

# 7 of 10 HR Professionals Choose PayScale Over Traditional Surveys

The results are in. When HR professionals are considering providers for their market data and tools, PayScale is the preferred choice over traditional data sources seven out of 10 times. The traditional sources we competed head-to-head against are: Salary.com\*\*, ERI, Mercer, Towers/Watson, CompData, Culpepper, Radford, Hewitt, BLR and over 35 local and association surveys.

In this brief, we will explore the similarities and differences when comparing PayScale and traditional sources, and provide the top 10 reasons HR professionals told us that they prefer PayScale over traditional sources. We'll start with an overview of the current compensation data market.

## What Is a Traditional Compensation Survey?

The majority of salary surveys available, often referred to as “traditional surveys,” gather data directly from employers, combine it and publish a report. Because of the effort involved to gather and analyze the data, the studies are usually completed and published on an annual or other periodic cycle.

## How Do Traditional Surveys Get Their Data?

Traditional surveys require participation from employers to gather their data. The cost of receiving the final, processed data is subsidized for participants as a reward for their participation. The cost to non-participants is often three times higher.

## How Is Traditional Data Organized?

Traditional survey providers usually use broad job levels, such as software developer I, II, III, or IV. And, there may be many actual jobs at real companies that roll-up into these survey defined levels. Also, most traditional surveys sell access to the data in regional or industry “slices.” Companies with multiple locations or complex business operations are forced to purchase multiple geographic or industry “slices” to achieve adequate coverage of their employees and positions.

### \*\*A note about Salary.com

Salary.com is an aggregator of traditional survey sources that delivers access via an online tool. Salary.com licenses access to traditional survey data and aggregates the data into a central database which their clients access. In general, their license agreements with traditional survey providers do not provide the ability to report which set of data was originally sourced from each survey.

## How Does PayScale Collect Data?

PayScale gathers data directly from employees at companies. To date, we have gathered over 17 million incumbent profiles across 7,000 job titles and 250 unique compensable factors. Like traditional surveys, we perform job evaluation and statistical validation of our data set. Unlike traditional surveys, we also regularly compare our data set to the “gold” standard surveys, particularly looking for correlation between the data sets. The most recent analysis shows a correlation coefficient of 0.84 – that is, PayScale is highly correlated to the “gold” standard traditional surveys.

## What Are Some of the Key Similarities and Differences Between PayScale and Traditional Sources?

Like it or not, all surveys, including PayScale, have some bias built in to their results. For example, Salary.com uses traditional survey data which is usually gathered from larger companies. Pay usually increases with company size. This bias isn't a problem unless you are small or medium-sized organization. In that case, you have to apply mathematical blending in order to normalize the data toward your company size.

Also, most traditional surveys report data by regions. To drill down further within the region requires applying a local differential adjustment to the data.

By comparison, PayScale collects data from employees at all company sizes across most English-speaking countries. As such, if you are a company with 2,500 or less employees, we are likely to have exact matches for your positions. Also, if you are a company with more than 2,500 employees, we are likely to have an exact match for the same or similar position across multiple locations.

But, because we have so much data, PayScale can go one step further. We're able to report for all company sizes, locations and industries and we allow a company to focus exclusively on only that portion of our total data set that is most relevant to their particular organization size, geography or industry. No other survey gives one-cost access to the entire database and allows such a high level of custom filtering.

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## The Study

PayScale completed a study of all potential customers for whom we had done a needs analysis in 2010 (1,219 customers total) to understand their preferences for a total compensation strategy solution.

Of these, 910 chose to either purchase PayScale (456 or 50%), not purchase data (418 or 46%) or purchase from a competitor (36 or 4%). That says that half the prospective clients with whom we have completed a detailed needs analysis ultimately buy from PayScale.

Most interestingly, and the core focus of this brief, PayScale competed head-to-head versus either Salary.com, ERI, Mercer, Towers Watson, CompData, Culpepper, Radford, Hewitt, BLR or one of two dozen association surveys in 139 cases. Of these, PayScale was selected 103 times or 74%.

When faced with the decision between choosing PayScale or more traditional data sources, we thought you'd like to hear the top 10 reasons why seven out of ten of your peers say they chose PayScale.

## Top 10 Reasons Why HR Professionals Choose PayScale

- 1. Broadest data set.** Our database is the largest anywhere and covers all geographies, industries and company sizes. We give our customers access to all of this information at all times under one agreement and one price.
- 2. Most up-to-date data.** We continually gather and publish new data so that our data is always at market, with no aging or blending or local differential adjustment required, ever.
- 3. Highly specific and accurate reports.** We use over 7,000 titles and over 250 compensable factors to create a specific match to the position you are pricing. There is no need to match a job to a pre-defined traditional survey level. Everything about the data is customized to you.
- 4. Data source transparency.** We offer an unusually high degree of data source transparency. Our report shows you, in detail, why we generated the results we did. No other survey offers this information.
- 5. Guidance is built in.** PayScale not only offers data but also tools that help you align your compensation strategy with your business strategy. You can easily set ranges and analyze your pay practices compared to others in the market. There's no need to buy an additional platform and software outside of your data source.
- 6. Product is easy to use.** Our interface presents PayScale's compensation tools and data so that non-compensation professionals can achieve maximum business impact. And, our tools are 100 percent online and available on your schedule.
- 7. A superior level of support.** Our customer service team gets you up and running quickly and answers your questions as you go. We also offer the option of professional consulting to help you establish a compensation strategy that aligns with your business strategy.
- 8. More educational resources.** A PayScale subscription includes access to all of our white papers, blogs and webinars. We get over 6,000 content downloads and 2,000 people attending our accredited webinars each month.
- 9. No preliminary work required.** You are saved weeks of administrative work to prepare and submit your data to traditional sources each year.
- 10. Most value for the money.** There are some less expensive data providers available but our rates are highly competitive with most traditional sources and less expensive than many. Ask us for a comparison. Plus, there is no need for you to buy multiple slices of data or another platform to make sense of the data you buy from PayScale.

## In Their Words – What Real Customers Said About Choosing PayScale



*“From start to finish, everyone at PayScale has been wonderful to work with and I feel like I’ve made friends. I know I can contact them at anytime for help. The reports are excellent, as are all the whitepaper resources. Thank you from our board, senior management and staff.”*

Cynthia Dobek, Director of Business, Finance & HRM Nevada Public Radio



*“People really don’t understand that pay is so industry-driven. Most people think it’s about education and geography, but the same positions can fluctuate widely across different industries. When our hiring managers want to make a decision, I can pull an entire report reflecting many different input factors, so that we have a much clearer picture of what to pay. We’re paying more accurately, which is saving us money.”*

Steve Voss, Director of HR Universal American Financial Corporation



*“PayScale has been one of the most accurate, well-detailed, comprehensive salary survey report companies we have had the pleasure to do business with. We are extremely happy with the comparisons to other companies our size, with data like years of experience, degree, size of company, etc. When doing a company salary review, we ran all of our positions through your service and were provided accurate, current salary reports. We are happy customers.”*

Rita Pertzborn, HR Director ESET, LLC



*“Insight is a marvelous tool for me to access compensation data. The data is current and relevant. I especially like the anonymous profiles that make it easier to “sell” the surveyed information to senior management.”*

Susan Milne, Director HR FPI Fireplace Products International Ltd



*“I’ve worked with compensation information for over 15 years and PayScale enables a fundamentally different approach which saves substantial money. Previously, I would have to purchase multiple surveys, compile the required information, verify the age of the data, analyze job descriptions and manipulate the data. The opportunity for error was immense. I would spend weeks in this process. I’m now saving money not just by avoiding buying multiple surveys, but also significantly on the labor of pulling it all together into something that means something for our business.”*

Mandie LaMontagne, Director of Human Resources Solaris Worldwide