AGENCY SURVIVAL GUIDE

How to Win in Today's Local Business Market

Local Businesses

Competition

Products
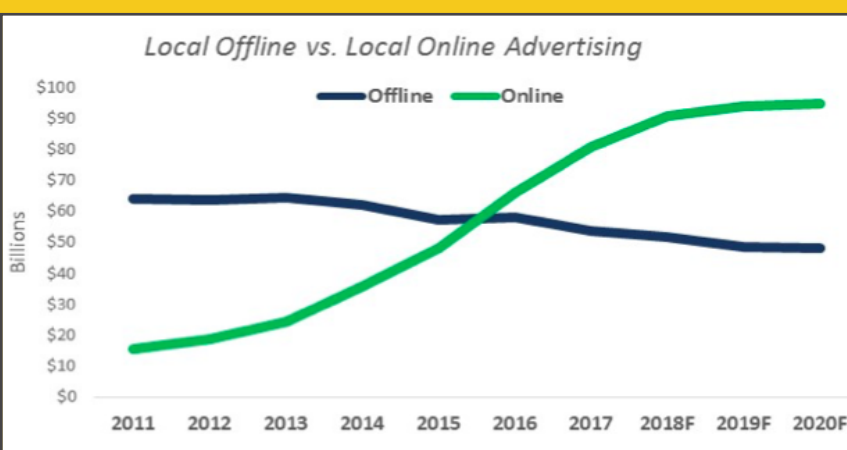
Solutions

VENDASTA

LOCAL MARKETING LANDSCAPE

I can't believe I'm going to start this off with a cliche, but for the life of me, I can't think of a more appropriate time to use one—the future is here people. Year after year, industry studies get published, forecasting the future of local marketing, usually Doomsday warnings for traditional and red carpets for digital.

Whether it was a foregone conclusion or not, the actuaries were right: digital and traditional marketing have arrived at ground zero. 2016 marks a new era in the local media industry—it's the first time small and medium businesses (SMBs), will be spending more on digital solutions than traditional ones. Agencies and media companies still wondering about digital ROI, this is officially your last call. As time marches on, local businesses will continue to pour more dollars into digital solutions and less into traditional.
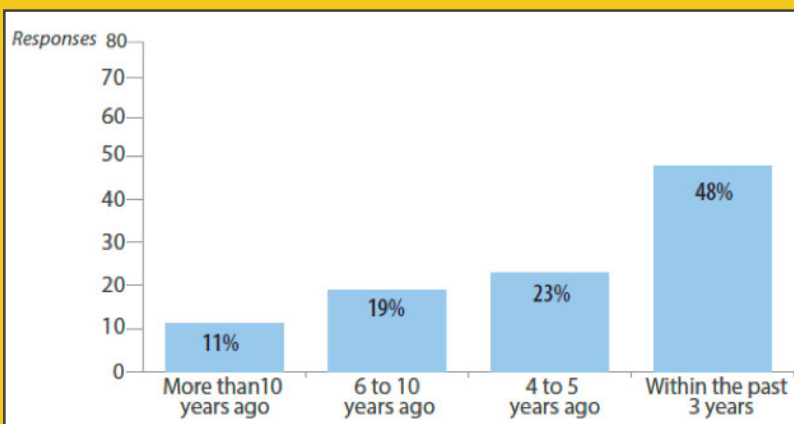
Four years from now, local digital marketing will be a $100B industry—and where there's money, there's competition. Over the last five years, the local market has provided fertile soil for new agencies—and in 2016 their time in the sun has come and their sights are set on your clients.

Are you prepared to defend what's yours?

Local Offline vs. Local Online Advertising

THE RISE OF THE DIGITAL AGENCY

71% of digital agencies are less than five years old

Responses (bar chart)

- More than 10 years ago: 11%
- 6 to 10 years ago: 19%
- 4 to 5 years ago: 23%
- Within the past 3 years: 48%

Whether you're an existing digital agency, a traditional one or both, you need to take in this segment as if you're John Connor, because the Terminator is coming for your business in the form of a startup loaded with low-cost products and digital expertise.

These hungry startups are doing two things: they're forcing agencies to realign their pricing and either adopt or create new products and services in order to remain competitive. What happens for those who can't adapt? Let's just say it's a boneyard out there, with the average client churn rate looming at a haunting 50-60%.

Data from over 250K local businesses tells us that perhaps the biggest factor in churn is pricing. However, it's not just the number on the tag that matters, it's also the model agencies deliver their offering in.

It's not news to any of us that SMBs have limited marketing budgets, with the average business spending less than $200/month (**Search Engine Land**). Your clients not only want competitive pricing, they want to purchase solutions in a scalable manner to fit that lean budget. We've discovered they're giving preference to agencies who offer a subscription-based pricing.

Another key insight into why agencies lose customers is that they're not providing the right solutions. Yes, it took me all night to come up with that, but don't roll your eyes just yet. Thanks to technology, the shortened rate of change demands constant adaptation. A text ad might be cool today, but will it mean anything tomorrow? In fact, you might be surprised at what local businesses are spending their money on these days (see pg.5)

# WHY AGENCIES NEED TO FOCUS ON MARKETING VS. ADVERTISING

Advertising has been the primary driver of sales and revenue for the better part of a century. It's been so instrumental that it's not just a part of business, it's a part of our culture. Since the 20s, mass media like TV commercials, radio spots and newspapers gave brands a pathway into the consciousness of consumers, which in an Orwellian sort of way, allowed them to control our buying behavior. It was a one-way communication for 90 years.

But since the arrival of the Internet and the emergence of blogs and social media shortly thereafter, consumers have a voice, and brands have had no other choice but to get more democratic about marketing. No longer can they simply talk at us; now they must talk with us. Consumers are in the driver's seat now, and we have more **control over their brand** than they do.

Marketing is not a one-way communication anymore, it's a conversation. Abidingly, businesses are discovering new ways to reach their audience and are adopting new marketing strategies and solutions as such.

In 2016, local businesses are spending $84B more on marketing versus advertising. This gap widens as time goes on, wherein four years from now, local marketing spend will reach $395B— 2.6x more than advertising!
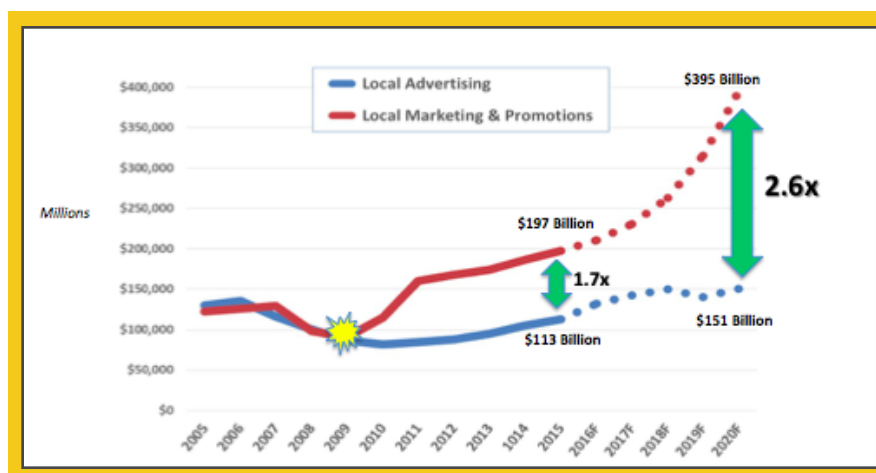
WHAT LOCAL BUSINESSES ARE SPENDING THEIR BUDGET ON

To not only survive out there but to turn the tide back on churn, stay ahead of competitors and appeal to local businesses, start by understanding what SMBs want. The chart on the right depicts the channels local businesses are allocating their marketing budget on.
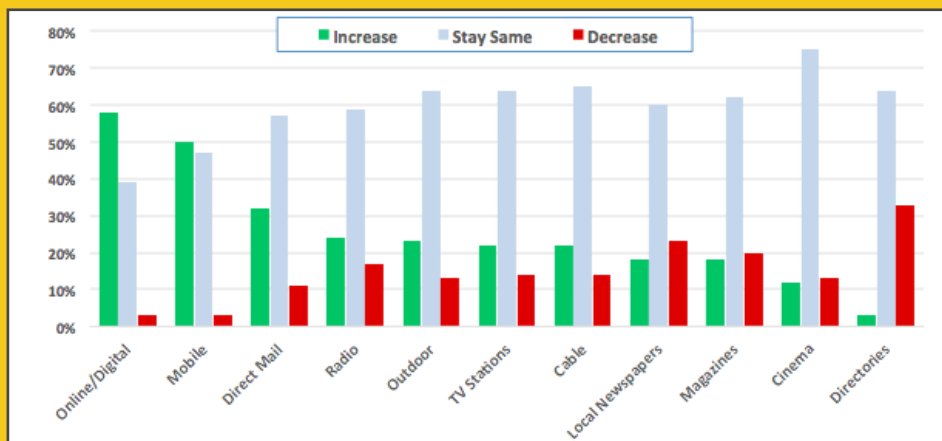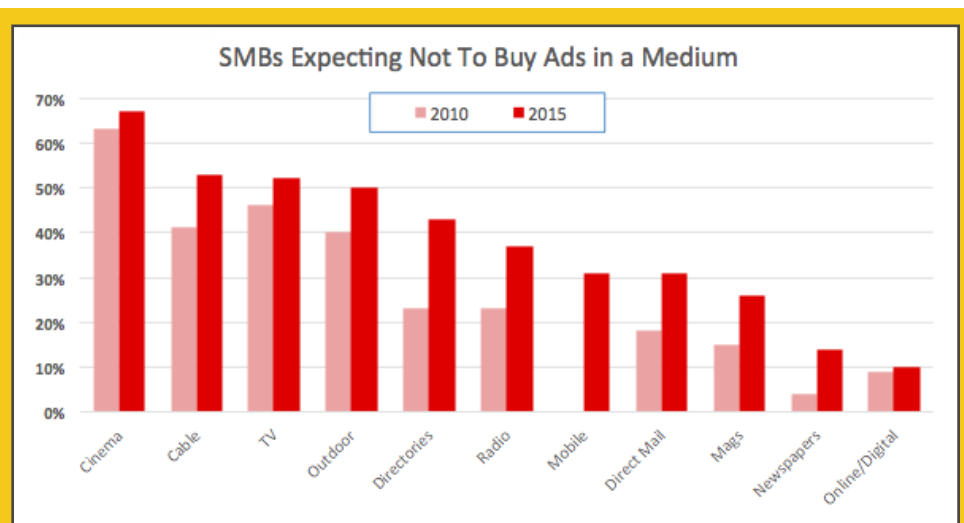

To further dichotomize digital and traditional marketing, take a look at this graph and see the different types of media your clients are phasing out of their programs. While cinema may have been predictable, TV, radio and various types of print might not have been.

DIGITAL MARKETING SOLUTIONS CLIENTS ARE BUYING

If you're providing digital products (the right ones, that is), it's not a bad time to be in the local business market. In 2016, SMBs will spending $80B on digital marketing solutions and services. Listed below are the top products they'll be purchasing, and the amount of money they'll be spending on each.

Digital Service Spending Category	2015	2016 Forecast	Change
Web Hosting	$39,600,619,777	$34,683,001,392	-12.4%
Website Design/Maintenance	$27,713,229,388	$26,696,959,330	-3.7%
SEO	$5,164,513,972	$5,922,955,282	14.7%
Online Video Production	$1,218,024,380	$2,415,789,877	98.3%
Mobile Media Management	$1,053,811,149	$2,847,959,725	170.3%
App Design	$934,632,169	$1,361,356,612	45.7%
Online consulting and research	$751,548,333	$877,075,776	16.7%
Online Advertising Management	$634,322,999	$1,293,755,012	104.0%
Social Media Management	$626,441,168	$2,184,556,245	248.7%
Online Agency/Exchange Fees	$518,276,402	$670,199,102	29.3%
Reputation Management	$424,195,854	$1,340,284,435	216.0%
Opt-in List Management	$318,146,891	$997,896,770	213.7%
Display Ad Design	$304,130,015	$337,443,377	11.0%
E-mail Management	$241,020,372	$242,478,430	0.6%
Listings Claiming (Pay Per Call, Call Tracking)	$225,217,583	$809,193,028	259.3%
Digital Press Release Distribution	$199,210,005	$259,890,182	30.5%
Blog Development	$65,782,381	$42,210,307	-35.8%
Online Contest/Game Development	$61,179,043	$50,545,194	-17.4%
E-mail List Purchase	$17,875,471	$147,010,743	722.4%
Site Visitor Analysis	$15,255,141	$1,336,863,092	8663.4%
TOTAL	$80,087,432,492	$84,517,423,911	5.5%

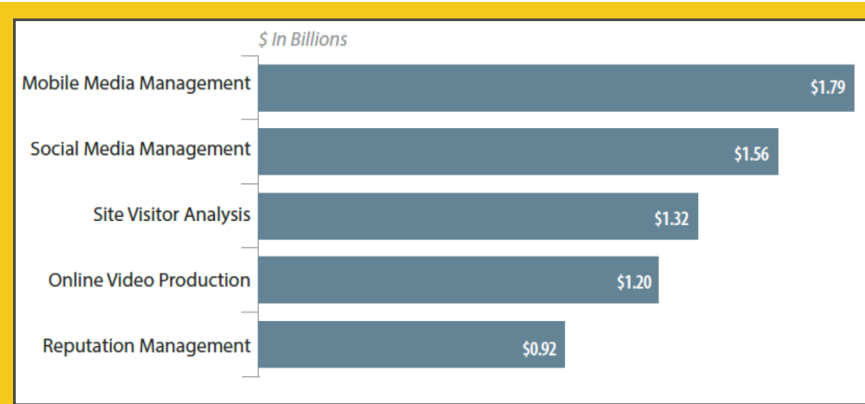## Top-Growing Digital Services Fit Nicely with Media's Role
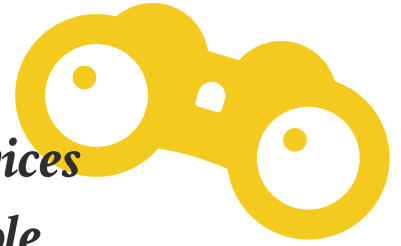
Web hosting/design are still at the top of the food chain, accounting for $34B and $26B, notice they're on the decline though, which speaks to the volume of businesses who are already established online. Next in line is SEO services, coming in at $5.9B to get customers to said website.

Let's turn our attention to the products that'll see the highest growth in 2016. How many of these products in this graph did you peg to eclipse the billion dollar mark?

With people consuming most of their digital media through handheld devices, it's not surprising mobile and video are taking huge strides. And with the growing usage marketing automation and remarketing tools, website analytics may also have been predictable, projected to be a billion dollar industry this year.

$ In Billions

Service	$
Mobile Media Management	$1.79
Social Media Management	$1.56
Site Visitor Analysis	$1.32
Online Video Production	$1.20
Reputation Management	$0.92

I was particularly interested in the growth rates of reputation management and social media management products. While I'm aware of the importance of each, as Vendasta develops them, I must admit, I was taken aback when I learned reputation management will be a $1.3B industry by year's end—up 216% from 2015. After researching what's causing this sudden surge, I can firmly attribute it to the fact online reviews are coming of age, and businesses know it, because they know this:

- **70% of consumers'** buying behavior is dependent on online reviews (**Nielsen**)
- **Google** has rated **reviews** as one of their **top five ranking criterions** (**Moz**)
- Businesses experience an **18% increase in sales** from reviews (**Bazaar Voice**)
- **90%** of people claim **positive reviews influence** their purchasing decisions (**Zendesk**)
- **63% of consumers** are more likely to buy from a site with **product ratings** (**iPerceptions**)

Social media marketing will be up 248% from last year, and netting out as a $2.2B industry in the local space.

What's causing local businesses to set their social media channels on fire?

- There are **2.3 billion active social media users** (<u>We Are Social</u>)

- Social networks earned an estimated **$8.3B from advertising** in 2015 (<u>Mashable</u>)

- Social media marketing has **reduced costs for 45%** of businesses (<u>Sprout Social</u>)

- **Revenue increased for 24%** of businesses when they utilized social media for lead generation (<u>Sprout Social</u>)

- **33% of millennials** identify social media as one of their **preferred channels for communicating** with businesses (<u>Marketing Sherpa</u>)

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WHY REPUTATION MANAGEMENT?

The short and skinny of it: 97% of consumers go online to search for local business information (**BIA/Kelsey**). What they find, as iterated above, determines whether or not they'll become customers. Businesses need a way to monitor their online reputation and keep it in good graces if they want to run a sustainable ship.

Top notch reputation management solutions allow businesses to take control of their online reputation by allowing them to correct location data, monitor and manage reviews, observe what competitors are doing, along with other relevant capabilities. Here's the nuts and bolts of what business owners can do:

- **Monitor reviews** - receive an alert the moment a review is submitted on all of the most popular review sites, including Yelp, Facebook and Google+, as well as a ton of sites that are relevant to their specific industry (e.g., TripAdvisor, RateMD, Cars.com, etc.).

- **Generate reviews** - gather new reviews from delighted customers and ensure that negative reviews stay private.

- **Advanced listening** - find "mentions" from news sites, blogs and social networks so they get the full picture of what people are saying about their business.

- **Competitor insights** - monitor what the competition is doing online and build strategies to gain more customers in their local area.

- **Simple social media management** - save time by using one platform to monitor and analyze social media efficacy.

- **Monitor web presence** - view the accuracy of business listing data across the web on all of the major directories and citations. Listings are crucial to making sure people can find businesses on Google.

WHY SOCIAL MEDIA MARKETING?
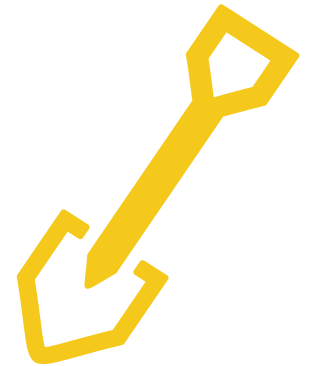
Social media is the largest marketplace mankind has ever seen. Every day, millions of consumers declare their buying intentions on Facebook, Twitter, Google+, YouTube and the like. Social media usership is through the roof, as a third of the world's entire population is actively trolling through newsfeeds and consuming content from businesses and brands.

Businesses big and small are taking real estate in the social environment to get a piece of the pie, if only to catch up to their competitors who already have 3,000 followers. With best-in-class social media marketing solutions, businesses owners can:

- **Manage social networks from one location** - monitor platforms like Facebook, Twitter, Foursquare, and Google+ from one dashboard.

- **Gather ready-to-publish content** - save time and energy with customizable settings that find and republish their industry's hottest news.

- **Post to multiple social channels** - from one tab, publish content to multiple social sites with the push of a button.

- **Receive real-time social leads** - discover and interact with leads who are looking for products and services in real time.

- **Schedule posts in advance** - set-up and preview posts before publishing, and build the week's content in one sitting.

- **Track performance across profiles** - get important stats that provide insights into social profiles for better content strategy and customer engagement.

So the question is, do you offer **Reputation Management** and **Social Marketing** solutions? If not, the market is calling you! If you do, are you offering them with full capabilities and through a preferable pricing model?
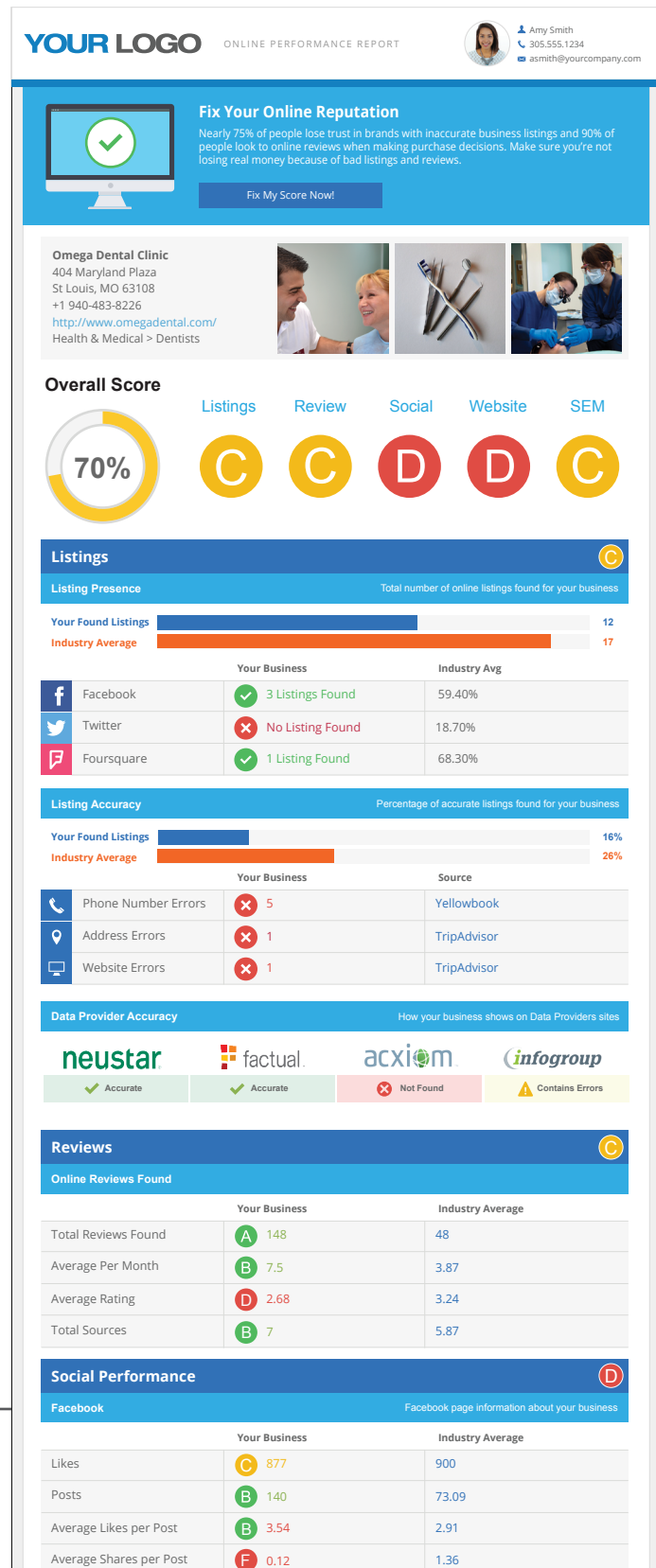
HOW TO SELL TO LOCAL BUSINESSES

Five words: marketing automation built for agencies. That's right, marketing automation built specifically for you. Software programmed with data, relevant API and partner integrations that align with the local business market.

Marketing automation for agencies really focuses on selling. With a few simple data points like a business name or phone number, the software is able to identify local business prospects with digital marketing needs, and then engages them with full-scale reports with highly personalized insights about their business.

This is an example of one these type of reports. We call them Snapshot Reports: a detailed assessment of a business's online presence and reputation that exposes critical marketing gaps:

- **Reputation score** – based on positive and negative and volume reviews

- **Business listing score** – based on local listing data and directory presence

- **Social marketing score** – based on social presence

- **Website score** – based on mobile optimization and SEO

- **SEM score** – based on search engine marketing efforts

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YOUR LOGO ONLINE PERFORMANCE REPORT

Amy Smith
305.555.1234
asmith@yourcompany.com

Fix Your Online Reputation
Nearly 75% of people lose trust in brands with inaccurate business listings and 90% of people look to online reviews when making purchase decisions. Make sure you're not losing real money because of bad listings and reviews.

Fix My Score Now!

Omega Dental Clinic
404 Maryland Plaza
St Louis, MO 63108
+1 940-483-8226
http://www.omegadental.com/
Health & Medical > Dentists

Overall Score

70%

Listings	Review	Social	Website	SEM
C	C	D	D	C

Listings — C

Listing Presence — Total number of online listings found for your business

Your Found Listings		12
Industry Average		17

	Your Business	Industry Avg
Facebook	✓ 3 Listings Found	59.40%
Twitter	✗ No Listing Found	18.70%
Foursquare	✓ 1 Listing Found	68.30%

Listing Accuracy — Percentage of accurate listings found for your business

Your Found Listings		16%
Industry Average		26%

	Your Business	Source
Phone Number Errors	✗ 5	Yellowbook
Address Errors	✗ 1	TripAdvisor
Website Errors	✗ 1	TripAdvisor

Data Provider Accuracy — How your business shows on Data Providers sites

neustar	factual	acxiom	infogroup
✓ Accurate	✓ Accurate	✗ Not Found	⚠ Contains Errors

Reviews — C

Online Reviews Found

	Your Business	Industry Average
Total Reviews Found	A 148	48
Average Per Month	B 7.5	3.87
Average Rating	D 2.68	3.24
Total Sources	B 7	5.87

Social Performance — D

Facebook — Facebook page information about your business

	Your Business	Industry Average
Likes	C 877	900
Posts	B 140	73.09
Average Likes per Post	B 3.54	2.91
Average Shares per Post	F 0.12	1.36

10

Reports like these provide sales reps an edge in the selling process, as businesses are rarely aware of these insights but recognize their value, allowing the rep to take a consultative approach versus a cold call pitch.

An outbound email often becomes an inbound conversation. These types of emails experience an average 45.1% open rate and 35.4% click-through-rate versus an industry average of 15.5% and 6.3%.

Two case studies below demonstrate results from an agency and media company using a marketing automation platform that was specifically designed for their business.

| *Digital Agency*	*Media Company*
730 data-driven emails to local businesses	*500 data-driven emails to local businesses*
■ Generated 34% open rate	■ Generated 51% open rate
■ Achieved 49.4% CTR on first email	■ Achieved 79% click-through rate
■ Converted 59 recipients into qualified leads	■ Turned 20% of cold opportunities into customers
■ Secured 25 sales presentations and 11 deals closed	■ That's over 250 businesses opening their emails, 200 engaging with them, and 40 becoming customers.
■ Gained over 57K in new digital revenue in three weeks	

SUMMARY

I hope I was able to provide you with some valuable insights into how to not only survive, but flourish in the local market space. I'll leave you with some quick overview bullets to take away:

- 2016 marks the first year local businesses will be spending more on digital marketing than traditional

- The local agency market is growing fast: 71% of digital agencies are less than five years old

- Local businesses are spending more on marketing versus advertising

- Avoid churn with subscription-based pricing and relevant products

- Two of the fastest growing local business solutions are social media marketing ($2.2B) and reputation management ($1.3B)

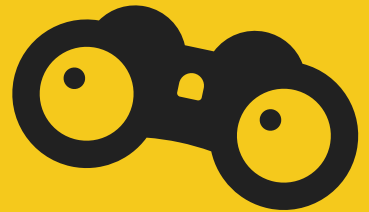- Marketing automation for agencies is proven to help agencies and media companies sell more and increase revenue

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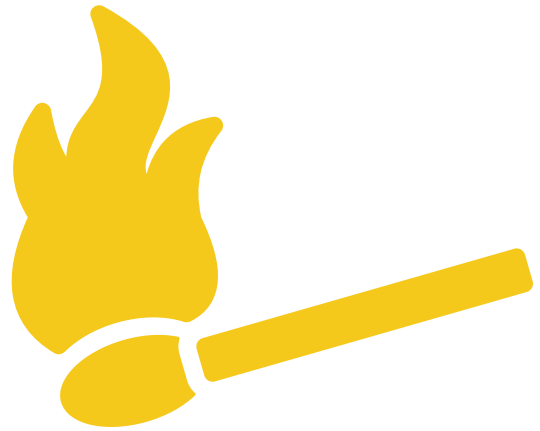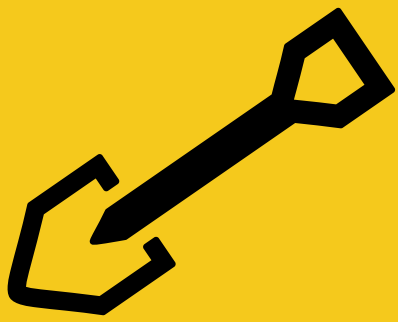
DISCOVER THE #1 LOCAL MARKETING PLATFORM FOR AGENCIES

Get a **free demo** *on reputation management, social marketing and marketing automation*