VENDASTA

14 Challenges Agencies & Media Companies Face

A guide to overcoming the challenges of sustaining digital solutions and growing revenue

Insights collected from the *Challenges Agencies & Media Companies Face Survey*

At a Glance

Every agency and media company today faces a growing list of challenges that keep them from entering or sustaining success in the local digital space. If any of these problems sound familiar, this ebook is for you.

Digital is hard to sell *page 4*
Salespeople find it increasingly difficult to get local businesses to buy in to their offering.

Cost of sales is too high *page 6*
Traditional selling methods don't scale for digital dimes; time and resources are wasted on cold leads that aren't ready to buy.

Digital gross margin is too low *page 7*
Digital solutions come with high fixed and variable costs that create slim margins and low ROI.

Sales reps are hard to track and manage *page 8*
Measuring your sales team's true productivity and performance is difficult, if not impossible.

Marketing ROI is hard to measure *page 9*
You crave comprehensive marketing analytics that measure your campaigns' true ROI.

Losing customer segments to low cost digital providers *page 10*
It's difficult to compete against new players who offer solutions that undercut you on pricing.

High client churn *page 11*
Retaining customers is a challenge due to a variety of reasons, from pricing to support to competition.

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Clients have varying needs *page 14*
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Large efforts are involved in implementing a new tool, not to mention training for all clients.

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Quality digital solutions are out of your clients' monthly marketing spend.

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Too much time and effort is involved in integrating new solutions with existing ones.

1. Digital is hard to sell

Even though local businesses are starting to see the importance of digital marketing solutions, many agencies and media companies struggle with getting them to buy in to their offerings—and there are a number of reasons why.

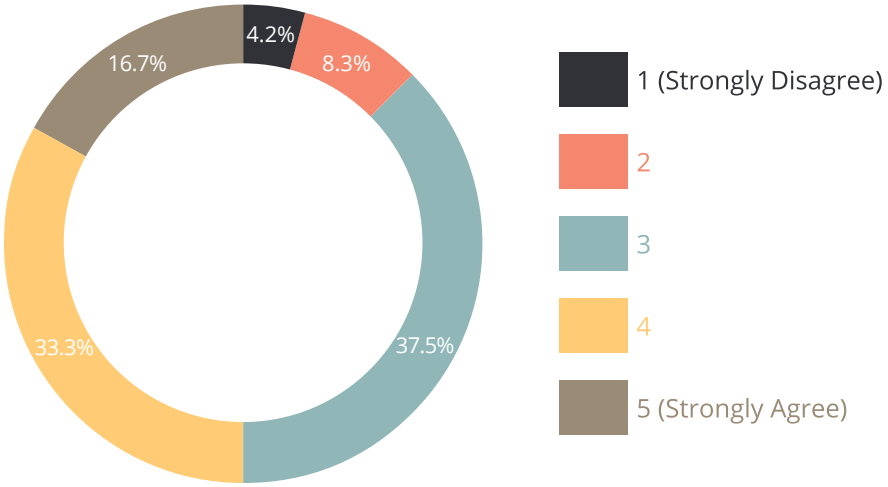
Traditional and aging sales teams often resist selling digital products. Inadequate training leaves them improperly armed, they feel their experience supercedes digital selling strategies, and the digital incentive structure doesn't stack up against traditional. Not to disrespect our elders, but the majority of aging salespeople simply don't have the aptitude to fully adopt the new paradigm and sell the story.

Of course, those aren't the only reasons that digital is hard to sell. There could be a lack of buy in from the top, an unclear ROI funnel, or a general resistance to change from your client base. Sadly, a lot of SMBs still don't understand the value of technology.

How can you overcome this? Many agencies and media companies are turning to more specialized marketing automation tools built with the power to source prospects who are interested in digital solutions through the use of local online data.

And, instead of having your salespeople open the pitching through invasive cold calling, these tools have the ability to engage prospects with simplified sales stories unique to their business with a much softer approach—which is key, as nurtured leads produce, on average, a 20% increase in sales opportunities versus non-nurtured leads[1].

Some or all of our clients are resistant to change and/or technology



From *Challenges Agencies & Media Companies Face Survey*

1. **Demand Gen Report:** Calculating The Real ROI From Lead Nurturing

2. Cost of sales is too high

When you put a sales rep in a car and send them around town after a handful of cold leads, chances are your cost of acquisition will skyrocket. Agencies and media companies using call centers aren't that far ahead either; yes, the costs are lower and the reach may be wider, but the problem remains the same—they are still soliciting people who aren't ready to buy.

According to Harvard Business Review, cold calling doesn't work 90% of the time. And why is this? Only 5-10% of your calls pick up the phone, and less than 2% result in meetings[2].

Spinning your wheels on cold calls is often an exercise in futility—it doesn't matter how good your pitch is, people only buy when they're ready. Sure, once every blue moon, you pick up the phone and get a sale, but setting your watch to random phenomena isn't sustainable.

Closing a sale is a process where you have to take a series of calculated steps in warming the lead until they're ready to purchase. On average, a lead requires 10 marketing-driven touches to convert from the top of the funnel into a paying customer[3].

Put cold calling in the rearview and use the playbook of other agencies who are killing it with lead nurturing strategies. They're leveraging agency-specific marketing automation tools that have the ability to tell you which prospects aren't interested, which need a little warming up, and of course—which are ready to close.

2. **Yellow-Tie:** To Cold-Call Or Not? That's The Question.
3. **Aberdeen:** Event Marketing: Best-in-Class Companies Integrate Events with Multi-Channel Marketing Strategy

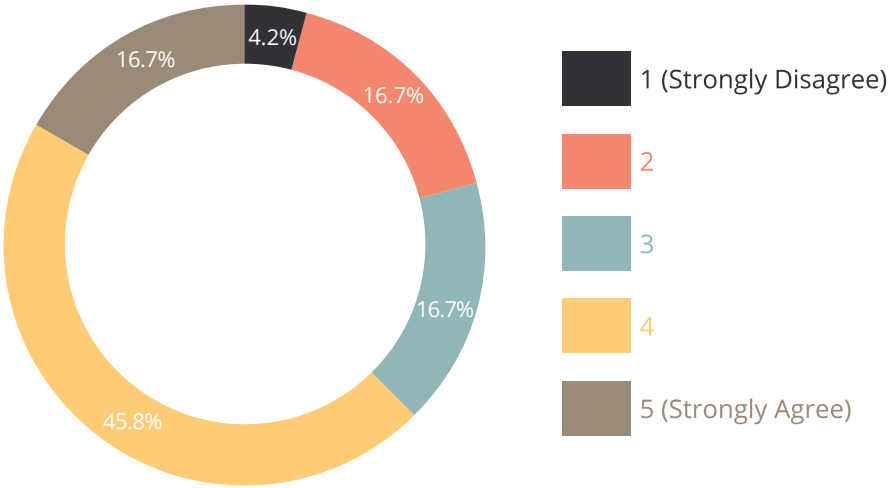
3. Digital gross margin is too low

Gone are the good old days when selling a yellow page ad meant easy fulfillment and juicy margins. Digital products rarely possess this type of effortless return; costs for digital tools not only include the ongoing investment with the vendor, but also increased costs associated with client onboarding, training and support, all of which eat into margins.

Although local businesses are beginning to increase their digital ad spend to accommodate more digital activity, expensive SEM and SEO tools are still hard to justify, especially when the average local business spends less than $200/month on digital solutions[4].

There is hope, however. Agencies are finding success with platform solutions that provide reporting tools that show clients ROI, while at the same time allowing them to trim costs by reducing vendor clutter, marketing tools with readily available resources, and developing a strong onboarding and training program to combat churn before it happens.

Clients' digital marketing budget is too low to sustain digital solutions



From *Challenges Agencies & Media Companies Face Survey*

4. **Search Engine Land:** SMBs Spend An Average 46% Of Marketing Budget On 'Digital'

4. Sales reps are hard to track and manage

With a host of metrics to track—from leads and call-backs to progress reports and conversions—measuring your sales team's productivity can feel next to impossible.

Furthermore, unless you know how to use complex CRM systems like Salesforce, SugarCRM or Microsoft Dynamics to the best of their abilities, chances are you're missing out on key intel about your sales team's performance. Not to mention, if you are using a CRM, there's a good chance you're frustrated at how complicated and expensive it is[5,6].

Although they offer a lot of integrations and features, these CRMs are not niched-based or built for agencies serving SMBs[7]. They do not tell your reps which businesses to focus on based on local data, what to do when they get into the office in the morning, and where your hottest leads are coming from.

What is needed is a process and toolset that eliminates the clutter of most CRMs. Focus on the essentials: allowing reps to make notes on their local sales pipeline, tracking the history of prospect interactions, assigning hot leads, and—perhaps most importantly—driving higher conversions with automatic to-dos that prioritize the most important action items.

In other words, find a solution that works for your organization and focus on the specific tools your reps need to get their jobs done.

5. **SalesLoft:** CRM Statistics: The Good, the Bad, & the Ugly {An Infographic}
6. **Forbes:** Price Of The Cloud Still Out Of Reach For Small Businesses
7. **Tech Crunch:** The Future Of Marketing Automation

5. Marketing ROI is hard to measure

It's 2015, and local businesses demand provable insights into how you're helping them grow their revenue. Yet surprisingly, many agencies and media companies don't have a proper handle on their metrics and can't show the value they're providing to clients.

Here's how you can get over that:

Step one: Set expectations on what it is you're delivering. Failing to make the intent known can land you in hot water.

Step two: Include foundational tools in your offerings that set your clients up for online success. Many agencies are doing it backwards; they're selling solutions that drive traffic and awareness, but ROI is nowhere to be seen when their clients' sites aren't mobile or their online presence and reputation are in question.

Step three: Make sure your offerings are equipped with proper reporting tools. Digital reporting provides a huge advantage over traditional methods, as it automates the documentation process and provides more detailed and accurate marketing analytics. Insanely, a lot of you are still using manual reporting methods like spreadsheets—often leading to inaccurate and unusable data.

Step four: Make sure the reporting tool delivers metrics for all of your offerings—not just broad strokes—including info about online listings data, website ranking, social engagement, email activity, SEO/SEM categories, and whatever else you're offering.

6. Lose customer segments to low-cost digital providers

It's the Wild West out there in the local digital space. The rules have changed (if there are any at all), and the landscape shifts on a dime. Being first to market has lost its edge, best products don't always win, and client loyalty is a very loose term these days. Truth is, local businesses want the highest value at the lowest cost—and with startups bursting onto the scene every day with disruptive alternatives, who's to blame them?

Agencies and media companies are doing what they can to step into the ring with lowering prices, adding or cycling through digital providers, and inventing impromptu promotions, but they often lose their punching power in later rounds as they just can't keep pace. They've gotta eat, and bad margins can't sustain a company.

It's not all doom and gloom, though. There are viable ways to get a stake in the game without racing to the bottom. It's important to find technology partners who have scalable cost models that allow you to remain flexible with your pricing. Plus, it's about more than just your toolset. Companies that provide high-touch services and premium offerings stand apart in terms of the value they bring to the table, and they can often cater to a larger portion of the market.

One tried-and-true strategy to grabbing market share right away is to offer freemium tools and a DIY model that's part of a greater platform. Not only is it an easy foot in the door, it provides a clear path to upsell more advanced functionality and managed services down the road.

7. High client churn

What's more important than getting new customers? Retaining the ones you have. Over half of a business's annual revenue comes from repeat customers rather than new customers. In fact, a repeat customer spends 67% more than a new customer[8]. The question is: are your solutions scaling to fully support each of your clients' needs, big and small? Chances are, probably not.

Like it or not, with so many digital options out there offering prices and services that target specific business demographics, your clients are probably going to get curious and test the market.

Check out these SMB statistics from BIA/Kelsey and get a closer look at some of the realities and needs of local businesses of all sizes when it comes to digital:

SMB Stats

1-4 Employees (Core/VSBs)	**5-9** Employees	**10-99** Employees
Yearly Spend **$2,506.00**	Yearly Spend **$20,694.00**	Yearly Spend **$53,440.00**
Total % of SMBs **63.3%**	Total % of SMBs **17.5%**	Total % of SMBs **19.2%**
Preferred Model **DIY**	Preferred Model **DIWM / DIFM**	Preferred Model **DIWM / DIFM**
In-Premise Sales Rep Value **Minimal**	In-Premise Sales Rep Value **Indifferent**	In-Premise Sales Rep Value **High**

SMBs 10 to 99 employees - Advertising & Marketing Trends
SMBs with 2 to 9 employees - Advertising & Marketing Trends
LCM Wave 18 Advertising Trends of Core SMBs

8. **BIA/Kelsey and Manta:** Small Business Owners Shift Investment from Customer Acquisition to Customer Engagement

Smaller businesses want tools that work in a Do It Yourself (DIY) model without high-touch services that cater to their tight budget. Mid-sized companies have a little more wiggle room and typically outsource for Do It With Me™ (DIWM) or Do it For Me (DIFM) services, allowing them to focus on other areas of their business. Larger businesses also look for outside support, but they really value high-touch services from sales and account management.

To put it simply, local businesses come in all shapes and sizes with different needs and wallet sizes. Aim to take care of them uniquely. There is no a catch-all solution to accommodate each individual client, but there are groups of service models that can cater to where they are in terms of their current needs.

Agencies are reducing churn by providing solutions that allow them to sell in a method and model local businesses want to be sold in. Meaning, agencies are adopting a platform solution that provides a suite of robust products with services that are able to scale, as well as subscription-based pricing that suits varying budgets.

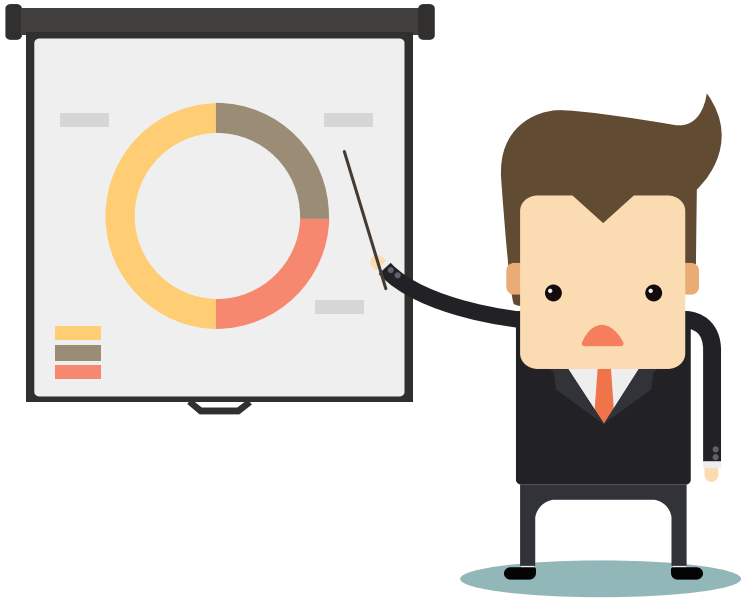
Learn more about how to solve churn and keep clients happy with our SMB Digital Churn Discussion.

8. Multiple tools and vendors are hard to manage

Working with multiple vendors and solutions will sap ROI in no time. It's expensive, time-consuming, and extremely stressful.

To make it work, you're either shelling-out money for API developers to connect multiple applications to your platform (which, as you know, never goes smoothly) or you're building an expensive business center where customers can SSO into a variety of tools. The only other alternative is providing a list of separate sites that you expect clients to login to, and it's doubtful a small business is going to bookmark five different solutions, remember their passwords to each one, and navigate them efficiently. They just won't do it.

In truth, 70% of business owners want a single point of contact for all of their digital solutions[9], and agencies that provide an integrated platform are more attractive than those with standalone tools.



9. **Vendasta Blog:** Digital Agencies with Integrated Products Will Win

9. Clients have varying needs

On top of working 50+ hours a week, 43% of local business owners spend 6+ hours promoting themselves on social media—that's over 300 hours a year[10]. And with online listings that can take weeks to manually claim or correct, a lot of businesses are looking at agencies for support, both in product and in service.

While Do It Yourself (DIY) tools are fine for some SMBs, the vast majority want someone to take care of their marketing for them. That's where Do It For Me (DIFM) and Do It With Me (DIWM) services come into play.

It's well known DIFM services lack the authenticity that social media requires and can be cumbersome to manage. The Do It With Me model, however, revolves around a team of digital analysts who collaborate with local businesses on a level everyone is comfortable with. Analysts are responsible for all of the digital heavy-lifting that businesses don't want to worry about, such as listings correction, review monitoring and regular social posting.

Do It With Me has emerged as the sought-after "middle ground"; prices are reasonable and churn is manageable for agencies, which appeals to traditional sales teams accustomed to higher-margin products.

Another point that needs to be considered is smart agencies are evolving their resources and expertise to create vertical-specific teams that not only better serve their customers, but allow them to venture into new markets and tap new revenue streams.

10. **Vertical Response:** How Much do Non-Profits Invest in Social Media?

10. Scaling issues

How do you go from supporting a few dozen clients to a few thousand? It might be easy if you're only offering self-sign up DIY tools, but as mentioned earlier, the most successful agencies and media companies offer marketing automation, prescription, support, and managed services that can scale to grow revenue.

Marketing Automation: Drive down cost of acquisition with tools that take the guesswork out of your sales approach and target prospects who are already interested in digital solutions. If they're not ready to buy just yet, marketing automation has the ability to nurture prospects with timely and relevant content.

Prescription: It's unrealistic to have your reps communicate with every client on a regular basis and handhold them through building an online presence and reputation. Every team should have tools that help businesses do that on their own, especially for the DIY crowd. The more your tools can do the teaching themselves, the less time you waste on the phone.

Support: When looking for a tech provider, be sure to consider the support they offer. At Vendasta, we only make money if you make money, so it's our mandate to arm you with the knowledge for sustainable success. We offer a comprehensive support center with collateral, training and resources to help you get up and running in no time.

Managed Services: When it comes to services, one size does not fit all. Bigger media companies might have a team of dedicated digital analysts who can provide DIFM services, but what about smaller agencies? How do you balance being authentic and providing a great customer experience with cost effectiveness? You can't just outsource social media overseas—you need trusted talent who will represent your brand as if it's their own.

Ranking Products and Services that Scale

Check out how agencies and media companies rank the scalability of their tools and services, from 1 (most scalable) to 10 (least scalable).

1	Listings Management	6	Remarketing
2	Social Media Marketing	7	Display Advertising
3	Social Media Advertising	8	SEO Services
4	Reputation Management	9	Custom-Built Sites
5	Managed Services	10	DIY/CMS Sites

11. Onboarding takes too much time and effort

Closely related to the challenge of scaling, onboarding can be a deadly bottleneck, both for clients and agencies. On the client side, agencies have said that connecting with business owners and staff for even the easiest tasks—such as setting up usernames and passwords—is a common roadblock that creates unmitigated wait times and frustration .

Then comes the heavy lifting. It takes time and effort to adopt and learn a new tool. A lot of solutions aren't intuitive, either; there's a ton of fundamental education to be imparted, and on top of that, you have to provide hours of practical training and ongoing support until clients are capable enough to use the system efficiently on their own.

There are similar struggles on the agency side too. It can take the same amount of time and effort to fully adopt solutions (not only to use them) and teach others as well. Furthermore, most SaaS companies follow Agile software development, meaning there are new releases every week. That translates into a steep, ongoing learning curve for you and your clients.

While learning plays a big part in digital marketing, it's key to take proactive measures to lessen the load. One is to research solutions that are known for their prescriptive and intuitive utilization, so you and your clients "just get it" when they log in for the first time. Another is to align with companies that have proven track records when it comes to training and support, updated news releases, and a dedicated account team that works closely with your business.

12. Lack of reporting

These days, business is driven by data and analytics. If you can't show clients evidence that your solutions are providing value, you shouldn't get upset when they discontinue the service. Businesses deserve to know that what they're paying for is working, and not just with broad performance results either, but with full disclosure on every product and feature.

That said, the data world is a complex place. Sometimes it's difficult to prove ROI, especially for online solutions where it's harder to provide concrete results (e.g., SEO and listings management). But that doesn't mean you get a free pass.

Justify your partnership with solutions that have advanced reporting tools designed to support the full architecture of its tools—not just roll-up reports that output general stats. Provide deep insights into all of your offerings. This includes categories that are historically difficult to measure, such as online visibility, listing errors and corrections, reviews, social engagement, and marketing campaigns.

Furthermore, focus on reporting tools that provide you with critical details that allow you take a consultative approach to client management. These tools are extremely helpful in the sales process; they allow you to build trust and strengthen relationships with targeted messaging throughout the lifecycle, from pre-client to long-term partners.

13. Digital solutions are priced too high

On the flip side of the coin from low margins, some agencies price their digital products too high. A part of the issue is a lot of companies can't lower their prices, due to complex organizational structures and processes—it would eat up a lot of time and resources to find a workaround to make it worth it.

The other part of the problem is SMBs are notorious for small digital budgets, with the average spend coming in under $200/month[2]—not much wiggle room to support a set of digital tools, especially when SEO/SEM tools carry an average monthly hit that range from $250-500[11].

Studies show that agencies who offer solutions below $100/month had average annual churn of 28%, while those above $100/month had average annual churn of 50%.

If you're looking to lower churn and accommodate your clients' budgets, consider experimenting with lower-priced bundles and/or a subscription-based pricing model (under $100) that support a full set of digital tools, including SEO/SEM. Also, seek out the solutions with the highest scalability potential and tiered pricing structures that reward client growth.

11. **Moz:** Digital Agencies with Integrated Products Will Win

14. Integrating digital solutions is difficult

While big players can spend millions of dollars building large-scale fulfillment centers, smaller agencies have to offer competitive solutions in a different way.

Protect your wallet and build a custom interface without the hassle of an IT overhaul. Research solutions that offer rebrandable products, along with SSO and API capabilities in order to provide seamless integration with your existing tools and delivery models.

Summary

Local businesses want the best of both worlds: cheap digital solutions that deliver high impact results. Agencies and media companies who are meeting this demand are adopting models that allow them to set an attractive price for robust solutions, while using scalable tools to grow their revenue at the same time.

Turn problems into solutions

Sell digital products in a way that everybody wins

Get a free demo! *of Vendasta's 10X Platform*