The State of SEO Agencies in 2014

What is happening in the SEO industry?

International Market Study on the Services, Strategies and Challenges of SEO Agencies and their Clients

Hi,

thanks for your interest in our study **State of SEO Agencies in 2014**. Look forward to exciting learnings on **how agencies can optimize their market positioning and business activities** as well as insights on how to get a better grip on client demands – something we have focused on in detail in this PDF report.

The constant change in matters of SEO has lead to increasingly interdisciplinary task of achieving **real sustainable growth for your company brand's organic online visibility**!

Nicolai Kuban
CEO & Co-Founder
www.linkbird.com

At linkbird, we see **a symbiosis of SEO, Online PR and Content Marketing** taking place, a change which creates new challenges for online marketers and specialized SEO agencies. We want to use our extensive study to show you **facts and solutions to the problem**, answering questions such as: what does SEO look like now, what challenges does it currently face and what role do SEO clients play?

Among other things, we looked at where customers meet SEO agencies, what the concerns of customers in their selection of an SEO service provider are, how they rate the cooperation with an SEO agency, **what are the most important goals of an agency** and **what should an SEO agency work on to sustain success**.

From our perspective, we have reached our goal of creating **a compulsory read for every decision maker in an online marketing agency**. My thanks go to everyone who contributed to this study, especially my linkbird marketing team, consisting of Dr. Asokan Nirmalarajah, Karan Sharma, Fenja Villeumier and Stefanie Isabel Kobsa. **Enjoy reading** our report and **using the new insights for your own SEO strategy**!

Nicolai Kuban, @nicolaikuban

Contents

Introduction

As the developer of an SEO management tool, we often receive questions from our clients – most of which are online marketing agencies and E-Commerce companies – about **current trends, strategies, challenges, and practices of the SEO industry**. To properly answer our market's questions, we conducted an in-depth survey with SEO agencies, their clients as well as companies that do (not) want to hire agencies.

The process we used to conduct this study is detailed in Chapter I: **Methods and Tools**. In this chapter, we detail our **Survey Design**, **Data Collection** methods and give compelling information about the **Respondents** to our large-scale survey.

In Chapter II: **Findings and Assessments**, we discuss the survey results and provide insights into the following topics, each dedicated its own section: 1) **Budgets and Spending** provides insights on spending and differences between clients and non-clients, 2) **Acquisition and the Market** details the ways agencies hope to connect with their clients as well as the ways clients tend to look for agencies, 3) **Supply and Demand** compares which activities are most popular on the demand as well as on the supply side, 4) **Motivations for Outsourcing** examines the reasons why a company chooses to hire an agency as well as the goals they want to reach in doing so, 5) **Effective Activities** shows which SEO agency measures work and which do not, as well as the collective NPS of the SEO services industry, 6) **Challenges and Concerns** lists and elaborates on the issues faced by SEO agencies and clients, and finally, 7) **Future of SEO Practices** provides valuable information on the trends and future goals of SEO agencies and non-agencies alike. In the final Chapter III: **Key Takeaways**, you are provided with a concise list of the main insights and recommendations from this study **for your own strategy**.

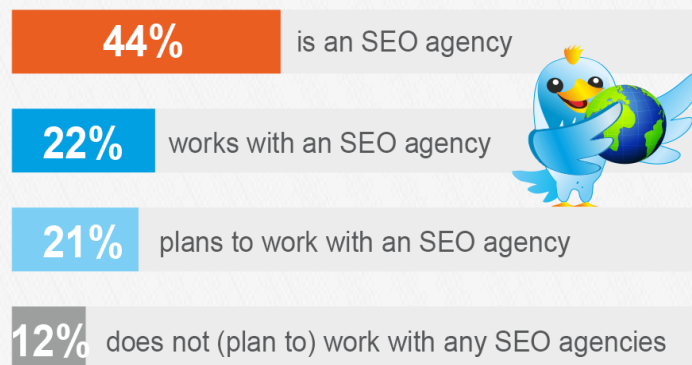**Have fun browsing** through our findings and **let me know what you think**!

Karan Sharma, @KrnShrm

Survey Design

The survey questionnaire (provided in both English and German) was designed with the aim to **juxtapose the expectations and opinions of SEO agencies and online marketers / companies that hire them, as well as those who do not (want to).**

Exhibit 1.1: Respondent's company

44%   is an SEO agency

22%   works with an SEO agency

21%   plans to work with an SEO agency

12%   does not (plan to) work with any SEO agencies

SurveyMonkey was used to create a survey, which contained 36 questions in total, with 28 closed-ended and 6 open-ended questions. **Question 4 was used as a key qualifier to redirect respondents to different parts of the survey.** The redirects were used to make sure only professionally relevant questions were presented to the respondents, thereby collecting **a valid, reliable and presentable data sample**.

The answers displayed in *Exhibit 1.1* show the respondents categorized into four different groups: 1) **SEO agencies**, 2) **companies that have been or are now working with an SEO agency,** 3) **companies which have not worked with SEO agencies but are now planning to**, and 4) **companies that have never worked and are not planning to work with SEO agencies**. Henceforth, group 1 is referred to as **agency**, group 2 as **client**, group 3 as **potential client,** and group 4 as **non-client**. The term **(potential) clients** refers to group 2 and 3 together. Also, we differentiate between agencies (group 1) and **non-agency companies** (group 2 – 4). In all other instances, **company** retains its conventional meaning.

Progress Bar

Data Collection

The survey was distributed to **over 10,000 practitioners of SEO** from around the world during August and September of 2014. This was done via: 1) emails, 2) social media direct messages and 3) heavy social media seeding across Twitter, LinkedIn, Xing, Facebook and Google+. From the 10,000 people who received the survey, a little more than **400 responded**. To properly incentivize the respondents, they were offered a detailed matching of their answers with the rest of the responses, thus providing valuable insights on industry trends in comparison to their own practices. The ratio of respondents with agency background is fairly even to the ones from non-agency companies, where the division is 44%-56% respectively (*Exhibit 1.1*).

Exhibit 1.2: Agency revenues spent on SEO

Percentage	Range
33%	1-5%
12%	5-10%
10%	10-15%
9%	15-20%
7%	20-25%
16%	25-50%
14%	More than 50%
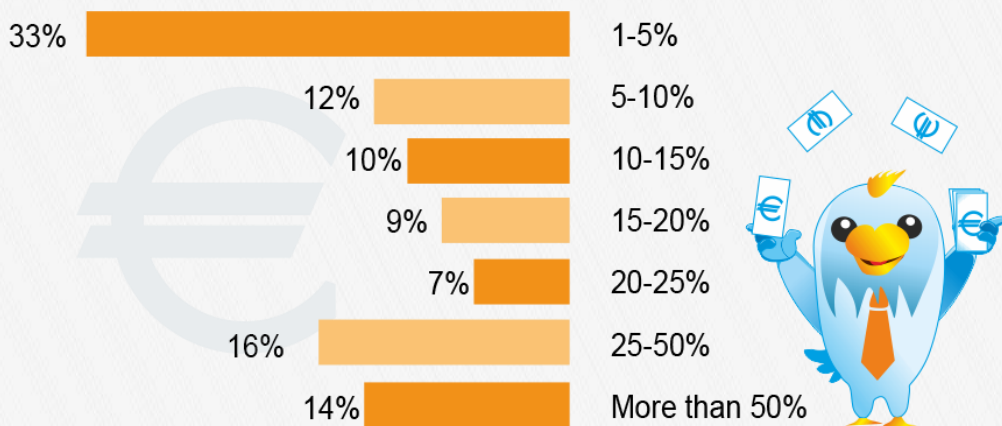
About **one third (30%) of the agency respondents** in the sample are **believed to be SEO specialists**, as they spend one-fourth (25%) or more of their total revenues on SEO activities. One in every four agencies from the data spends between 10% and 25% of their revenues on SEO. These agencies likely have **SEO as one of their offerings** but are not focusing only on SEO. The remaining half (45%) of the agency respondents are believed to be coming from **full stack online marketing** agencies.

Respondents - Position and Company Size

The respondents' background is very diverse – ranging from CEOs, department heads, managers, to interns – where **CEOs account for the biggest group**. About one in four (26%) respondents is the **highest ranking member** of his or her company.

Additionally, 15% of the respondents are the **heads of either their company's SEO or online marketing department**. In essence, a little more than **two fifths (41%) of all the respondents are part of their company's management**. On the other hand, one third (36%) of the respondents hold non-management positions.

Exhibit 1.3: Respondent's position in the company
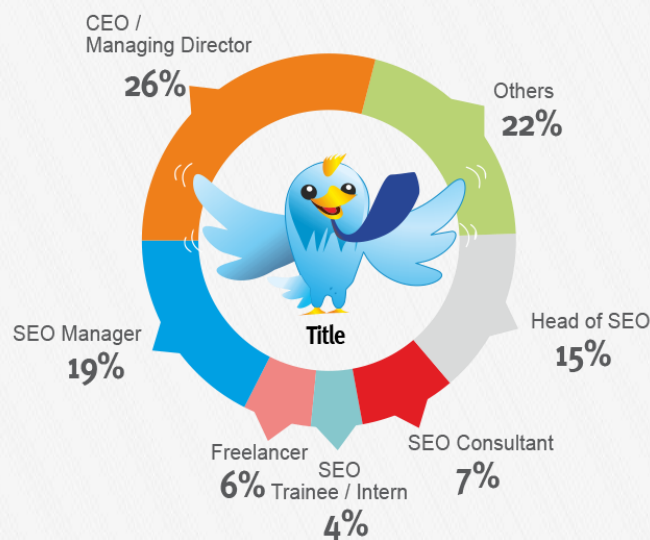
About two fifths (43%) of the respondents work in a company employing 10 or less people, out of which 40% are agencies and 60% are non-agency companies. Also, a little more than half (53%) of the companies employing 1-50 people are agencies. This was an expected outcome, as **SEO agencies tend to have smaller teams of specialized personnel**. Furthermore, only one in six companies (16%) employing 250 or more staff is an agency. In essence, **there are very few agencies that have more than 50 employees** due to specialization within the SEO agencies.

Respondents – Company Location and Industry

Most of the respondents **(55%) are from Germany**, which was expected, as linkbird is a Berlin based company with market leader position in D-A-CH in the areas of link building, content seeding and brand monitoring. The **US and UK together account for one fourth (24%)** of the respondents. As mentioned in the sectio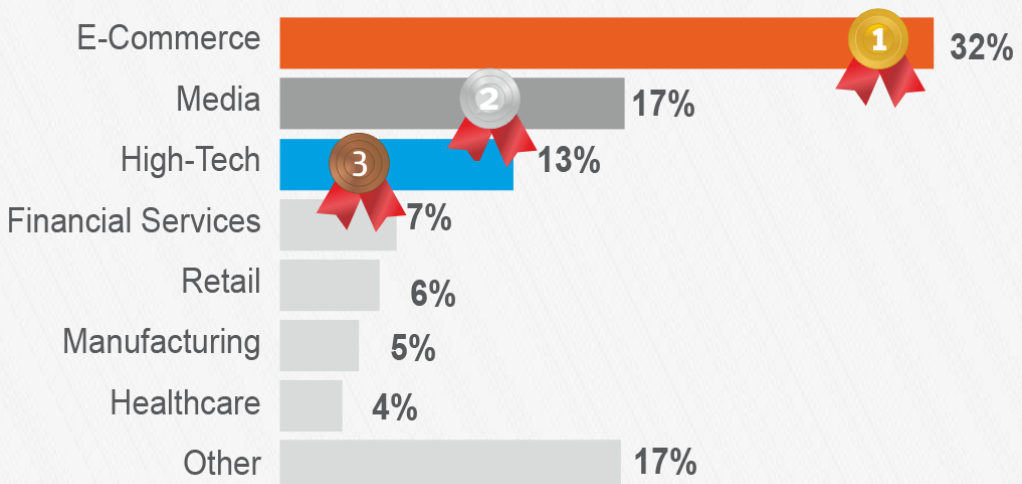n on **Survey Design,** the survey was only provided in English and German, which is another factor why the data does not include higher numbers from other parts of the world.

Exhibit 1.4: Company location

55% Germany
12% USA
12% UK
11% Others
5% India
4% Netherlands
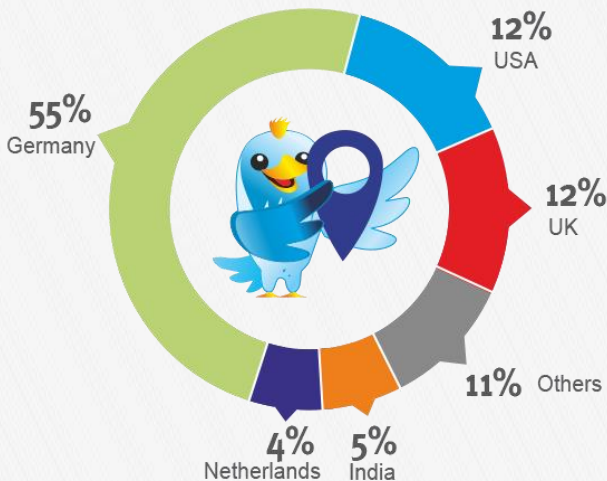
As mentioned earlier in the report, 44% of the respondents are from agencies, whereas the industry background of the non-agency companies (56%), though, is wide-ranging as displayed in *Exhibit 1.5*. A significant portion of the respondents is employed in **E-Commerce and Media branches** – groups which depend heavily on online visibility for their revenue.

Exhibit 1.5: Industry of non-agency respondents

| Industry	Percentage
E-Commerce	32%
Media	17%
High-Tech	13%
Financial Services	7%
Retail	6%
Manufacturing	5%
Healthcare	4%
Other	17%

Budgets and Spending – SEO Agencies

When looking at revenues, **there are either big SEO agencies** with €1M+ revenues (approx. 28%) **or small SEO agencies** with less than €250K revenues per year (approx. 53%). The middle portion representing agencies with annual revenues between €250K and €1M accounts for only 18%.

Exhibit 2.1: Agency revenues per year
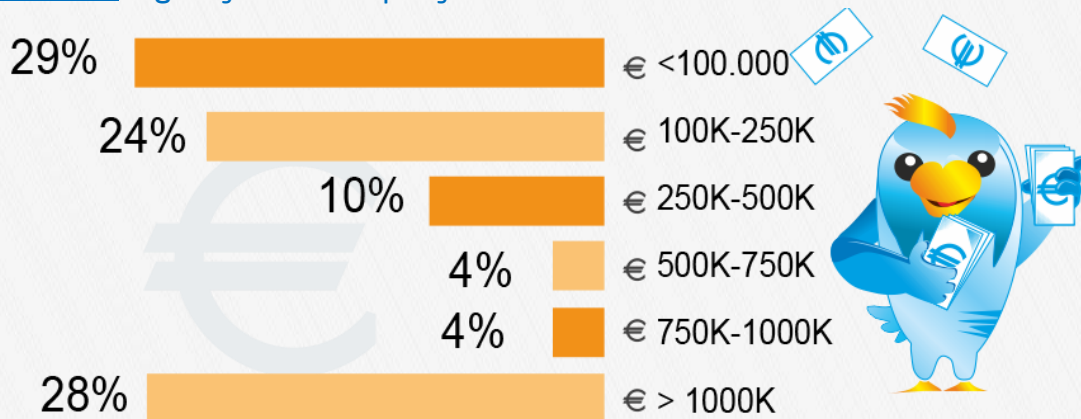
As visualized in *Exhibit 1.2*, **about one third (30%) of the agencies spend 25% or more of their revenues on SEO activities** and **one in seven (14%) agencies spend more than 50% of their revenues on SEO**. Agencies which spend more than 25% of their revenues on SEO have to be considered **SEO specialist agencies**.

One in four (26%) agencies spends between 10% and 25% of revenues on SEO. These agencies have **SEO as one of their core activities but not as their main focus**. Finally, about one in two (45%) agencies is a **full stack online marketing agency**, spending 10% or less of their revenues on SEO.

KEY INSIGHT: The agency industry is divided into three types of players, 1) SEO specialists, 2) agencies that combine SEO with complementary disciplines (such as content marketing and online PR), and 3) full stack online marketing agencies.

Budgets and Spending – Non-Agency Companies

Exhibit 2.2 shows spending distribution of non-agency companies. **Half of (50%) (potential) clients spend less than €1K on their online marketing activities**.

About one third (35%) of the (potential) clients spend more than €5K per month on their online marketing and only one in seven (13%) (potential) clients spends more than €50K per month on his/her online marketing.

Exhibit 2.2: Non-client vs. client online marketing budgets per month

Non-Clients		Clients
9%	€ Less than 100 €	2%
12%	€ 100 - 500 €	13%
12%	€ 500 - 1000 €	35%
26%	€ 1000 - 5000 €	15%
12%	€ 5000 - 10000 €	11%
15%	€ 10000 - 50000 €	11%
15%	€ 50000+ €	13%

The figures for non-clients are to some extent dissimilar. One third (33%) of non-clients spend less than €1K on their online marketing budget every month. 42% of non-clients spend more than €5K on online marketing per month, compared to 35% of (potential) clients.
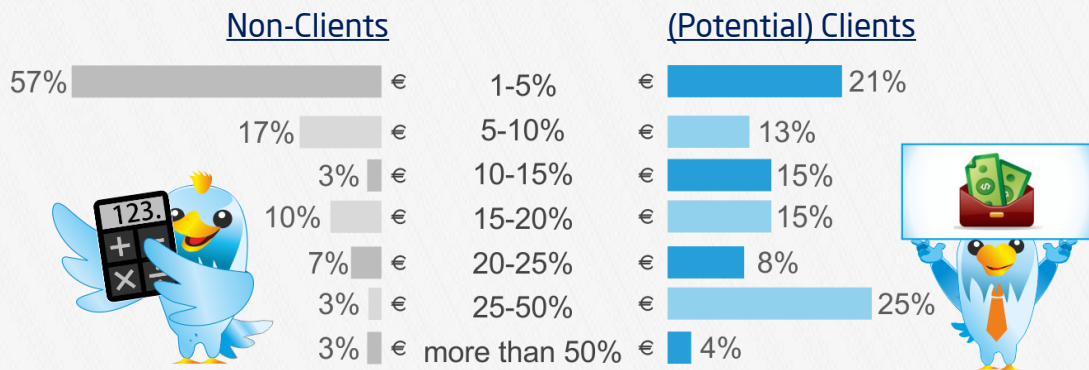
The distribution of online marketing budgets of (potential) clients and non-clients differs from one another, where non-clients tend to have larger online marketing budgets than (potential) clients.

Budgets and Spending – Non-Agency Companies

When considering how much of the online marketing budget is spent on SEO, one can see that one in five (21%) (potential) clients spends less than 5% of his/her total online marketing budget on SEO related activities. We believe that these companies **take a more holistic approach to online marketing**. More than half (57%) of all non-client companies are **holistic marketers**, in contrast to (potential) clients, where only one in five (21%) belongs to this group.

<u>Exhibit 2.3</u>: Non-client vs. (potential) client online marketing budget spent on SEO

Non-Clients		(Potential) Clients
57% €	1-5%	€ 21%
17% €	5-10%	€ 13%
3% €	10-15%	€ 15%
10% €	15-20%	€ 15%
7% €	20-25%	€ 8%
3% €	25-50%	€ 25%
3% €	more than 50%	€ 4%

Marketers who spend more than 25% of their online marketing budget on SEO are **SEO focused marketers**, and tend to **rely heavily on SEO measures for their online marketing success**. The second key difference between (potential) clients and non-clients becomes apparent when one considers SEO focused marketers. **More than one fourth (29%) of the (potential) clients are SEO focused marketers, in contrast to only 6% of non-clients focussing on SEO**.

KEY INSIGHT: Companies taking a holistic approach to online marketing – combining content marketing, social media, online PR – are **not likely** to employ agencies for their SEO activities. The reverse is also true, where companies which heavily rely on SEO **are likely** to outsource (part of) their SEO activities to an agency.

Budgets and Spending – (Potential) Clients

In the previous section on *Budgets and Spending – Non-Agency Companies*, the proposal was made that there are holistic marketers and SEO focused marketers. The (potential) clients can further be differentiated into two groups: 1) those who prefer to undertake most of their SEO activities in-house, i.e., the **makers** and 2) those who prefer to outsource their SEO activities to agencies, i.e., the **buyers**.

Exhibit 2.4: Client's SEO budget spent on agency services

1-5%	25%
5-10%	10%
10-15%	17%
15-20%	15%
20-25%	21%
25-50%	6%
More than 50%	6%
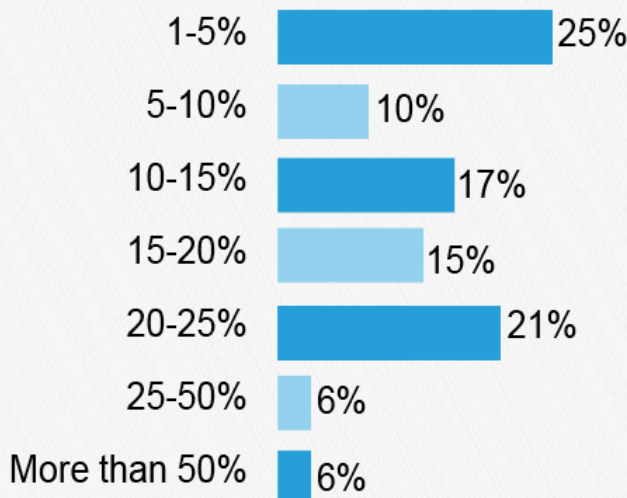
Marketers spending less than 5% of their SEO budget on agencies are makers. **One in four (25%) (potential) clients is a maker**. In contrast, marketers who are willing to spend more than 25% of their SEO budget on outsourcing are **buyers**. **About one in eight (12%) (potential) clients is a buyer**.

KEY INSIGHT: Makers tend to be short-term clients and require only a small selection of services with a clear start and end. Buyers tend to prefer long-term / continuous contracts with a broad set of core (on page and off page SEO) as well as peripheral services (web-design).

Acquisition Methods

How do agencies find their clients and how do clients seek out agencies for hiring? This is an important question, for it sheds light on the methods of client acquisition commonly used by agencies and **the ones they should be using.**

Data shows that **both groups rely on personal referrals for acquisition**. Agencies tend to meet a little less than one third (29%) of their clients via referrals and **clients come in contact with agencies via referrals about half (46%) of the time**.

Exhibit 2.5: Most preferred methods for agencies to look for clients and vice versa

Agency		Client
29%	Personal referrals	46%
23%	Content marketing	3%
21%	Google rankings	19%
10%	Social media / forums	6%
8%	Fairs and conferences	16%
7%	Paid ads	3%
2%	Other	6%

Quite a few agencies rely on content marketing (23%) to connect with potential clients. Surprisingly, though, (potential) **clients do not share the same preference** and meet agencies via content marketing in less than one out of twenty cases (3%).
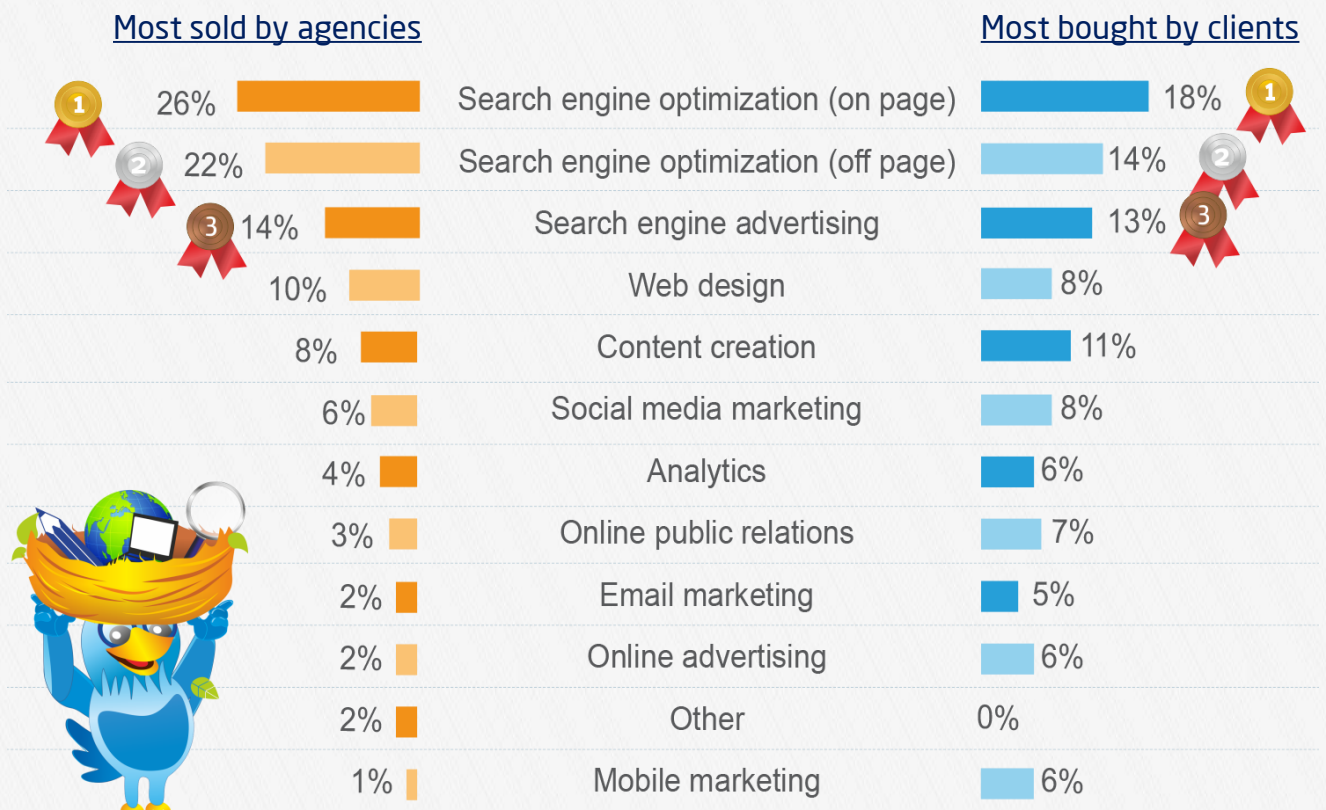
At number 3 of the most preferred methods of acquisition, as reported by agencies, is Google (21%). The same method is number two for clients (19%). This shows the importance of Google for both marketing a product or service and for seeking out the right provider – hence, in the end, **online visibility for your service is crucial.**

Supply and Demand – Search Engine Marketing

The question **Which SEO related services are the most popular?** both from agency and from client perspective is crucial to gain insight into the most successful tactics currently used within the online marketing services industry. The reasons behind investigating the popularity of specific SEO services are two-fold, 1) **to get a better picture of which activities are considered to be the most important ones**, and 2) of **whether there is a mismatch in the demand and supply of specific services**.

Exhibit 2.6: Most popular activities

Most sold by agencies	Activity	Most bought by clients
26%	Search engine optimization (on page)	18%
22%	Search engine optimization (off page)	14%
14%	Search engine advertising	13%
10%	Web design	8%
8%	Content creation	11%
6%	Social media marketing	8%
4%	Analytics	6%
3%	Online public relations	7%
2%	Email marketing	5%
2%	Online advertising	6%
2%	Other	0%
1%	Mobile marketing	6%

KEY INSIGHT: There is a clear mismatch between what agencies focus on and what non-agency companies want to focus on. Search engine marketing seems to be the most important service offered by agencies, however, it is less important for (potential) clients and far less important for non-clients.

Supply and Demand – Search Engine Marketing

The results in *Exhibit 2.6* show that the **three services most sold by agencies are on page SEO (26%), off page SEO (22%) and Search Engine Advertising (14%)**. They amount for a little less than two thirds (62%) of all services sold by agencies.

On the other hand, **from (potential) clients' perspective, on page SEO amounts to 14%, off page SEO 18% and search engine advertising 13%**, where together they **account for less than half (45%)** of the total demand. The difference (17%) between supply side (62%) and demand side (45%) indicates that **agencies are, to some extent, limiting themselves to clients that are "SEO focused marketers".**

In contrast, **non-clients report that only one fourth (28%) of their activities are part of SEM (search engine marketing)**. Clients tend to focus about half (45%) of their online marketing efforts on SEM, the other half (55%) on a variety of activities ranging from online PR (7%), social media marketing (8%) to analytics (6%), and content creation (11%). Non-clients tend to spend about one fourth (28%) of their time and resources on SEM, the rest is spread over analytics (9%), email marketing (10%), social media marketing (11%), and content creation (12%).

Two points can be followed from these figures:
Companies are less dependent on SEO alone and there is a need for a more holistic approach combining SEO, Content Marketing and Online PR.

KEY INSIGHT: Companies that do not hire agencies for outsourcing tend to take a holistic approach to marketing, undertaking content marketing, email marketing, SEO, Online Public Relations in about the same intensity across the board., whereas companies that do hire agencies tend to have a clear focus or need.

Motivations for Outsourcing – Challenges of Clients

Before discussing intentions behind outsourcing SEO activities, it is important to take a look at the challenges that companies face in their SEO activities. The survey posed three relevant questions to (potential) clients: 1) **what are your top 3 SEO challenges**, 2) **what goals do you have when outsourcing your SEO activities**, and 3) **why would you outsource SEO to an SEO agency**.

Exhibit 2.7: Most important SEO challenges for (potential) clients

Improve and maintain
Google rankings
22%

Building
Quality links
16%

Increase
Organic traffic
12%

Improving and maintaining Google rankings (22%), building quality links (16%) and increasing organic traffic (12%) together account for 50% of the challenges companies face. Looking at these figures, one can assume that **half of the overall SEO challenges are directly related to both increasing organic traffic through raising visibility on Google and acquiring quality back links**.

Other challenges reported are **creating quality content (11%)** and **combining SEO with content marketing (10%)**. This shows that even though content marketing gained enormous popularity in SEO services, many marketers are still struggling with becoming proficient in the practice.

KEY INSIGHT: Despite content marketing becoming a key practice to combine with SEO, many online marketers still struggle with using it consistently.
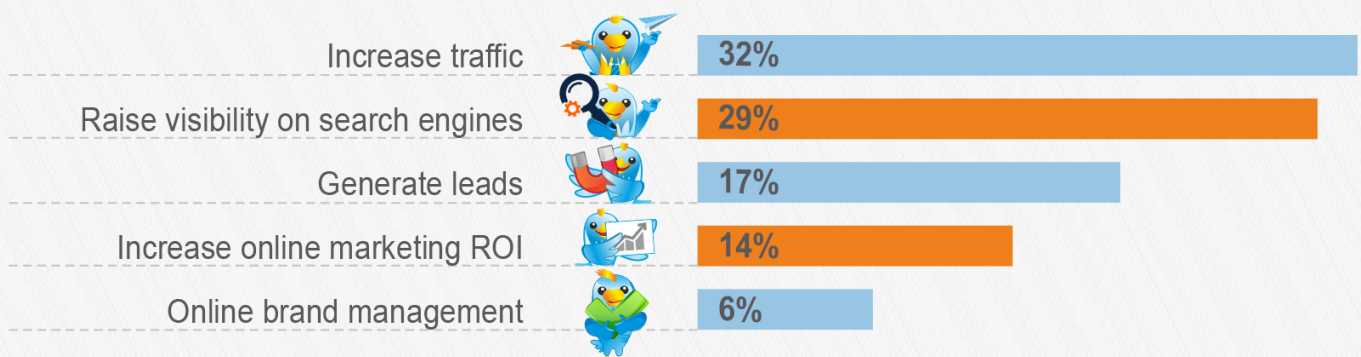
Motivations for Outsourcing – Goals of Clients

In order to cope with the challenges for increasing visibility and attracting organic traffic, **clients tend to approach SEO agencies with very clear and pre-set goals**.

One in three (32%) clients reports **increasing traffic** to their company website as a goal which they want accomplished by outsourcing their SEO activities. Although, there are multiple ways to increase traffic to one's website, it seems that **clients rely on agencies to reach this goal with the use of SEO activities**. The second most frequently cited (29%) goal for outsourcing SEO measures is to **raise visibility on search engines**. The preference for this goal is mainly due to the two biggest challenges clients face on a daily basis, i.e., getting quality backlinks and improving Google rankings – both of which are **an integral part of raising visibility on Google**.

Exhibit 2.8: Top 5 goals to achieve by outsourcing SEO activities

Goal	Percentage
Increase traffic	32%
Raise visibility on search engines	29%
Generate leads	17%
Increase online marketing ROI	14%
Online brand management	6%

The third most (17%) important goal that clients have when outsourcing SEO is to **generate leads**. These goals are the minimum of what a company needs to achieve in order to stay competitive in the current online marketing environment.
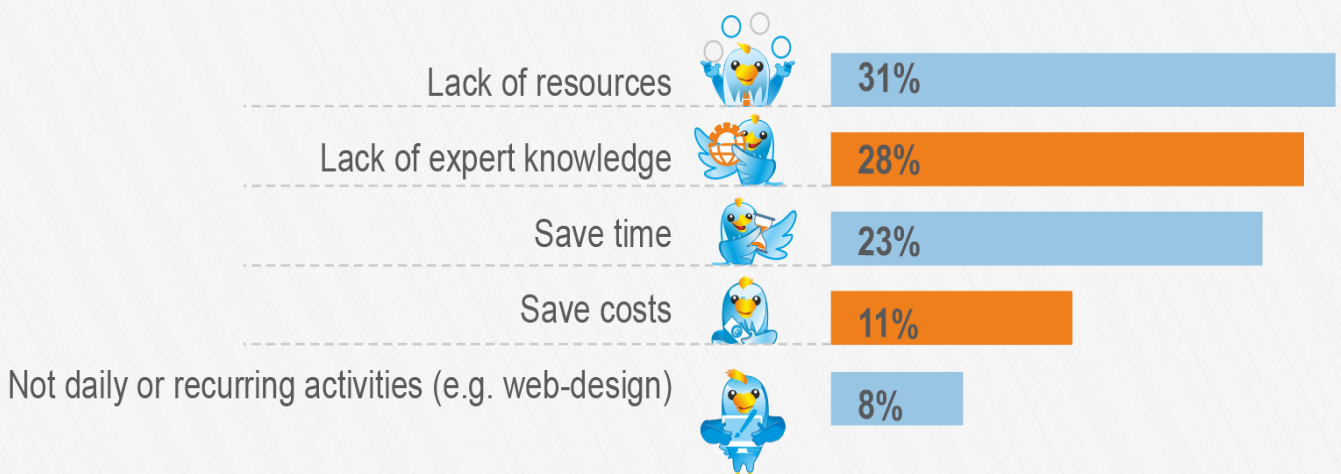
KEY INSIGHT: The goals stated indicate that (potential) clients rely on agencies for the most basic of SEO activities.

linkbird

Motivations for Outsourcing – Client's Reasons

When asked of the reasons to outsource SEO to an agency, **lack of resources (31%)** and **lack of expert knowledge (28%)** are most often cited. In practical terms, this means, that not only do the (potential) clients not have staff to increase traffic or raise visibility, there is often also lack of knowledge on how to achieve these goals.

<u>Exhibit 2.9</u>: Top 5 reasons to outsource SEO activities

Reason	Percentage
Lack of resources	31%
Lack of expert knowledge	28%
Save time	23%
Save costs	11%
Not daily or recurring activities (e.g. web-design)	8%

The third most cited reason for outsourcing SEO is to **save valuable time (23%)**, whereas **saving potential costs (11%)** is cited less frequently. Finally, one in twelve (8%) clients hires an online marketing agency for outsourcing **activities that are not regularly undertaken**, for instance, web-design or a site audit.
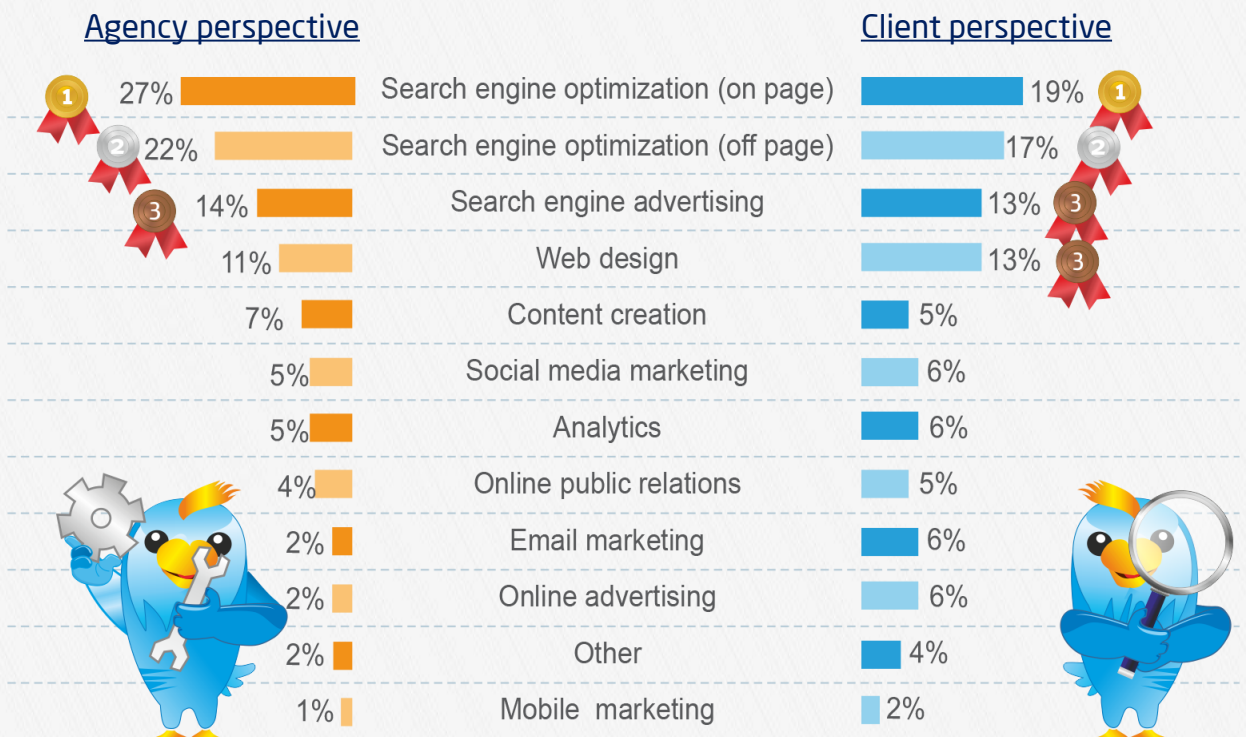
KEY INSIGHT: Agencies are more likely to be hired when they can convince potential clients of their resources, expert knowledge and timely results. Also, timely reporting and transparent methods are likely to lead to continuous or repeated outsourcing.

Effective Activities

In addition to determining the most popular activities, it is important to know which of them are effective and which are not so effective. The discussion on effective activities serves two purposes: 1) **determining which activities are worthwhile**, and 2) **whether there is a contrast between the demand and supply side**.

Exhibit 2.10: Most effective activities

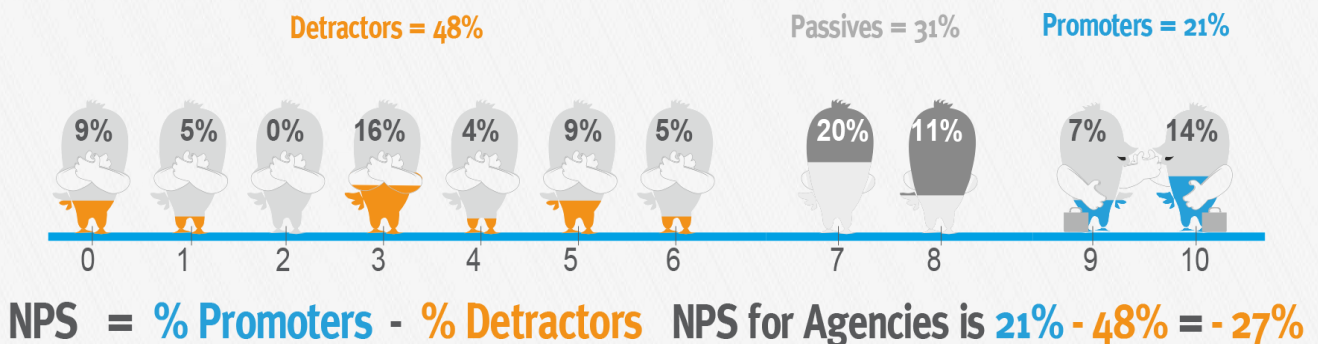| Agency perspective	Activity	Client perspective
27%	Search engine optimization (on page)	19%
22%	Search engine optimization (off page)	17%
14%	Search engine advertising	13%
11%	Web design	13%
7%	Content creation	5%
5%	Social media marketing	6%
5%	Analytics	6%
4%	Online public relations	5%
2%	Email marketing	6%
2%	Online advertising	6%
2%	Other	4%
1%	Mobile marketing	2%

There seems to be an agreement between agencies and clients about what works and what does not in the assessment of the effectiveness of activities. **Both clients and agencies are convinced that on page SEO** (19% and 27% respectively), **off page SEO** (17% and 22% respectively) and **search engine advertising** (13% and 14% respectively) are effective at reaching their goals. This statistic is consistent with the demand and supply for activities (see *Exhibit 2.6*) where clients named **on page SEO, off page SEO and SEA as the three most popular undertakings**.

Effective Activities - NPS

Data shows an overlap between what the agencies find effective and what clients find effective. In this section, I will show you how satisfied the clients are with the service delivery of agencies. I will do this by determining the agencies' collective **Net Promoter Score**. The method used works as follows: respondents from the client group were asked to **rate (on an 11 point scale) the likelihood that they would recommend the agency (they hired in the past) to a friend or a colleague**. Answers between 0-6 are detractors, 7-8 are passives and 9-10 are promoters. NPS is calculated by subtracting the detractors from the promoters.

Exhibit 2.11: Net promoter score of the agency industry

Detractors = 48%   Passives = 31%   **Promoters = 21%**

9%	5%	0%	16%	4%	9%	5%	20%	11%	7%	14%
0	1	2	3	4	5	6	7	8	9	10

NPS = % Promoters - % Detractors NPS for Agencies is 21% - 48% = -27%

21% of the clients are promoters, 31% are passives, and about half (48%) are detractors. When discussing the industry as a whole, the **NPS is a shocking -27%**, which indicates an overwhelming **dissatisfaction with the SEO agencies industry**. A negative NPS also tends to **indicate a decline in revenues**. The effect is stronger in industries where customer acquisition is dependent on personal referrals.
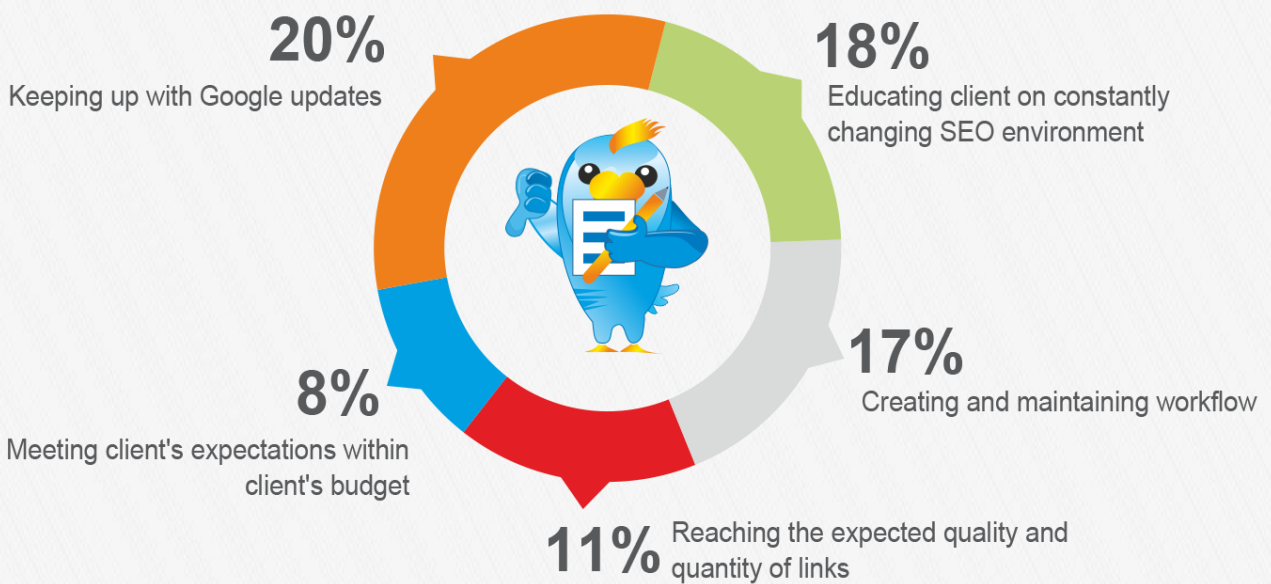
Note that this score stands for the industry average. Hence, when considering agencies individually, it is clear that not all agencies suffer from a negative NPS. **The 21% (satisfied) promoters in the data sample have been or are clients of agencies which provide excellent service and results**.

Challenges and Concerns – SEO Agencies

After discussing the effectiveness and evaluation of services, in this paragraph the focus is on the **challenges that SEO agencies face** in consistently delivering high quality service to their clients. The data visualized below is based on open ended questions that have been categorized in overarching themes.

Exhibit 2.12: Top 5 challenges agencies face in delivering good results

20%
Keeping up with Google updates

18%
Educating client on constantly changing SEO environment

17%
Creating and maintaining workflow

8%
Meeting client's expectations within client's budget

11% Reaching the expected quality and quantity of links

The data reveals some interesting challenges faced by SEO agencies. The biggest challenge that agencies face is to **keep up with Google's updates (20%)**. **Educating the client about a constantly changing SEO environment (18%)** is second biggest challenge, which is closely followed by **creating and maintaining workflow (17%).**

What do these challenges indicate?

Google's frequent updates continually change the SEO environment, and along with the environment it changes the practices which are established within the industry. In an environment where changes are less frequent, the industry players have the time to discover new ways and institutionalize them, in essence create a workflow.

Challenges and Concerns – Agencies

Client education is an important part of service delivery in agency work, since often services are complicated and their impact needs to be explained to the client. **Agencies report that client education is one of their main challenges**, i.e., because the SEO industry is changing it has become increasingly difficult to convey clear and meaningful results to demanding clients.

Client education is also related to client satisfaction, since a client that does not understand a service will not be able to fully appreciate it. In the section on **effective activities** the NPS of the online marketing services industry is discussed. The negative (-27%) NPS of the industry may be related to the increased difficulty of educating clients. Agencies also report that they have trouble meeting clients' expectations of results (8%) and the quality as well as quantity of back links (11%). These figures indicate that **about one in five (19%) challenges that agencies face is due to expectations rising faster than the budgets**.

The work an agency has to do to achieve the same result has increased in the last few years. There are fewer quick wins and the efforts take longer to bear fruit. On the other hand, expectations of clients have risen while budgets have not. The agencies are experiencing a stage where they have to work much harder and longer to achieve the same results without receiving additional compensation.

KEY INSIGHT: Agencies' margins are decreasing as the same results require harder work over a longer period than before Google updated its algorithm. There is a need, now stronger than ever, to streamline activities, increase efficiencies and maintain workflow.
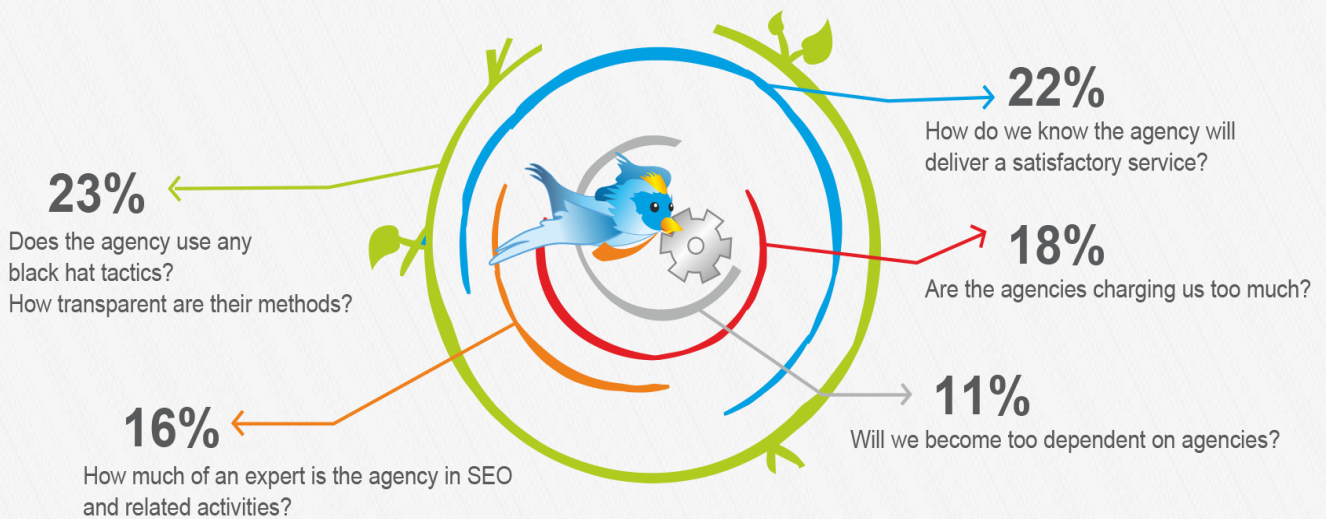
Challenges and Concerns - Clients

In order to get a better understanding of the **concerns that clients have when hiring an SEO agency** respondents from the (potential) clients group were asked to share their top three concerns when hiring an agency. Here are the findings:

<u>Exhibit 2.13</u>: Top 5 concerns companies have when hiring agencies

22%
How do we know the agency will deliver a satisfactory service?

18%
Are the agencies charging us too much?

11%
Will we become too dependent on agencies?

23%
Does the agency use any black hat tactics? How transparent are their methods?

16%
How much of an expert is the agency in SEO and related activities?

When hiring an agency, the biggest concern that clients have is **whether the agency uses any black hat techniques (23%)**. The need for more transparency is understandable, since unsavory practices by agencies can do a lot of harm to the SEO health of the client website. The close second concern that worries clients is **whether the agency will provide a satisfactory service (22%)**. The SEO environment has changed in a way that results are no longer achieved in a short period, which implies bigger investment of resources and trust by clients.

KEY INSIGHT: Clients are often concerned about transparency and results when hiring an agency. This behoves agencies to adopt methods of regular reporting that 1) increase transparency about activities undertaken by the agency for their client, and 2) provide interim report to manage clients' expectations.

Challenges and Concerns - Clients

Many clients also doubt that agencies are charging them a fair fee (18%). SEO nowadays is hardly a standalone activity, in fact it has developed **a symbiotic relationship with content marketing and online PR**. The change also means that SEO performance is tied to the performance of the other two disciplines. In practice, the symbiosis of results causes two effects: 1) **the minimum cost required for SEO has risen**, and 2) **synergy effects from undertaking content marketing, SEO and online PR in combination increase the return on investment**.

Many clients do not feel confident about the agency's capabilities to deliver results (16%). What does this mean? First of all, it is good news and bad news at the same time. Bad news is that the collective image of agencies is negative (see the section on **Effective Activities** to find the NPS). The good news is that SEO agencies that can prove their expertise will see a rise in the number of clients.

Finally, about **one in ten (11%) clients is worried about becoming too dependent on the agency**. This concern is the reverse of the challenge of **educating the clients** that agencies have to cope with. Where the client is concerned, repeated outsourcing of services does not contribute to the development of their internal staff. Hence the agency side and client side fear transfer of knowledge as a barrier.
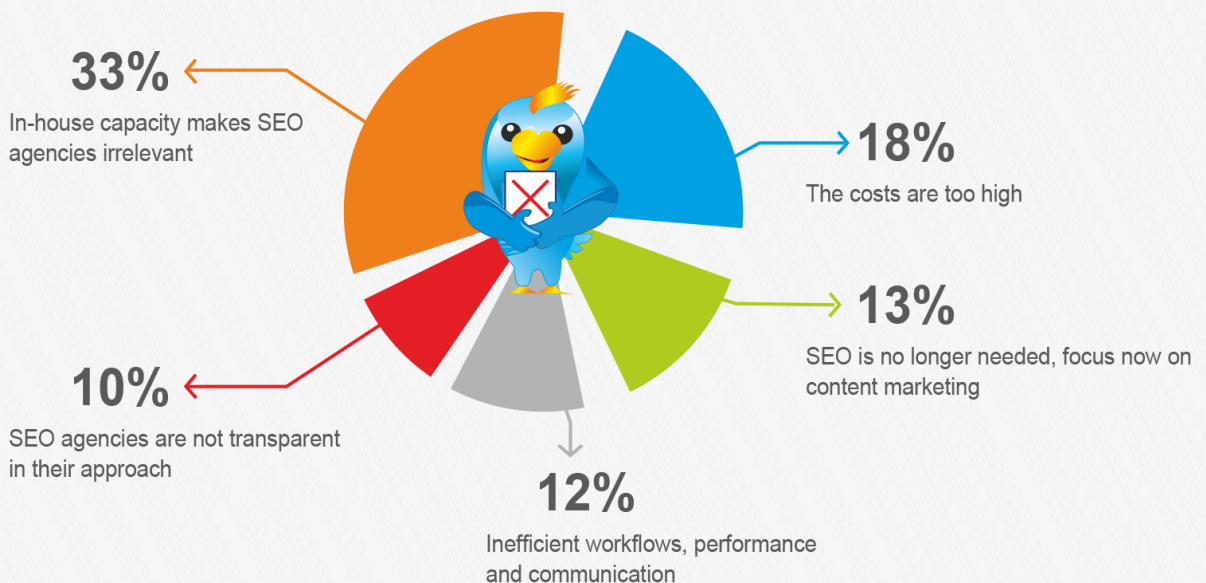
Challenges and Concerns – Non-Clients

What are some of the reasons a company would choose not to hire an agency? This is an important question posed to respondents which indicated a preference to not hire agencies. The findings illustrated in *Exhibit 2.14* show the five most important reasons companies name **to not outsource** their SEO activities .

Exhibit 2.14: Top 5 reasons why companies do not hire agencies

33%
In-house capacity makes SEO agencies irrelevant

18%
The costs are too high

13%
SEO is no longer needed, focus now on content marketing

10%
SEO agencies are not transparent in their approach

12%
Inefficient workflows, performance and communication

The number 1 reason reported by companies for not hiring an agency is their **own in-house capacity to undertake SEO activities (33%)**, effectively making agencies irrelevant for them. Financial reasons are the second most important reason to not hire an agency, where non-clients cite **high costs as a show stopper (18%)**.

In the section on **Budgets and Spending – Non-Agency Companies,** it is reported that even though non-clients have bigger online marketing budgets than clients they tend to spend less of it on SEO alone than clients do.

KEY INSIGHT: Since non-clients have bigger online marketing budgets than clients and they spend less of their budget on SEO than clients do, they tend to undertake their SEO in-house rather than outsourcing it to an agency.

Challenges and Concerns – Non-Clients

The third most popular reason that non-clients report for not hiring an SEO agency pertains to **SEO as a standalone activity not being a requirement anymore** (13%). **Non-clients would rather focus on content marketing**. The shift of focus from SEO to content marketing is not new, however companies reporting it as a reason to not hire agencies indicates that **many agencies have not yet adopted a holistic approach to SEO and content marketing.**

Content Marketing in SEO!

Communication and trust seem to be an issue. Companies report **inefficient workflows and communication with agencies** (12%), and a **lack of transparency about the methods agencies employ** (10%) as reasons not to hire agencies for their SEO activities. The same is expressed by clients in the form of concerns.

These figures indicate that if a company can afford to invest in the development of in-house resources and capabilities, it is a cost saver in the long run. Secondly, **SEO is losing its independent standalone nature** and is **becoming co-dependent on content marketing**, which in turn **makes agencies that do not have capabilities in both disciplines less competitive**.

Future of SEO Practices – Agencies

The trends of future SEO practices are lead by agencies, so in order to determine which way the industry is going, the agency respondents were asked to state their goals for the upcoming year. These goals are listed in *Exhibit 2.15*.

One in five agencies aims to **increase its revenues (21%)**, and about one in six agencies wants to **expand and develop skilled staff (17%)**. One in seven agencies intends to increase the number of clients in their portfolio (15%).

Exhibit 2.15: Goals agencies want to achieve within one year

Goal	%
Increase revenues	21%
Expanding the company and developing skilled staff	17%
Increasing the number of clients in portfolio	15%
Improving work flow efficiency	12%
Researching and finding new and more efficient ways of improving client's Google rankings	12%
Developing knowhow and skills in content marketing	11%
Better understanding the needs of the client and delivery satisfaction	7%
Improving reputation and authority of agency brand	2%
Do more networking in order to meet potential clients	2%
Having a smaller portfolio of bigger clients	1%

The top three goals for improvements account for half (52%) of the total goals cited by agencies. These three goals are mainly related to matters of company strategy and competitive advantage. Another 35% is related to **increasing workflow efficiency (12%)**, finding better ways of **improving clients' rankings (15%)** and **developing skills in content marketing (11%)**.

KEY INSIGHT: Agencies indicate a need to improve efficiency and knowhow in order to remain competitive in the declining market of SEO. In addition to streamlining SEO practices, agencies aim to develop skills in content marketing.

Future of SEO Practices - Companies

Not to overlook the client side, a similar question in the survey was posed to non-agency respondents, in essence asking them to state their own goals pertaining to online marketing. The summary of these goals is displayed in *Exhibit 2.16*.

Exhibit 2.16: Goals companies want to achieve within one year

Goal	%
Increase revenues from organic online marketing	19%
Improve and maintain Google rankings	13%
Expand customer base	13%
Increase organic traffic to the site	12%
Improve workflow for all SEO related activities	11%
Increase brand awareness	10%
Scaling content marketing activities	7%
Get more quality backlinks	5%
Improve conversion rate	4%
Improve product or service	4%
Increase customer enagament	1%
Improve Search Engine Advertising ROI	1%

There is a clear **focus on increasing revenues from organic sources (19%)** and as a result number two goal is to **improve Google Rankings (13%)**. Many non-agency companies also intent to **increase organic traffic (12%)** as well as **increase brand awareness (10%)**, both of which are related to online visibility.

In contrast, less emphasis is placed on **day to day activities,** such as improving workflow for all SEO related activities (11%), scaling content marketing activities (7%), and getting more quality back links (5%).

These two trends show that **companies are focusing on results rather than methods**, which is really what they should be focusing on. The reason for this lack of focus on the day to day measures might be due to the shifting environment which makes it hard for companies to establish patterns and workflows.

➢ **#1:** There are **three types of agencies working today**: SEO specialists, agencies that combine SEO with complementary disciplines (such as content marketing and online PR), and full stack online marketing agencies.

➢ **#2:** The demand side can be segmented by **reliance on SEO** where companies that spend a larger portion of their online marketing budget on SEO are seen as **SEO focused marketers** and companies that spend a fractional portion of their online marketing budget on SEO are considered **holistic marketers**.

➢ **#3:** On the demand side, clients can be further divided into two meaningful groups: **makers** and **buyers**. **Buyers tend to allocate a large portion of their budget for agency services** while makers prefer to do most of SEO in-house.

➢ **#4:** Clients are **often concerned about transparency and results when hiring an agency**. This behoves agencies to adopt methods of regular reporting that 1) **increase transparency about activities** undertaken by the agency for their client, and 2) **provide interim report to manage clients' expectations**.

➢ **#5:** More than 50% of SEO challenges are directly related to **increasing organic traffic through raising visibility and acquiring quality back links**.

➢ **#6:** Companies which take a holistic approach to online marketing – combining content marketing, social media, online PR – are not likely to employ agencies for their SEO activities. The reverse is also true, where companies which heavily rely on SEO are likely to outsource (part of) their SEO activities to an agency.

➢ **#7:** Marketers are less dependant on SEO alone and **there is need of a holistic approach to marketing combining SEO, Content Marketing and Online PR**.

➢ **#8:** Even if content marketing gained great popularity in the online marketing industry, many marketers are still struggling with becoming proficient in it.

➢ **#9:** SEO is **losing its standalone nature and is becoming co-dependent on content marketing**, which in turn makes agencies that do not have capabilities in both disciplines less competitive.

➢ **#10:** Frequent algorithm updates by Google make it harder for agencies to **maintain a consistent and qualitative workflow**.

➢ **#11:** Data trends show that companies are focusing on results rather than methods, while **methods is really what they should be focusing on**.

➢ **#12:** Since the service quality and trustworthiness are key considerations for clients, agencies should **make use of references in their content marketing**. A good example of this is a testimonial or a blog post by a customer – the latter speaks volumes of an agency's service quality and trustworthiness.

➢ **#13:** There is **a mismatch between what SEO agencies focus on and what non-agency companies want to focus on**. Search engine marketing seems to be the most important service offered by agencies, however it is less important for (potential) clients and far less important for non-clients.

➢ **#14:** Agencies indicate a need to improve efficiency and knowhow in order to remain competitive in the declining market of SEO. In addition to streamlining SEO practices, we can see agencies aim to develop skills in content marketing.

➢ **#15:** Agencies' margins are decreasing as **the same results require harder work over a longer period** than before Google updated its algorithm. **There is a need, now more than ever, to streamline activities, increase efficiencies and maintain workflow**.

About linkbird

linkbird (www.linkbird.com) is a SaaS Tool that **supports online marketers and agencies in raising their company's / clients' online visibility and in consequence organic traffic through SEO, Links, Content, and Online PR.**

Successful e-commerce companies like eDarling, Zalando, Tirendo as well as renown agencies such as Barketing, Resolution, or Aufgesang use linkbird to perfectly align their SEO, Content Marketing, and Online PR activities and to optimally use the emerging synergy effects. **Over 1,000 users worldwide sustainably improve their planning, implementation, and successes this way.**

The awarded Berlin-based company offers its customers **a comprehensive Inbound Marketing Management platform**, which due to a profitable and process-optimised symbiosis of SEO, Content, and Online PR allows for **more transparency, efficiency, and success in the day-to-day business**.

linkbird – Take a flight free of charge NOW!
### www.linkbird.com/free-trial
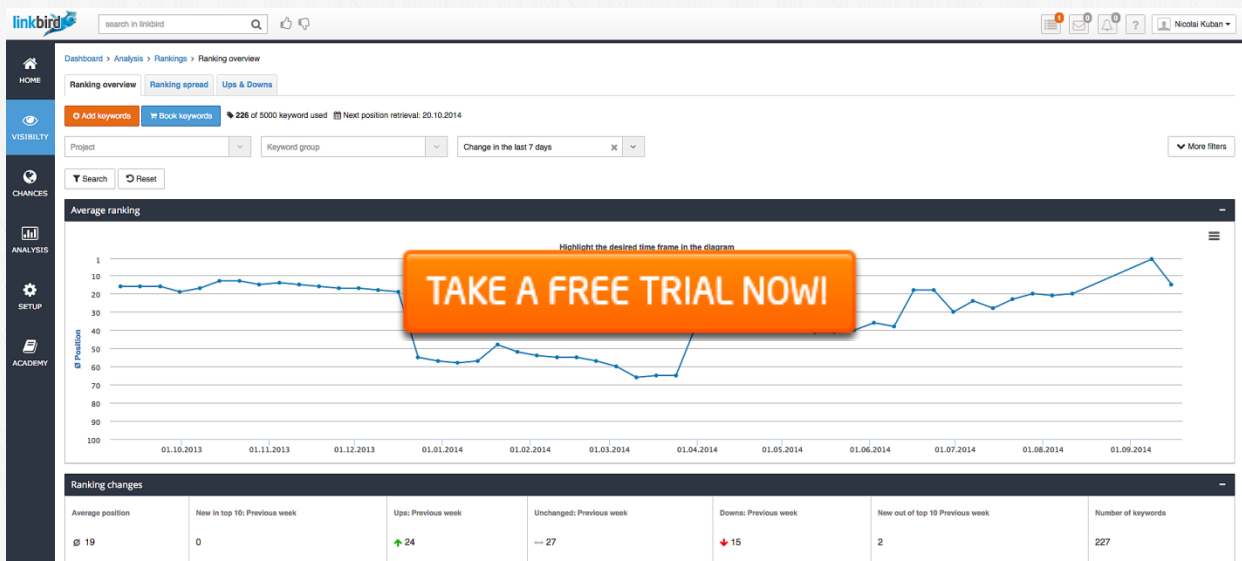
Press Contact
linkbird GmbH
Dr. Asokan Nirmalarajah
Knesebeckstr. 59-61
10623 Berlin
Phone: +49 30 814 587 920
E-Mail: press@linkbird.com

Author Contact
linkbird GmbH
Karan Sharma
Knesebeckstr. 59-61
10623 Berlin
Phone: +49 30 814 587 920
E-Mail: sharma@linkbird.com

linkbird – www.linkbird.com – press@linkbird.com – 0044 20 3514 3782

Thank you for your interest and attention!
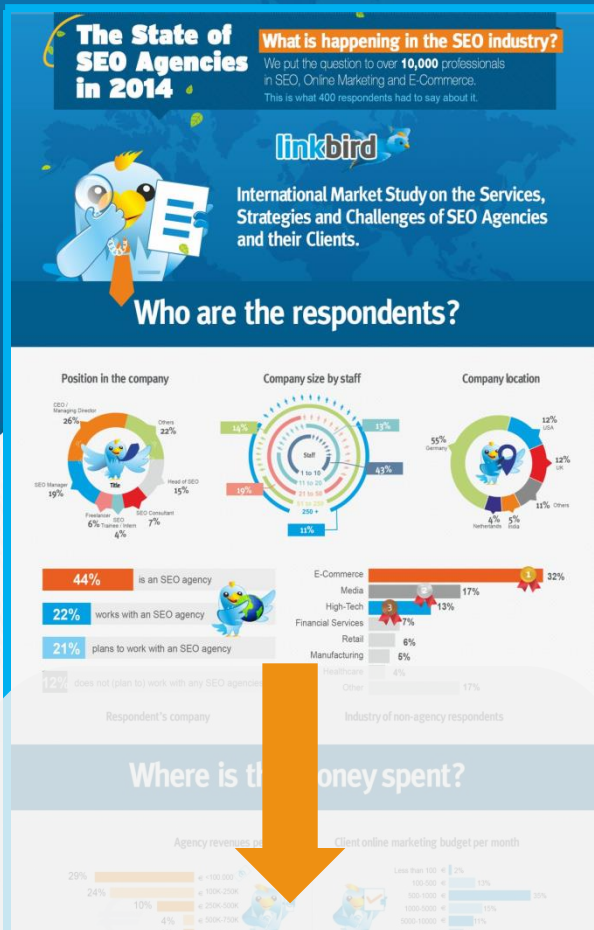
Check out the infographic!
blog.linkbird.com/state-of-seo-agencies/

This PDF is based on a survey by the linkbird company, developer of the SEO management tool of the same name for SEO, Content & Online PR campaigns, between August and September of 2014 among its clients, partners and colleagues. We thank all participants for their valuable input!