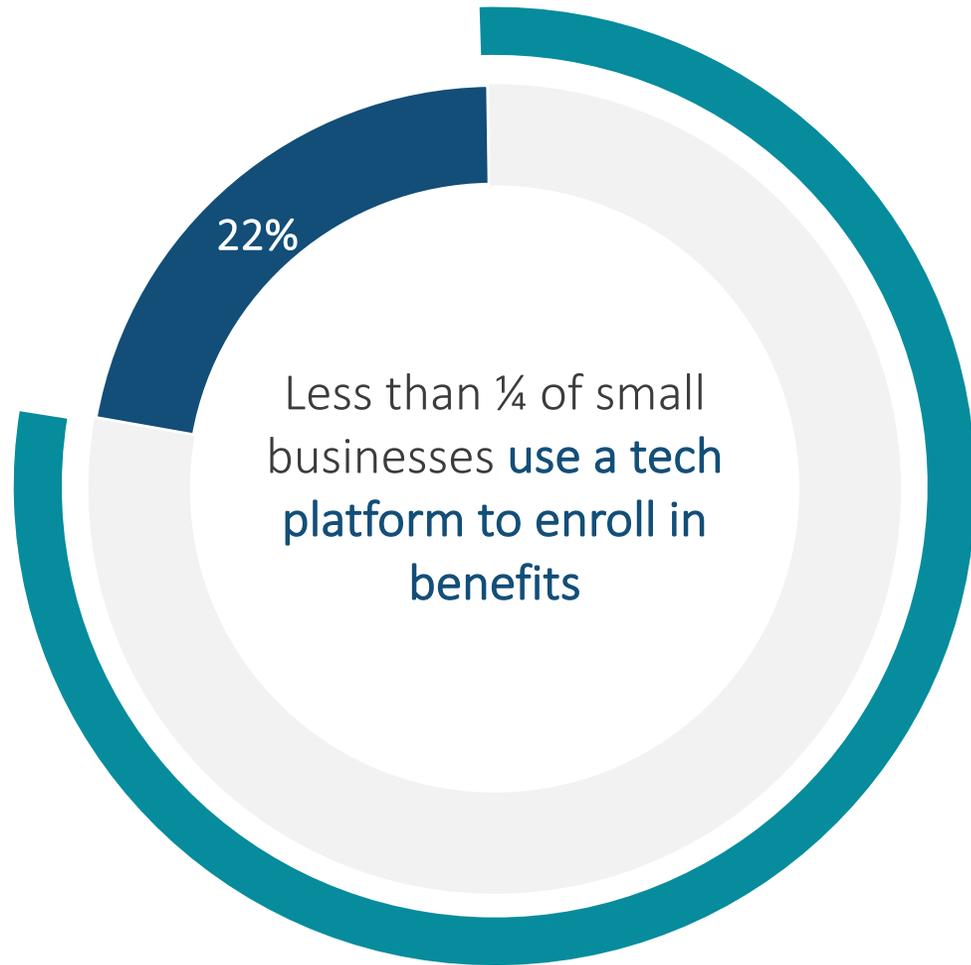
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Tech platforms for Benefits and HR Admin are already here, but uptake has been slower than expected in SMB because of integration friction, particularly when it comes to insurance

Technology adoption is in the brokers' hands; carriers can help by focusing on data integration—not proprietary platforms

Despite massive growth in Ben Admin tech platforms over the past decade, there is a gap in adoption



Tech platforms have failed to deliver on...

#1 Providing a one-stop solution that tackles HR's disparate needs

#2 Seamlessly integrating carrier data into tech platforms

Carriers' attempts to protect their business by "siloing" in proprietary (usually acquired) tech platforms will backfire

I don't trust carrier portals where they want you to put all their business there. There's no way they're really unbiased

-Small Business HR Manager



[I wish I understood] why there are so many different vendors and why there are not more integrated providers

-Small Business Owner

47%

of small businesses use a different platform for benefits than they do for payroll and HR systems

10+

The number of different systems and applications HR professionals use at work every day

“

I would like to know how to seamlessly integrate the benefits to cut down on management time.

—Head of HR



Seamless data integration with carriers is a prerequisite to uptake of a tech platform

61%

of employers claim it would be very or extremely important for **carriers** to integrate with their **benefits platform** for enrollment, life events, and billing

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POTENTIAL TACTICAL ACTIONS

- **Technology** should be focused on a frictionless experience for the employee, HR, and the broker by addressing the details of administration and data transfer
- **Humans** should continue to provide world-class support

Coverage and Channel Design:

- Rather than investing in unique carrier tech platforms, carriers should invest in a data infrastructure to seamlessly integrate with existing software platforms—particularly when it comes to plan design, enrollment, and plan changes

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Use Humans To Engage Employees

As benefits get more expensive and more complicated, employees fundamentally need a human's guiding hand to make the benefits decision

It's worth remembering—employee engagement and satisfaction is the whole point of offering benefits

When it comes to servicing employees, **human-based interaction** is key and cannot be replaced by technology



Employers report difficulty in driving benefits uptake and engagement with their employees

21%

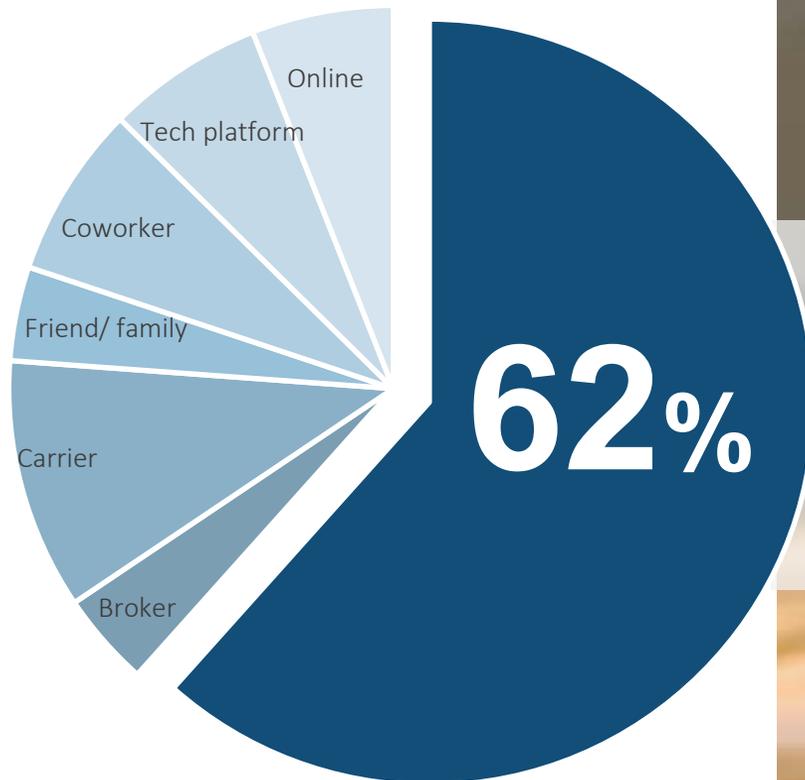
of employers report their single largest pain point is breaking through to employees

- Educating employees
- Getting employees to sign up
- Measuring employee satisfaction

... are chief challenges HR buyers face

Employees crave more accessible support

SMB employees want the ability to interact with a well-prepared, well-versed, and accessible individual when it comes to their benefits administration. Currently, many employees are having to rely on co-workers or friends and family to answer their questions because internal individuals fall short.



of small business employees **rely on an internal human resources individual** to answer their questions

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POTENTIAL TACTICAL ACTIONS

Buyer Personas and Journeys:

- **Brokers** should focus on providing personal support to employees, and not just in the open enrollment meeting. Take advantage of the intimate setting small businesses offer to provide personalized service and thorough education of end users
- **Carriers** should move away from call centers and realize that making the sale to a broker is about a trusted, personal relationship—and this means being there when real trouble arises

Coverage and Channel Design:

- Build and deploy a **customer success** function and associated motions to ensure delivery of value

CARRIERS

Restore their faith

Convince SMBs that their carrier experience *can* improve. If not price stability, at least promise visibility and full transparency. Highlight differentiated features and better benefits and enable brokers to sell against them.

Get in with the right accounts

Identify and build direct relationships with key PEOs and Purchasing Alliances.

Think holistically

Configure comprehensive plans that meet the complete needs of employees with a data-driven understanding of end users and enable brokers to sell against them by providing solution-based language.

Remember you are not a tech platform

Invest in data infrastructure for seamless integration into existing and already-embedded HR admin platforms.

Get personal

Move away from impersonal call-centers before alienating both brokers and customers through detached, systematic relationships



Keep at-risk accounts happy

Identify carrier dissatisfaction among accounts and guide them to a switch before malaise leads to abandoning the broker.



Tailor selling motions

Develop a strategy to nurture pool-based accounts. For example, consider a PEO-focused sales function or develop tailored sales collateral.



Go beyond features

Sell umbrella packages that resonate with employees because of the solutions they provide and how they address the needs of the individual as a whole



Add value with friction-easing tech

Whether by developing proprietary platforms or partnering with best-in-class technologies, present a tech solution to small businesses that eases the administrative burden.



Ensure customer success

Guarantee employee satisfaction and delight SBOs by leveraging unparalleled, human-based servicing, including education, guidance, and general support

About MarketBridge

YOUR PARTNER IN REVENUE GROWTH

We wrote the book on multichannel go-to-market strategy and execution, literally. Based on 25+ years of experience, made actionable with industry-specific best practices and benchmarks, we connect always-on strategy with agile execution to future-proof your success.



Capture timely and actionable customer, competitor and partner insights to drive change

Harness internal and external signals to optimize decisions across the buyer journey

Enable sales and marketing with the right content for every buyer at every stage

50+

Fortune 1000 clients

