



REPORT

Are Freelancers the Long-Tail Channel of the Future?

 Localogy ×  MONO

Table of Contents

1. Executive Summary	3
2. Mono-Localogy European Freelancer Survey Key Findings	6
3. Part I: The Freelancer Landscape	8
• The Generation Gap	9
• Campaigns vs. Word of Mouth	13
4. Part II: Examining the Reseller Opportunity	16
5. Summary & Conclusions	20
6. About Us	21

COVID has accelerated the long-term, worldwide trend toward freelancing over full-time employment. How can digital platforms marshall this global army to sell more software to SMBs?

Executive Summary

Acceleration is a common refrain of the COVID era. Just name a trend that was plugging along before COVID. Think eCommerce, home meal delivery, contactless payments, the list goes on. In each case, the pandemic shaved years off that trend's development curve.

Add one more trend to the list. Freelancing. The practice of working as a contractor or project-based worker, already ascendant pre-COVID, leaped forward dramatically in 2020.

According to Freelancer.com, in Q2 last year, when the pandemic's first wave was raging in Europe and the United States, freelance job openings increased by 25% compared with the first quarter of 2020.

And like most workplace trends accelerated by the pandemic, the shift appears to be permanent, meaning it will be more widespread after the pandemic than it was before. Most freelancers would choose to continue freelancing over accepting a full-time job, according to the research we have reviewed. They either prefer the independent worker lifestyle or they believe they can make better money on their own.

COVID acceleration aside, freelancing can benefit both sides of the equation. It grants companies the ability to access certain skill sets -- say infographic design or coding in a specific programming language -- only when they need them. They may pay a higher hourly rate, but they don't have to carry the costs of a full-time employee. And they can afford to hire the best because they only need them for a defined period of time.



On the flip side, that same freelancer doing programming or design can sell their skills at premium rates because they are in demand for very specific projects requiring their very specific skills. And once they complete a project, they can hang out at the beach until it's time to take on a new project.

So the company accesses top-level skill while saving money. And the worker enjoys the flexibility and expanded earnings potential. Win-win. And with workplaces going increasingly remote, companies already leaning toward greater use of freelancers and contractors will see little reason not to double down on making their cost structures even more variable.

This trend is interesting to anyone wondering how the “future of work” will impact their business. But it also has a very specific implication for organizations that sell digital services to small businesses through resellers.

Many freelancers have trusted relationships with their small business customers. As accountants, marketing consultants, graphic designers, etc, they are in a strong position to recommend software solutions to their clients. That makes them potentially great candidates to become software resellers. Reselling takes many forms. It may involve reselling directly for a software company. Freelancers also can establish affiliate relationships with existing reseller organizations.

Yet new research from Localogy and Mono Solutions conducted among European freelancer workers shows the freelancer channel remains underdeveloped.

According to the new survey data, collected in April, only 16% of European freelancers have an existing reseller relationship. Meanwhile, many freelancers, particularly those that are younger or less experienced with independent work, report falling short of their income goals.

Reselling digital solutions is a viable option for closing the earnings gap. So what will it take to convince more freelancers to give reselling a try?

This paper begins with an examination of the freelancer market. We wanted to understand how freelancers operate their businesses and the toolset they use. And we wanted to learn how freelancers acquire customers and grow revenue.

Then we explore how this massive independent workforce could become a stronger channel for digital solutions providers.

One broad takeaway from the survey is that younger and more tech-savvy freelancers represent a promising channel opportunity. They are familiar and comfortable with technology. They are more comfortable with DIY service models. And they are more likely to be falling short of their income goals.

Mono-Localogy European Freelancer Survey Key Findings

In April, Localogy and Mono Solutions fielded an online survey among 553 freelancers in the United Kingdom, Germany, and Sweden. The survey's objective was to learn more about how freelancers operate their businesses and what motivates them to choose to freelance over ostensibly more secure full-time employment. Here is a topline summary of what we learned, broadly stated.

- Generation signals the type of work freelancers are likely to do. Older freelancers are management consultants. Younger freelancers are developers and virtual assistants.
- Younger people start freelancing for the lifestyle. Older generations are led to freelancing by job losses, career downshifting, or family issues.
- Overall, more than half (51%) say freelancing meets their financial needs. While younger freelancers are less certain about expectations and goals.
- More than half (52%) would turn down a corporate job if offered. Freelancers over 55 are the most likely to say, "No thanks."
- Freelancers use a variety of lead-generation methods. Younger freelancers favor technology and social tools. Older freelancers lean on networking and referrals.
- Freelancers actively create content. A full 85% have a business website, and 55% have a social presence. In general, they favor creating content with DIY tools.
- Fewer than half of freelancers have run marketing campaigns. When they do, they are most likely to run newsletters, Google Ads, and social media using DIY tools.
- A full 62% say they recommend software solutions to their clients, notably websites (35%), accounting (27%), and marketing (25%).

- Only 16% of freelancers resell software. And those that do focus on websites, accounting, POS, CRM. And 62% are satisfied with their software partners.
- Most reselling freelancers generate less than 25% of their monthly income from software sales.
- When asked what would improve these partnerships, resellers cite increasing commissions and receiving more content to support sales.
- Freelancers that do not resell say they were not aware of the opportunity or that they didn't believe they would be effective sellers.

Part I:

The Freelancer Landscape

In 2019, 57 million Americans, or about 35% of the workforce, admitted to doing freelance work, according to Upwork's "Freelancing in America" study. And of these, 28% were full-time freelancers. This means about 16 million Americans were working as full-time freelancers in 2019. This figure no doubt grew substantially in 2020.

According to Statista, there were 33 million self-employed Europeans in 2019. However, this figure includes small business owners and farmers, which do not generally fit into our definition of freelancer.

A study conducted for the European Commission estimated there are 11 million freelancers operating in the European Union in 2017. This is the fastest-growing segment of the labor market, according to the report.

Localogy and Mono Solutions wanted to know more about this vital and fast-growing segment of the labor force, particularly in Europe, which is the focus of this report.

So in April 2021, we fielded an online survey among 553 freelancers in Germany, Sweden, and the United Kingdom. We wanted to learn more about what motivates them to freelance and how well the freelance life supports their goals.

The survey included a few key qualifications for respondents. First, they had to work full time as a freelancer. Granted, the entire available market of freelancers includes side hustlers. But we wanted to focus on those freelancers who depend on their independent work to pay their bills. Not to pay for their vacations. We wanted to talk to those freelancers who are working without a net.

Our research honed in on a limited set of tasks that require a skill or experience set that is reasonably well aligned with the reseller opportunity. These included marketing, human resources, accounting/finance, management consulting, software development, and virtual assistants.

Specifically, we wanted answers to the following questions.

- How does freelance life differ among various age and experience cohorts?
- What motivates freelancers to choose this life?
- Are freelancers hitting their earnings targets?
- Would freelancers keep on freelancing if a great job came along?
- How do freelancers find customers?
- What tools do freelancers use to acquire customers and build their personal brands?
- Do freelancers DIY everything? Or do they ever hire experts to help them?
- How often do freelancers recommend software solutions to their clients?
- Do freelancers generate any income from these recommendations through reseller relationships?
- And finally, what would it take for more freelancers to become resellers?

The Generation Gap

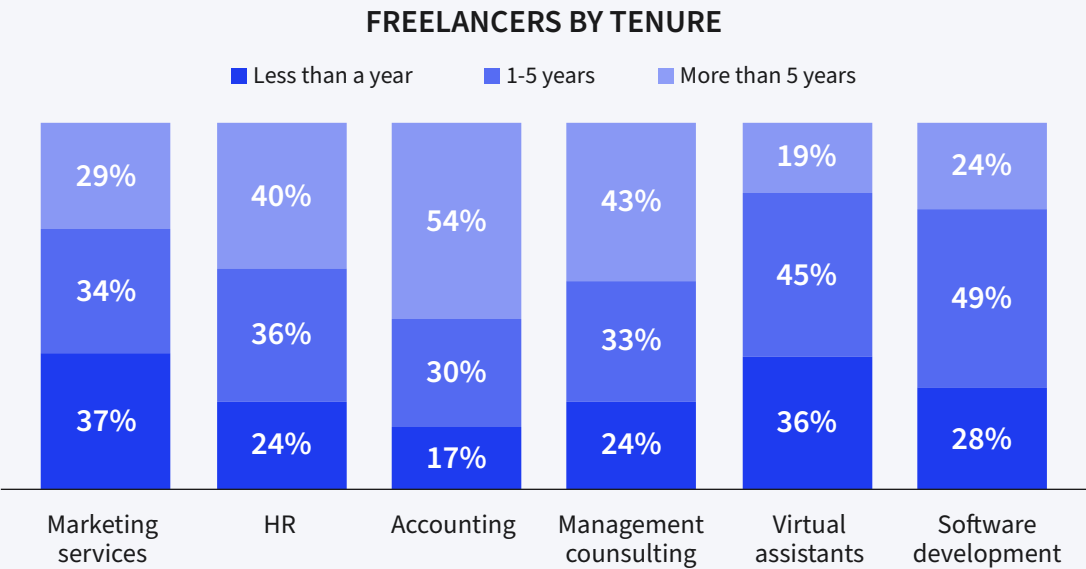
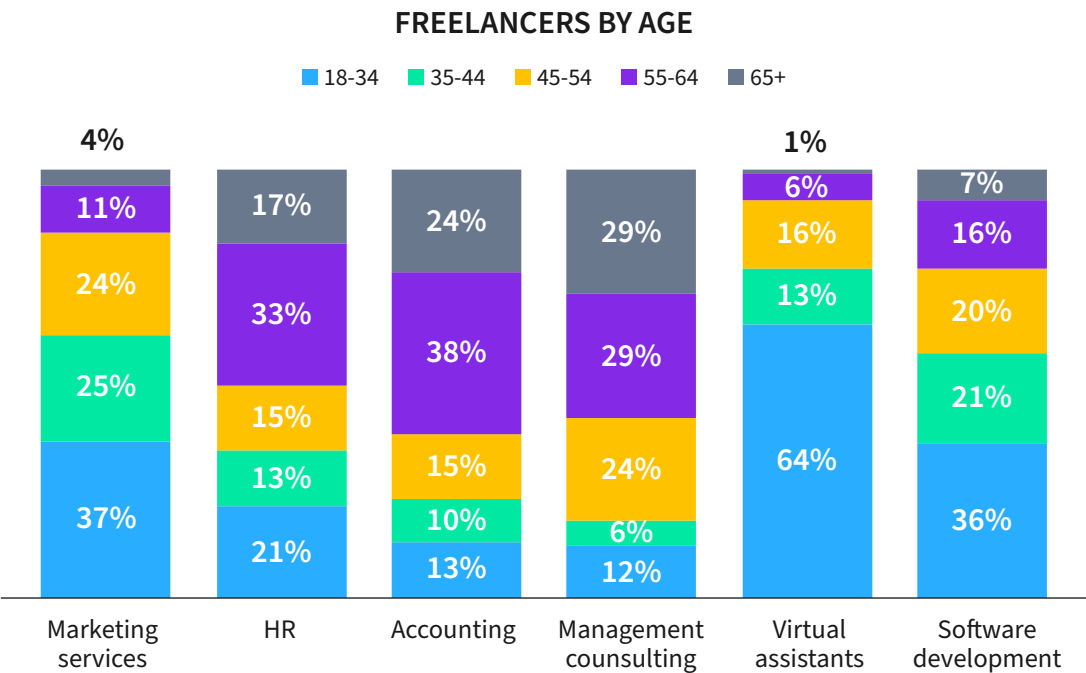
Freelancers do a wide variety of tasks, requiring a wide range of skills. And they freelance for any number of reasons.

One of our going-in hypotheses with this survey was that age and experience would be significant firmographics. We expected younger and older freelancers would be doing different kinds of work for different reasons and with different results.

While the differences among the different locations surveyed (UK, Germany, Sweden) were generally modest, the generational differences were often pronounced. So much so that older and younger freelancers need to be regarded almost as if they were completely different entities.

For example, the figure below shows younger and less experienced freelancers gravitate toward more creative or technology-focused fields like marketing, software development, and virtual assistance. Older and more tenured freelancers, on the other hand, are more likely to work in HR, accounting, and management consulting.

We also hypothesized that motivations for freelancing would differ among generations as well. What we found, not surprisingly, that lifestyle considerations drive younger freelancers, while life circumstances drive older freelancers.



The next figure shows that job loss is a reason to pivot to freelancing that crosses the generational divide. This comes as no surprise in the wake of a Covid crisis that drove unemployment rates skyward around the world.

The generations separate when we examine other factors. For example, 66% of freelancers under 34 say freelancing is a lifestyle-driven choice. This compares to just 29% of freelancers age 55-64.

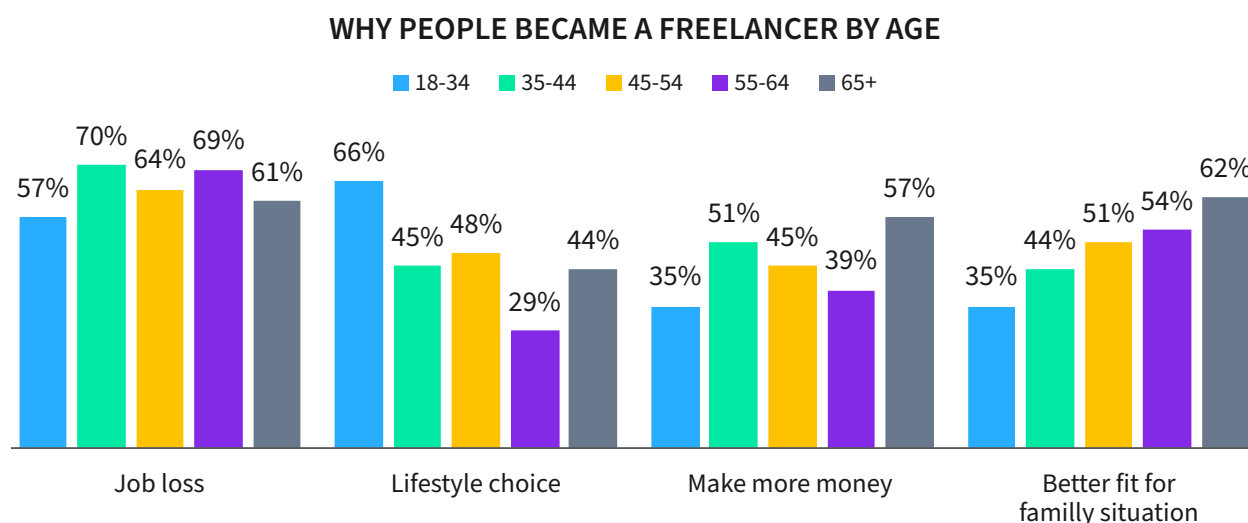
There is a tremendous volume of content on YouTube, social media, and elsewhere promoting the flexibility and freedom that freelancing can offer. As in, “I can manage social media campaigns on my laptop from the veranda of an amazing eco-lodge in Bali.”

This scenario is plausible. And if Instagram is to be believed, thousands are living this very life. Hopefully with reliable wifi and a tolerance for 2 a.m. Zoom calls with clients.

Older freelancers seem to have a less romantic view of freelancing. They are in it by necessity, or because they believe they can earn more money.

Their motivation sounds more like, “I need to take care of my kids [or aging parents] so freelancing works for my situation.” Or, perhaps, “I have twenty years of C-suite experience so I can charge hundreds of euros per hour mentoring young executives.”

There is also a gap between how satisfied younger and older freelancers are with independent life.



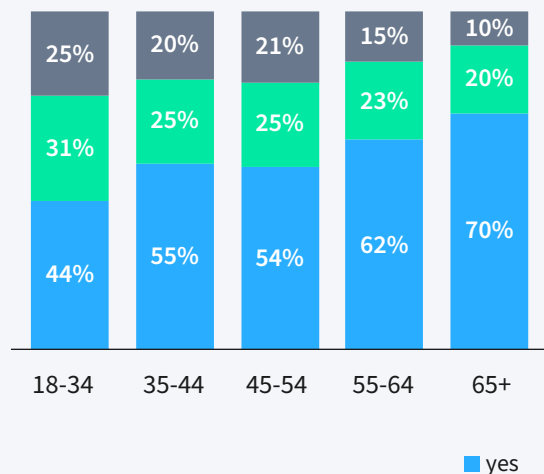
Overall 51% say freelancing is addressing their overall stated goals, whether that's income, lifestyle, flexibility, etc.

By age group, the results vary, with only 38% of those under 34 saying yes, and 62% saying either no or too soon to tell. Yet among those ages 55-64, 59% say independent life is delivering on expectations.

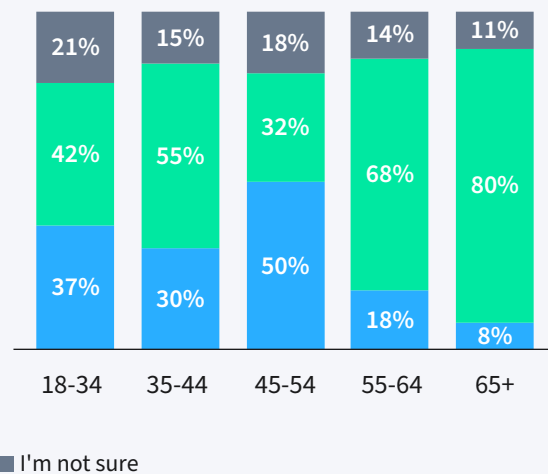
The results are similar when asked specifically if freelancing was generally meeting their income goals. Only 44% of freelancers under 34 said they were hitting their income targets. While 63% of those 55-64 were satisfied with their earnings.

Of course, multiple factors likely influenced this outcome. One is that it can take time for a freelancer to build up a clientele. Another is the nature of the work that older versus younger freelancers do. Management consultants generally earn more than virtual assistants. And perhaps some younger freelancers come in with idealized expectations.

**IS FREELANCING MEETING YOUR
FINANCIAL GOALS BY AGE**

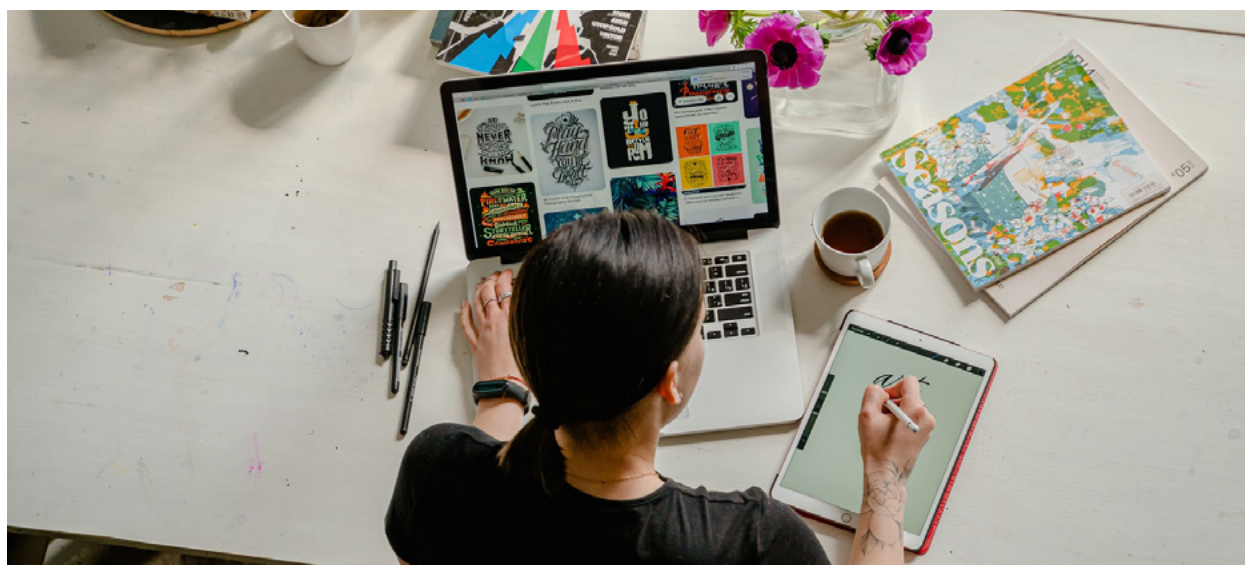


**FREELANCES THAT WOULD TAKE
AN ATTRACTIVE JOB IF ONE WAS
OFFERED BY AGE**



Despite some challenges meeting their goals, freelancers, in general, do prefer the independent life. So much so that 54% of all freelancers say they would not take an “attractive” full-time job if offered. But again, some generational differences are noteworthy. For example, the segment most likely to jump at a job is age 45-54. And the segment least like is 55-64.

Accountants, management consultants, and HR pros were the least likely to take the job. Virtual assistants were the most likely. Not surprisingly, virtual assistants were also the least likely to be achieving their income objectives.



Campaigns vs. Word of Mouth

Freelancers push on a variety of levers to generate new business. And there are some clear differences by age group. For example, freelancer platforms like Upwork and social media are clearly favored by younger freelancers. Meanwhile, older freelancers seem to rely more heavily on word of mouth.

In general, younger freelancers are pushing on more levers than their older counterparts in order to drum up business. This seems consistent with younger freelancers’ struggles to meet their earnings objectives, as noted earlier.

One clear common denominator is using web presence as a marketing tool. Among those 18-34, 70% have a blog, YouTube account, newsletter, or website. Among those ages 55-64 the figure is 74%.

HOW FREELANCERS GET NEW LEADS BY AGE HEAT MAP

	All	18-34	35-44	45-54	55-64	65+
Word of mouth	61%	57%	64%	64%	64%	62%
Freelancing platforms (Upwork, Flevrr, Superside...Etc.)	39%	51%	52%	45%	17%	16%
Job boards	37%	34%	45%	37%	37%	34%
Blog/YouTube/website/newsletter	67%	70%	65%	66%	74%	56%
Social media (instagram, linkedin, facebook, etc.)	51%	65%	65%	50%	33%	28%
Paid advertisement	48%	52%	56%	50%	39%	39%
Work for agencies	59%	61%	70%	60%	51%	44%
Other	3%	1%	4%	5%	4%	3%

One clear distinction among generations is in how they create business content. By and large, younger freelancers are willing to roll up their sleeves and DIY everything from creating a website or online store to installing an online booking application.

For example, 75% of those ages 18 - 34 DIY'd their website, compared with just 22% of those 55-64. DIY rates were particularly high among the younger cohort for website, blog, newsletter, and social. This suggests younger freelancers emphasize having a strong digital presence and creating original content to promote their skills.

PERCENTAGE OF FREELANCERS THAT DIY BUSINESS CONTENT BY AGE HEAT MAP

	All	18-34	35-44	45-54	55-64	65+
Business website	49%	75%	55%	48%	22%	17%
Blog	48%	72%	57%	47%	20%	28%
Newsletter	85%	99%	86%	93%	58%	76%
Business social media presence	84%	94%	88%	84%	78%	30%
Business eCommerce store	34%	67%	35%	39%	13%	11%
Online booking	59%	77%	55%	20%	21%	57%
Online course(s)	21%	34%	21%	33%	6%	4%
e-book material	56%	60%	53%	39%	73%	57%

DIY rates across marketing campaigns overall were not as high as for content creation. Still, younger freelancers are far more likely to DIY a Google Ads or Facebook campaign than older freelancers.

Some of the preference for DIY is related simply to necessity. Younger or less tenured freelancers will run their own campaigns because they cannot afford to hire someone to do it for them. However, comfort with using software is also a factor.

PERCENTAGE OF FREELANCERS THAT DIY BUSINESS CAMPAIGNS BY AGE HEAT MAP

	All	18-34	35-44	45-54	55-64	65+
Business Website	49%	75%	55%	48%	22%	17%
Blog	48%	72%	57%	47%	20%	28%
Newsletter	85%	99%	86%	93%	58%	76%
Business Social Media Presence	84%	94%	88%	84%	78%	30%
Business eCommerce Store	34%	67%	35%	39%	13%	11%
Online Booking	59%	77%	55%	20%	21%	57%
Online Course(s)	21%	34%	21%	33%	6%	4%
e-book Material	56%	60%	53%	39%	73%	57%

Part II:

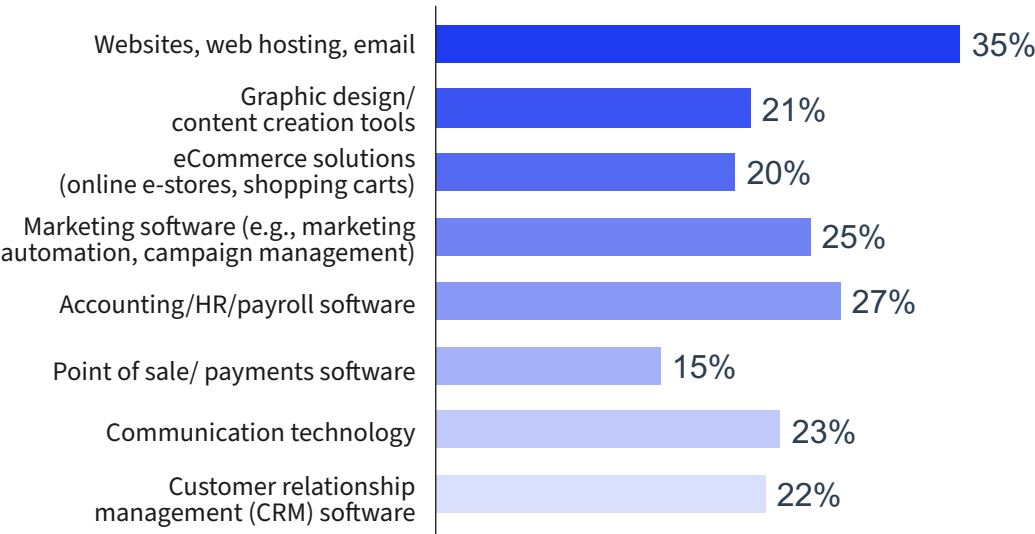
Examining the Reseller Opportunity

A number of data points from the survey suggest that freelancers are an under-utilized resource for software companies looking to expand their reseller networks.

For starters, 62% of freelancers say they recommend software to their clients. That’s an eye-opening figure. Particularly when viewed in contrast to the 16% of freelancers who have existing reseller relationships.

It’s fair to argue that freelancers are leaving money on the table.

TYPES OF SOFTWARE FREELANCERS RECOMMEND TO CLIENTS



As the chart above shows, websites and related solutions (email, hosting, domains) is the software category most frequently resold. Marketing automation and accounting/HR/payroll are second and third with a wide distribution across the remaining categories.

This is consistent with our expectations leading up to the survey. After all, many independent accountants work with an existing software platform like Xero or Quickbooks. So they are natural resellers.

Similarly, graphic designers, website builders, and marketing consultants are well suited to represent a given set of software solutions to their SMB clients.

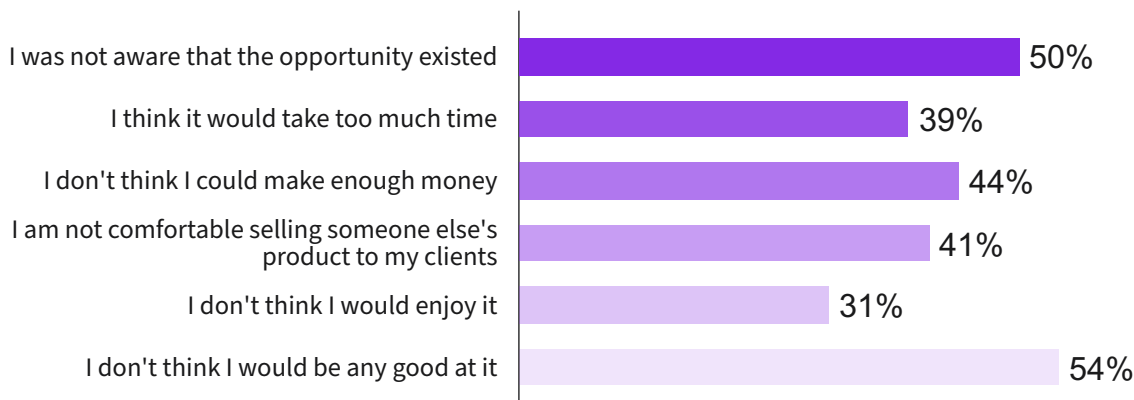
Our survey revealed that 90% of resellers earn less than 25% of their total earnings from reselling. This number suggests room for improvement but it remains a meaningful supplement to a freelancer's earnings.

In fact, it may be enough to close the earnings gap that many freelancers identified in the survey, particularly younger freelancers and those newer to the game.

Still, it probably isn't a number that would impress those freelancers who want to generate much higher earnings from reselling.

So let's look at why only 16% of freelancers are active resellers?

REASONS FREELANCERS DO NOT SELL SOFTWARE TO CLIENTS



Two reasons cited by survey respondents stand out in particular. One is that many freelancers are simply not familiar with the concept of reselling as an opportunity to generate income. The other response that stands out is that 54% of freelancers do not believe they would be effective sellers.

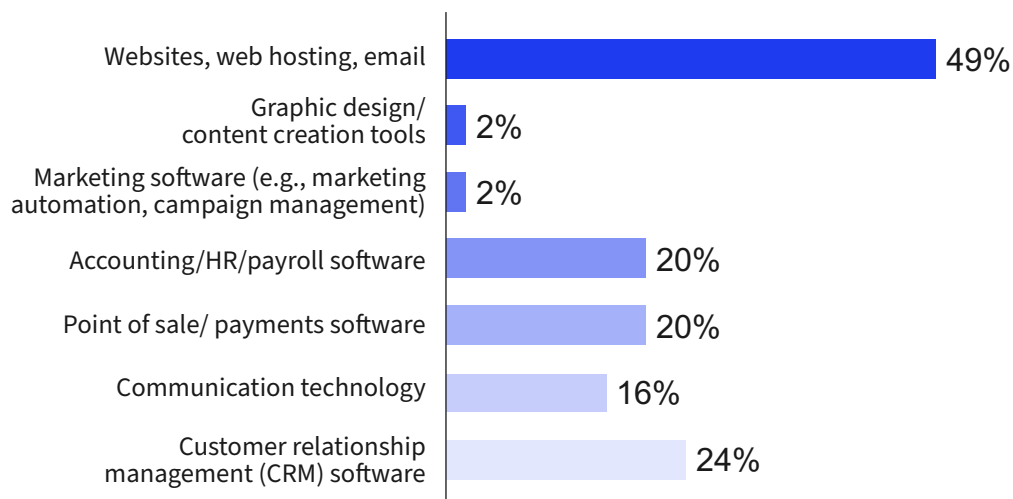
These two responses clearly suggest a path to persuading freelancers to consider reselling. One is a basic awareness campaign informing freelancers that reselling is a thing people like them do to make money.

The other is messaging that explains that reselling, at least at this level, doesn't necessarily involve the kind of hard selling that most freelancers imagine.

Reselling is more about making recommendations to clients who rely on freelancers for their expertise. In some instances, it may simply mean incorporating the reseller partner's software into projects.

Other more ambitious resellers can of course use the reseller relationships as an opportunity to expand their businesses. These go-getters may run marketing campaigns or do direct sales to acquire new customers.

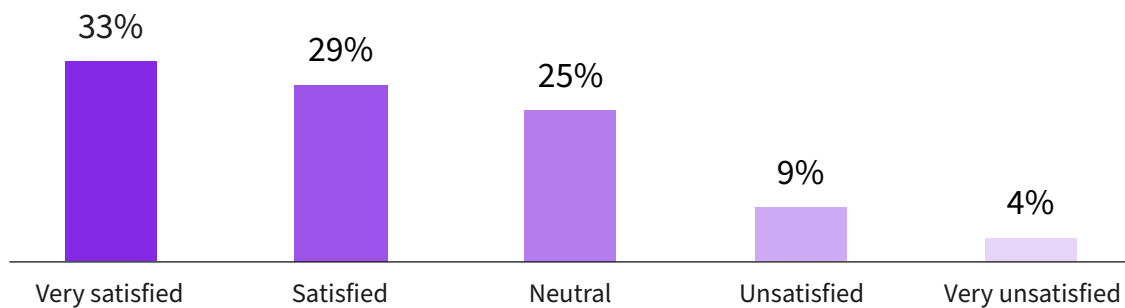
TYPES OF SOFTWARE FREELANCERS SELL TO CLIENTS



Software platforms need to be in a position to support resellers at either end of this spectrum, from passive recommenders to active sellers.

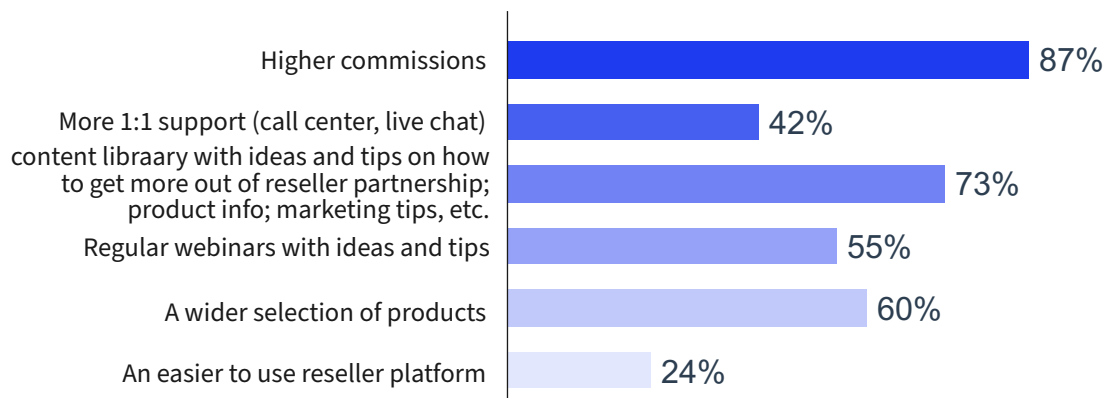
This can include everything from content to improve product knowledge and help with messaging to volume discounts and market development support for more ambitious and aggressive sellers.

FREELANCER SATISFACTION WITH SOFTWARE PROVIDERS



Those who already have reseller relationships are not, for the most part, a disgruntled lot. In fact, a full 62% of reselling freelancers say they are happy with their software provider. They do recommend higher commissions (of course) and more content assets as measures that would help them sell more software.

THINGS THAT WOULD MAKE THE RESELLER PARTNERSHIPS BETTER



Summary & Conclusions

Here is a summary of the key elements we have learned about the European freelance market.

- Freelancing is a growing segment of the labor force worldwide. And the trend toward freelance work was accelerated by the pandemic.
- Freelancers have a wide range of motivations for freelancing but are generally happy with the choice to work independently.
- Older vs. younger freelancers are clearly distinguished by the type of work they do, their motivations for freelancing, and their comfort level with technology.
- Content and word of mouth are the major drivers of new business leads for freelancers. Both are widely used across all age groups. However, younger freelancers lean more toward using content (blog, website, social media). While older freelancers rely a bit more on word of mouth.



And here is a summary of what we have learned about the intersection between the freelance market in Europe and software reselling.

- Very few freelancers are acting as resellers. Those that do generally make less than 25% of their income from reselling.
- Among active resellers, websites & hosting is by far the most commonly sold category at 49% with CRM a very distant second at 24%.
- In general, reselling is not well understood by freelancers. Most are not even aware that the opportunity exists or do not believe it would be a good use of their time.
- Another common objection to reselling is that many freelancers lack confidence in their sales ability.
- Younger freelancers, in many respects, signal a good fit for reselling. They are in more technology-focused specialties. They are more comfortable using DIY tools. And they are more likely to need additional income.
- Older freelancers bring advantages as well. They are more established, which implies they have more trusted relationships with their clients. This is an important ingredient for any successful reseller.
- The survey offers ideas for persuading the freelance community to consider reselling. For example, share content that features successful resellers explaining how it fits into their workflow. And that shows how reselling contributes to their income stream. Also, messaging making it clear that reselling is about relationships, not the hard sell.

About Localogy

Localogy is a not-for-profit trade association comprised of technology, marketing, and media service providers and multi-location brands that enable the local marketplace to evolve and thrive. Ranging from Facebook, Microsoft, and Gannett to Yext, Thryv and Yelp, Localogy's members represent today's top organizations serving businesses nationwide with a local presence. Localogy is dedicated to helping its members succeed through data and insights, education, events, consulting services, and more. For more information or to become a member, please visit localogy.com



About Mono Solutions

Mono Solutions, part of SME services at Bauer Media Group, delivers award-winning white label marketing technology for websites to digital service providers at scale. Mono offers different service models and revenue streams: Do-It-Yourself, Do-It-With-Me and Do-It-For-Me. We prioritize creating future-proof technology, with a best-in-class customer experience. Mono's technologies include guidance and support to ensure the success of the resellers and small business owners.

