



REPORT

A Closer Look at Europe's Home and Professional Services Sectors

How do these two important local categories use digital marketing to acquire and retain customers?

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Forward

When I joined the small business industry in October 2020, I noticed that we mostly talk about small businesses as if they were all the same. There was no vertical specific research available.

Prior to Mono Solutions and Bauer Media Group, I had extensive experience working in organizations that straddle the consumer and B2B world. For example, I spent three years at Just Eat, the world's leading online food marketplace. And later I ran online sales at Carlsberg, the world's No. 3 brewery. My experiences at those two organizations taught me that it is a mistake to regard small businesses as a monolith rather than a series of distinct verticals.

For example, at Carlsberg, we divided the restaurant sector into several subcategories, each with its own target market, pricing strategy, and unique set of pain points.

That a single category like restaurants can have so many unique subcategories tells us how important it is not to treat the small business space as anything but a collection of unique verticals.

This is why we are so excited to present research into how small businesses in two very important European verticals -- professional services and home services -- address the challenges of digital marketing.

As you will see, there are important nuances across categories, as well as geographic markets, and firmographics like age of business, that make it clear that when it comes to digital marketing for small business, one size does not fit all.



Mie Bilberg is Director of Marketing for Bauer Media, SME Services. Bauer is the parent company of Mono Solutions. She joined Mono in October 2020.

Executive Summary

In October, Localogy and Mono Solutions commissioned a survey of more than 700 small businesses in two key categories -- home and professional services. We conducted the survey across three European markets -- Denmark, Germany, and the United Kingdom.

Surveying these three unique European markets provided us with a variety of dimensions to compare these two important vertical categories -- nation vs nation, sector vs sector, younger vs older businesses, and so on.

The survey sought insights into what marketing channels these businesses value, how much of the work they are doing themselves vs. outsourcing, and where they need the most help.

Here are some of the more notable findings from the survey.

- **Hello Labor Trouble.** Acquiring and retaining customers faces competition for the most vexing small business challenge, with 38% citing customer acquisition as a key challenge and 34% highlighting their difficulties with finding good employees.
- **Marketing Matters, Right?** A full 52% of SMEs across both categories describe marketing as either “key” or “critical” to their business success. Only 7% describe marketing as essentially worthless.
- **Let’s Spread the Word.** Businesses in these two categories overwhelmingly (88%) use “word of mouth” and 50% call it their most important advertising channel.
- **Living in a DIY World?** Many SMEs in these two categories rely on DIY platforms, with 31% indicating they built their own websites on DIY platforms, for example. Yet, many say, if given a do-over, they’d have someone else do the work.
- **Oops, I Didn’t Do It Again.** SMEs across home and professional services understand the importance of frequent content updates, yet fail to keep up. A full 40%, for example, say they update their websites twice a year or less.
- **Fresh Out of Ideas.** Not surprisingly a lack of time is the main reason (73%) home and professional services SMEs don’t update their content. But “lack of creativity/ideas” was surprisingly prominent at 32%.

Chapter I: Introduction

In Europe, as around the world, home services and professional services are two small-business categories that at first glance seem to have little in common.

One wears professional clothing, works at a desk, and displays advanced degree certificates on the walls of their offices.

The other wears denim, works with tools and heavy equipment, often out in the elements. And they often value skill and experience over formal credentials.

Yet these two seemingly different categories actually have a lot in common.



Both struggle to find and retain customers. And particularly in the wake of the pandemic, they also both struggle to find and retain qualified staff. The two categories also see value in marketing. But they rely heavily on word of mouth to bring in new customers and keep their businesses afloat.

The two categories also struggle to find the time and resources to do what they know they need to do to build their brands, engage with customers, and grow their businesses. Updating

their websites, soliciting reviews, and sharing content on social media are among the tasks these businesses know are important, yet they fail to do consistently.

Mono Solutions and Localogy wanted to dig deeper into what challenges these two critically important small business categories face. And we wanted insights on how to help them be more successful.

To do so, in September we conducted an online survey of more than 750 home and professional services decision-makers in three European markets: Denmark, Germany, and the United Kingdom. We surveyed more than 100 operators from each business segment in each of the three markets.

We wanted to know what key challenges these business operators face, which marketing tools they use, and which of these tools they value most. We also wanted to know what type of assistance they need to use these marketing tools more effectively. Whether that's more skill, more resources, or both.

We also sought insights into what these business owners do for themselves vs outsource to agencies and freelancers. And, finally, we wanted to know where they wish they had done things differently. The results reveal insights that can help digital solutions providers serve these businesses more effectively.

Chapter II: Key Findings on Europe's Home and Professional Services SME

As noted in the introduction, our survey sought insights on what are the key challenges these business operators face. And further, marketing tools they use, which they value most. And what they need in terms of time, skills, and resources to use these tools more effectively.

We also asked which marketing-related tasks these business owners do for themselves vs outsource to agencies and freelancers, and whether they would do things the same way again.

This section of the report summarizes the key top-line learnings from our survey, with a quick takeaway on what we think it means in the bigger picture.

Staffing Issues Come to the Forefront

Typically, when asking small businesses to name the biggest challenges they face, customer acquisition and retention are almost inevitably the top two challenges cited. And this survey is no exception.

However, in the wake of the pandemic, which has been highly disruptive to labor markets around the world, “finding qualified staff” now rivals retaining customers as a most-vexing challenge facing small-business owners.

At 28%, retaining talent isn't far behind.

Looking at different cuts of the survey data, we see a pretty consistent pattern, with a few notable differences. For example, finding staff seems to be a bigger challenge among professionals than home services (41% vs 28%), while home services organizations struggle more with staff retention (32% vs 24%).

Similarly, customer acquisition and retention is a bigger headache among Danish business owners, with 50% citing customer acquisition struggles and 40% saying they have trouble retaining customers.

What it means: The emergence of concerns over finding and retaining staff reflect a global challenge facing small businesses in the wake of the pandemic. It will be interesting to see if in six months or a year these concerns will be as acute.

Still, digital marketing platforms might consider integrating HR tools and content that help SMEs address their challenges with finding and retaining employees into their solutions set.

Top challenges businesses face include finding staff, acquiring new customers, and retaining existing customers.



Source: Professional Services Survey; N=754 SMEs

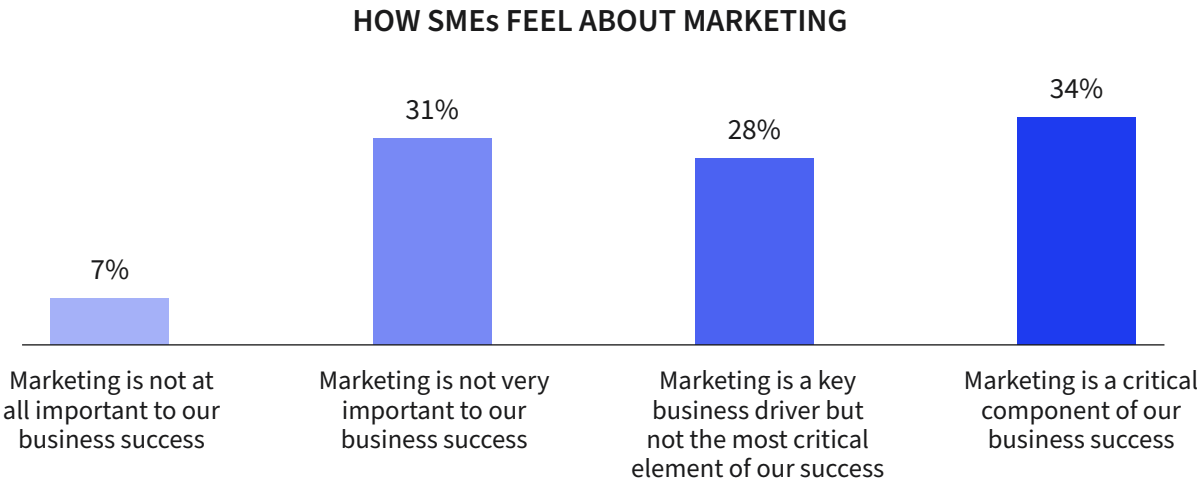
Marketing is Critical – But What Kind?

The good news for digital solutions providers is that only 7% of European home and professional services SMEs declare marketing “not at all important” to the success of their businesses.

In fact, most businesses hold the opposite view. Across all markets and categories, 52% of respondents say that marketing is either a “key” or “critical” component of their business’s success.

Feelings about marketing were roughly the same between the two services categories. However, Danish businesses seem to be the most enthusiastic about marketing. In fact, 53% of Danish SMEs rated marketing critically important. German and British businesses were somewhat less enthusiastic at 24% and 25% respectively.

Most SMEs feel marketing is critical to their business.



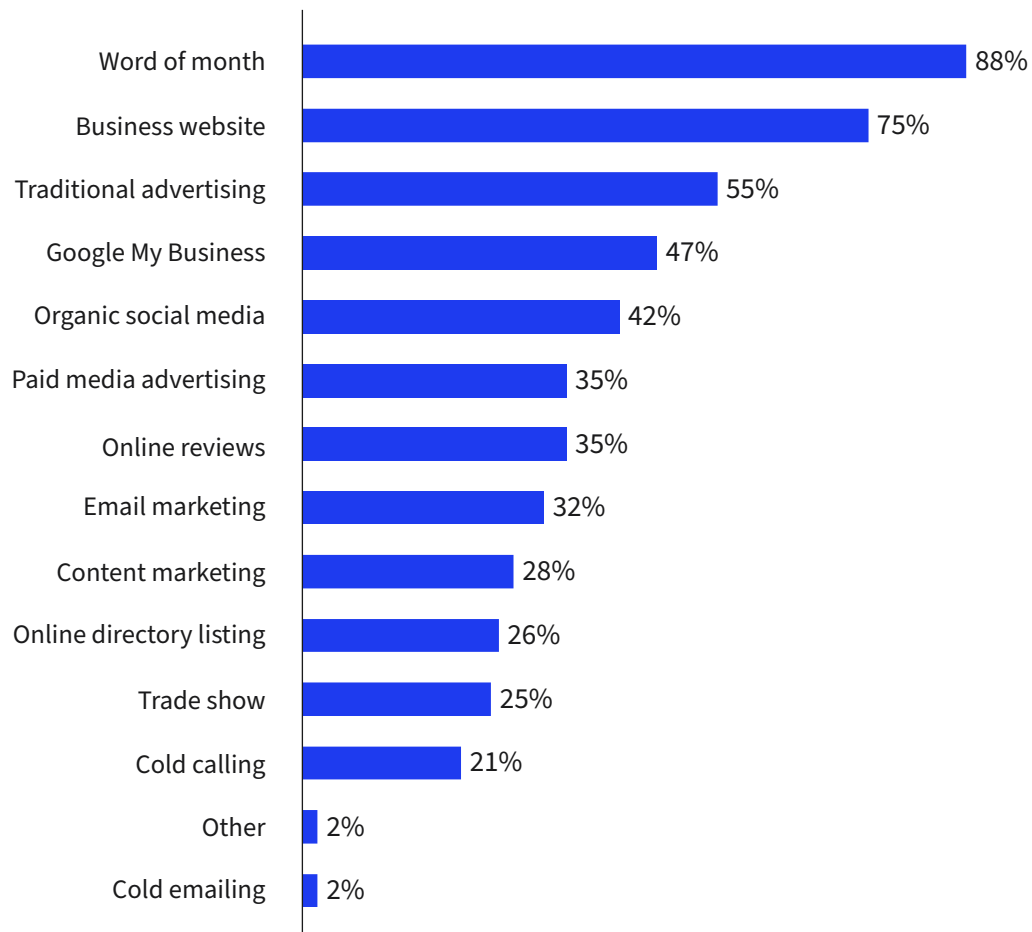
Source: Professional Services Survey; N=754 SMEs

And these services businesses put their money where their mouths are. A full 95% of home and professional services pros invest at least some money in advertising. Yet, the customer acquisition method they swear by most costs them nothing. At least in theory.

Most SMEs rely on a combination of advertising methods. WOM, Websites, and Reviews are rated as the most important and effective methods.

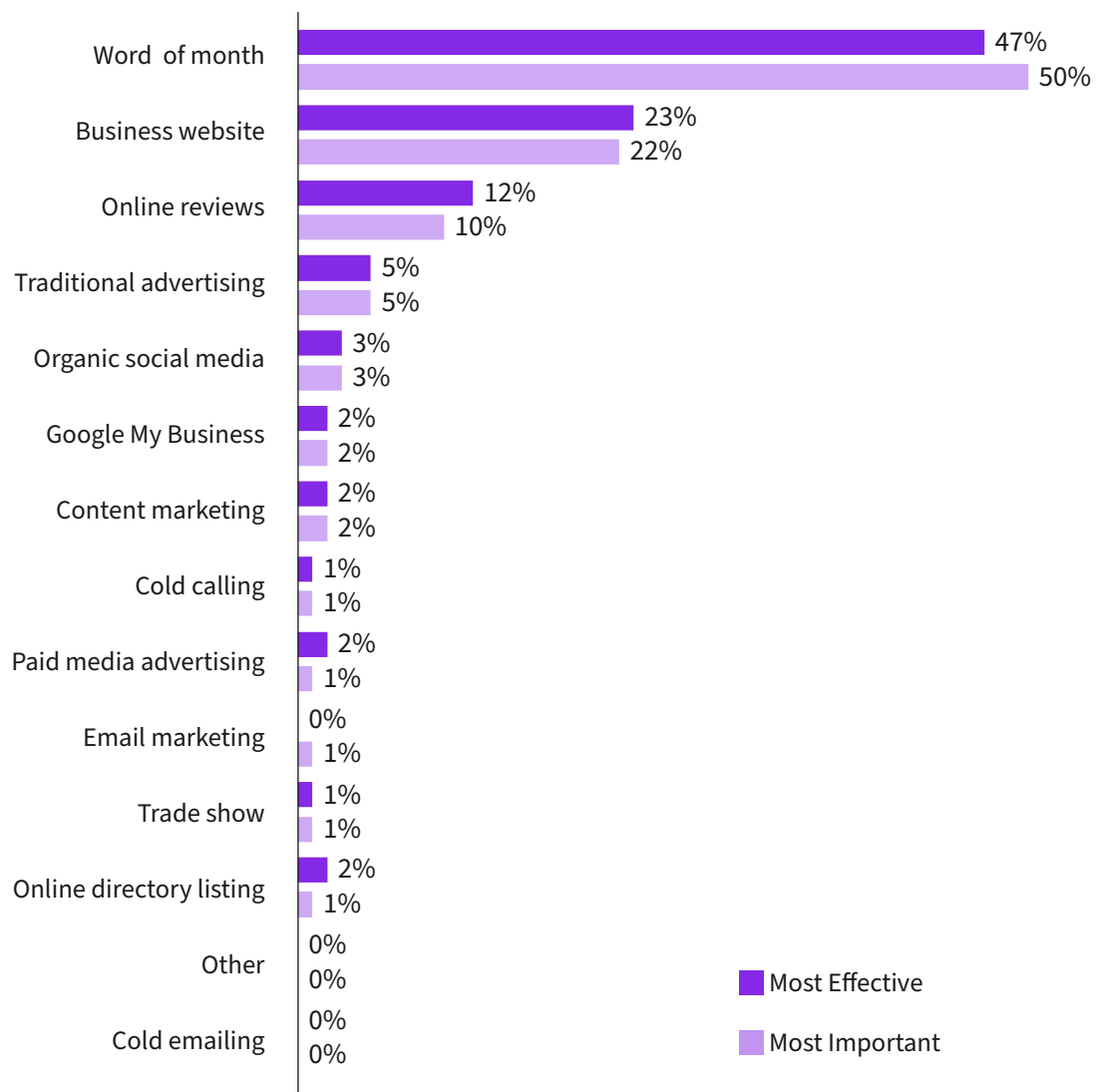
ADVERTISING TO GENERATE NEW BUSINESS

Source: Professional Services Survey; N=718 SMEs



MOST IMPORTANT AND EFFECTIVE ADVERTISING

Source: Professional Services Survey; N=718 SMEs



As the chart above shows, 88% of the businesses surveyed use word-of-mouth to acquire new customers. And home and professional services businesses overwhelmingly rate WOM as both the most important and the most effective form of marketing that they do.

The business website is a close second in both use and ratings of importance and effectiveness.

German and British businesses give more credence to word-of-mouth's importance, with 54% and 52% rating WOM as their most important customer acquisition channel. This compares with just 35% among Danish businesses. This makes sense, perhaps, in light of Danish businesses giving marketing a higher overall score for its critical importance.



While word of mouth is often loosely described as a form of advertising, it is really a passive activity that comes as the result of doing good work and gaining referrals as a result.

However, word of mouth works best for a business that has its digital presence in order -- website, listings, reviews, GMB, and so on. If a consumer gets a recommendation, then looks for a website and cannot find one, or finds one that is substandard, they may reconsider the personal recommendation.

Similarly, a personal recommendation might lose its value when a business has either no reviews or a preponderance of negative reviews.

What It Means: It's encouraging that SMEs in these two categories assign a high value to marketing. But the fact that in their minds, "word of mouth" is a leading form of marketing is notable, and perhaps concerning if you're offering a solution involving some other piece of the digital marketing stack.

Of course it's no surprise that WOM is No. 1 in these two categories. After all, these categories are well known for their reliance on personal references over paid advertising.

Given these two segments are so reliant on word of mouth, It's very important to communicate to these businesses on how word of mouth loses its impact when the business has a weak or non-existent digital presence.

Do-It-Yourself or Do-It-For-Me?

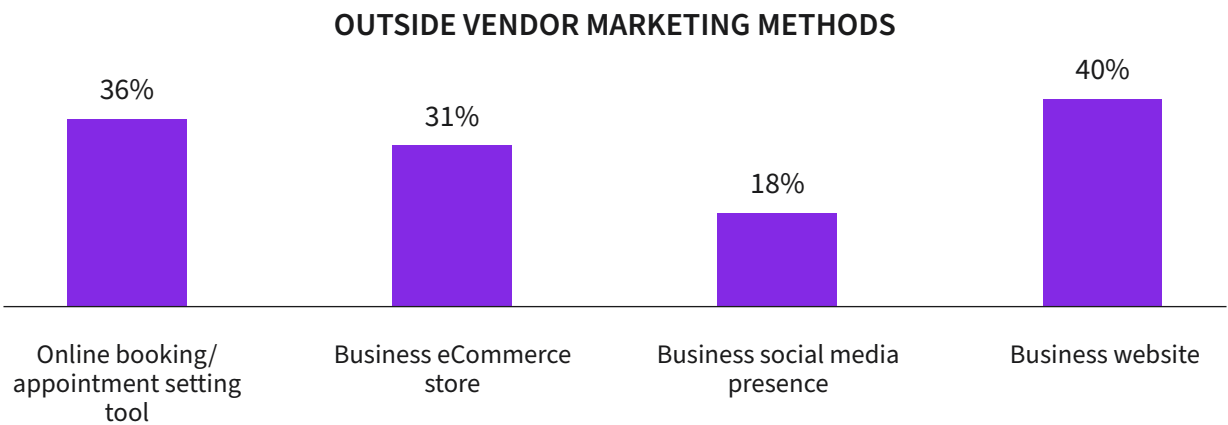
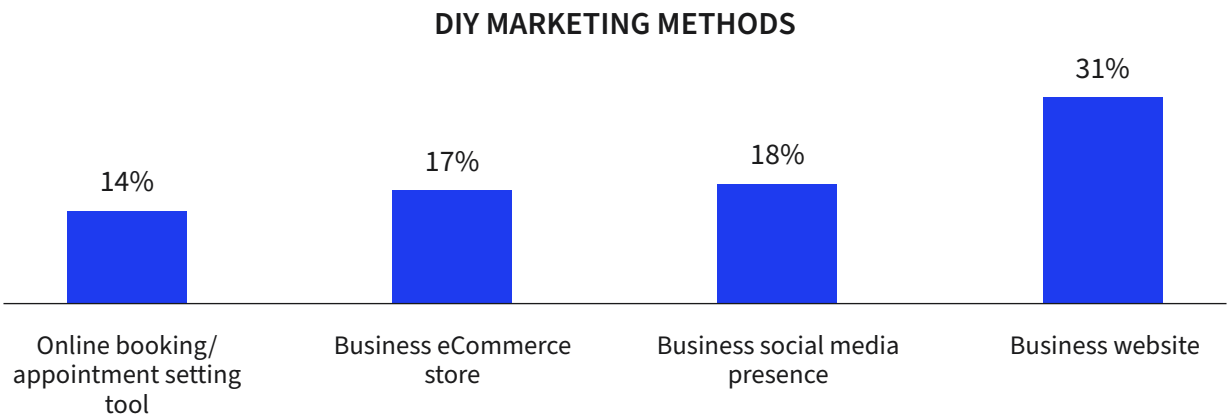
The SMEs we surveyed are somewhat more likely to use outside vendors to create their digital presence. Though the DIY cohort was also sizable.

In general, professional services businesses were somewhat more inclined to use DIY tools than home services pros. For example, 17% of professional services businesses DIY'd their business booking tool, vs just 11% for home services pros. For websites, the difference was 35% vs 28%.

As we looked deeper into the crosstabs, we found significant, if anticipated, differences between newer and older businesses. And also between younger and older decision-makers.



In aggregate, the majority of SMEs relied on outside vendors for the development of their content.



Source: Professional Services Survey; N=754 SMEs

For example, 39% of those who reported using a DIY tool to build their website were in the 18-34 age range. This compares to just 16% in the 55-64 bracket.

We also asked the respondents to tell us if they would do things the same way were they to create another website, booking tool, or eCommerce store. These results were interesting.

However younger businesses and younger generations tend to rely more on DIY tools.

PERCENTAGE OF DIY BY AGE

	Business website	Business social media presence	Business eCommerce store	Online booking tool
18-34	39%	35%	31%	28%
35-45	19%	21%	17%	18%
46-54	16%	20%	17%	11%
55-64	16%	13%	17%	23%
65+	15%	12%	17%	21%

Source: Professional Services Survey; N=384 SMEs

For example, many of those younger decision-makers who eagerly DIY'd their digital presence said they would be inclined to seek help were they ever to go through the process again.

There was a -6% difference in the number of 18-34-year-old decision-makers who said they would use a DIY tool if they were to need another website.

And at the same time, some older business operators were more open to using DIY the next time around.

What It Means: The linkage between business and operator age and the propensity to DIY has been consistent across business type and region. The fact that some cracks are forming in the status quo is interesting.

One possible explanation for this divergence is that the younger operators aspire to be able to delegate more as they evolve in their business life. Meanwhile, some older operators may be gaining confidence in their ability to use new technology.

When asked if they would do the same thing again, some younger people stated they would use an outside provider while some older people would try a DIY tools.

NET CHANGE OF USING DIY IF YOU DID IT AGAIN BY AGE

	Business website	Business social media presence	Business eCommerce store	Online booking tool
18-34	-6%	-1%	-12%	-6%
35-45	-1%	0%	-2%	6%
46-54	-2%	-5%	-2%	3%
55-64	1%	3%	12%	2%
65+	2%	2%	8%	-5%

Source: Professional Services Survey; N=392 SMEs

Content is King, Sometimes

European home and professional service businesses understand the importance of content, from website updates to social media posts. Yet they struggle to update existing or create new content at the pace they believe they should.

Regarding websites specifically, only 4% of surveyed businesses report daily website updates. This compares with 8% who say they never update their websites.

There is a similar story for social media updates. A full 6% say they never update their social media pages. The same number says they update their social media daily.

Home services are more likely to just say no to any social updates at 9%, compared with just 3% for professional services. And professionals are also much more likely to give monthly social updates, at 28% vs 18% for home services pros.

There is an association between how long a business has been operating and completely losing interest in their business website. Among new businesses (<1 year), zero said they never make updates. Among those in business between five and 10 years, the figure was 10%.

This finding makes sense. A new business is likely to undergo rapid change in its early days, and may be more inclined to tinker with their website until they feel they've got it right.

By contrast, a more established business, particularly in home and professional services where product and service offers may not change dynamically as much as they would in dining or retail, may see little reason to update its website once established.

While understandable, this attitude isn't advisable. It's important for businesses at every stage to keep their website's content fresh. It's also important to keep a website's look and feel fresh, as design standards evolve. What may have looked smart when it was launched can quickly begin to look dated.

On a number of dimensions, Denmark appears to stand out as a more mature market than either the UK or Germany when it comes to digital marketing.

For example, one notable market level contrast was that businesses in Germany (14%) were far more likely to never make updates than businesses in Denmark (2%).

Also, as illustrated further down, Danish business owners are far more confident in their abilities to create original content to promote their businesses.

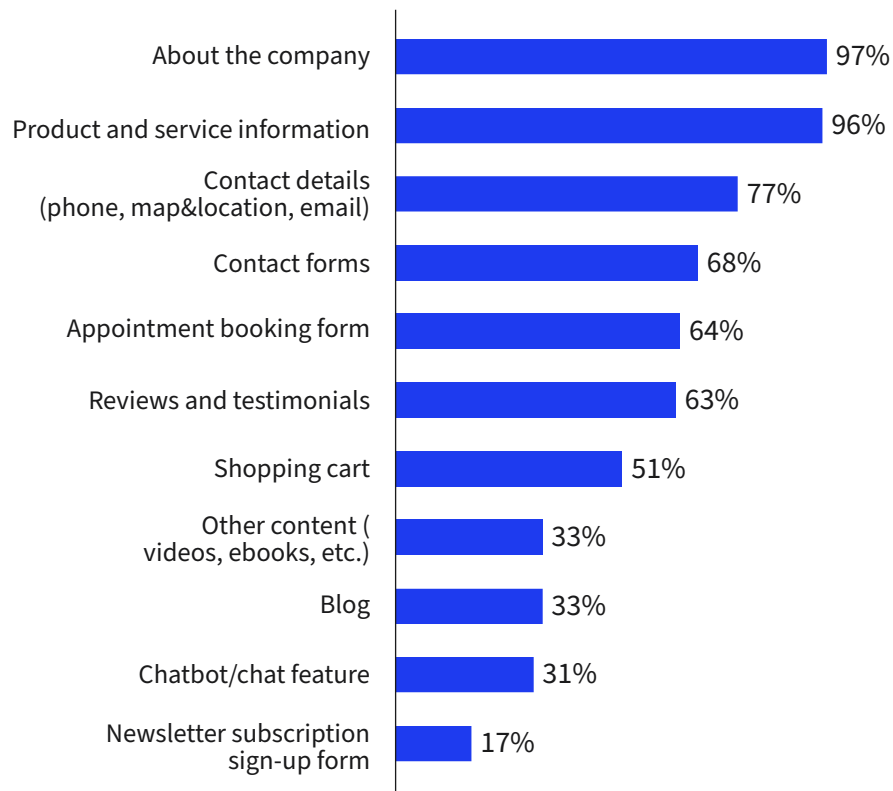
For both websites and social media, 60% of home and professional services businesses say they would like to update their presence with fresh content more frequently.

This is a perennial challenge for small businesses across the spectrum of categories.

SMEs have the basic content for their websites, however they don't update them that frequently.

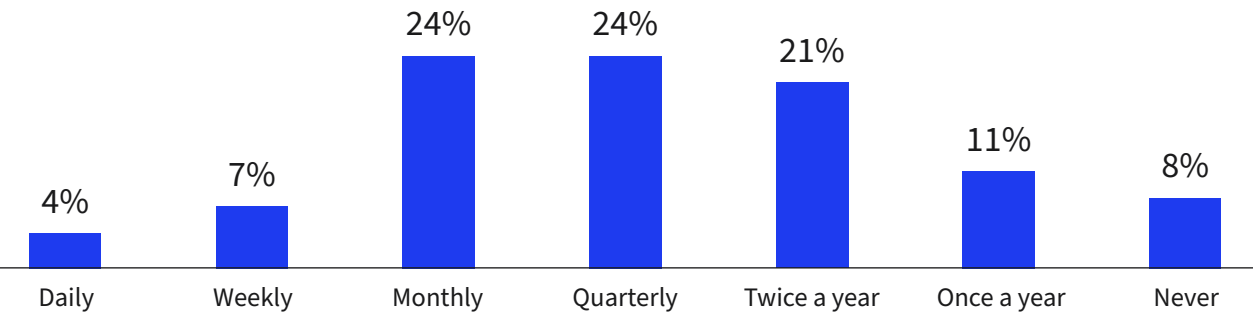
WEBSITE CONTENT

Source: Professional Services Survey; N=539 SMEs



WEBSITE UPDATES

Source: Professional Services Survey; N=539 SMEs



And while lack of time gets much of the blame for infrequent updates, other factors come into play.

For example, many businesses say they lack the skills and resources to make updates. And a significant number says a lack of confidence in their creative abilities holds them back from making more frequent updates, both for websites and social media.

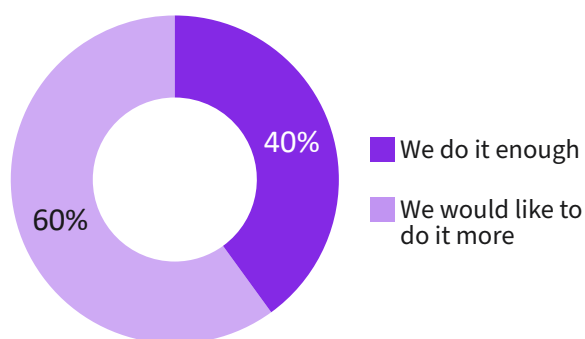
UK businesses seemed particularly concerned with these two constraints. In fact, 62% of UK home and professional service pros say they were held back by a lack of creativity. And the same percentage cited a lack of skill as a key constraint as well.

Danish businesses seemed the most comfortable with their creative abilities, with only 28% citing this as a concern.

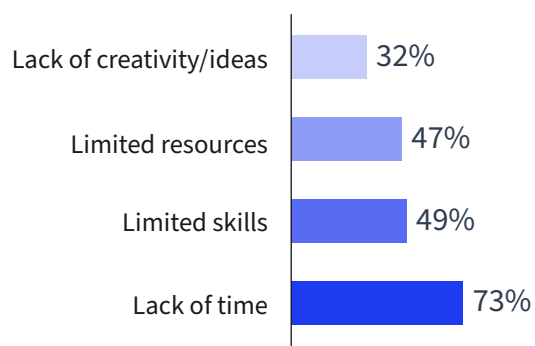
Businesses in Denmark were the most likely to cite a lack of time as a constraint. With 87% raising this issue vs just 71% of German businesses.

The majority feel they need to do it more, however they don't have enough time or lack the skills.

HOW SMEs FEEL ABOUT UPDATES



REASONS THEY DON'T UPDATE THEIR SITES MORE



Source: Professional Services Survey; N=539 SMEs

So what will it take to get these small businesses to update their website and social content more frequently? The results were similar for both platforms.

For both websites and social media, for example, “having an outside resource assigned to update” the website/social pages was cited by 64% of respondents regarding websites and 71% regarding social media.

There were a few key differences in the crosstabs when it comes to improving update frequency. For example, younger business operators were less convinced they needed a dedicated outside resource for social media updates. Among those 18-34, 56% supported this measure, compared with 79% of those 55-64. This may reflect younger operators’ greater familiarity with social media.

And home services pros (55%) were much more inclined to seek the services of a consultant to help generate ideas and content vs professional services businesses (37%).

What It Means: This isn't a question of SMEs questioning the need for content updates. It's about skills and resources to update content as frequently as businesses know they should.

And while time (or the lack of it) may be the main culprit, other factors are at play. These include a lack of confidence in having the creativity required to post frequent website and social media updates that drive engagement.

This cries out for a creative services offering at the DIFM end of the spectrum, and an easy to use content library for the DIY cohort.



Campaigning for Customers

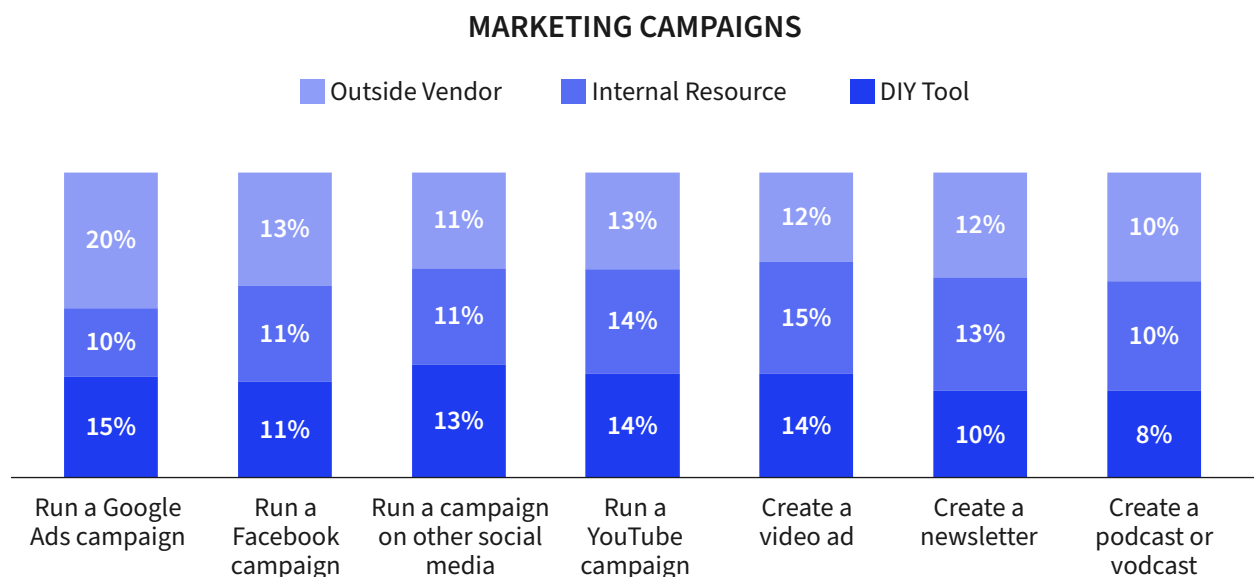
European home and professional services businesses invest in a variety of marketing campaigns.

And in general, most of their marketing activities are done in-house, either using a DIY platform or internal resources like a dedicated marketing person. The use of outside agencies and freelancers to handle campaigns is less common.

Running Google Ads is the most common marketing investment, with 45% using this channel. And 20% use outside agencies to run their Google Ads campaigns -- more so than for any other marketing channel.

This may be the category with the highest share using outside agencies. But that number, arguably, may still be too low given the complexity of running effective GoogleAds campaigns. Not to mention the large amounts of money wasted on poorly executed campaigns.

SMEs use a variety of methods to run marketing campaigns.



Source: Professional Services Survey; N=718 SMEs

Notably, there was little regret among European home and professional services businesses over the methods they used to run their marketing campaigns. A majority indicated they would continue to either DIY or use internal resources to run campaigns.

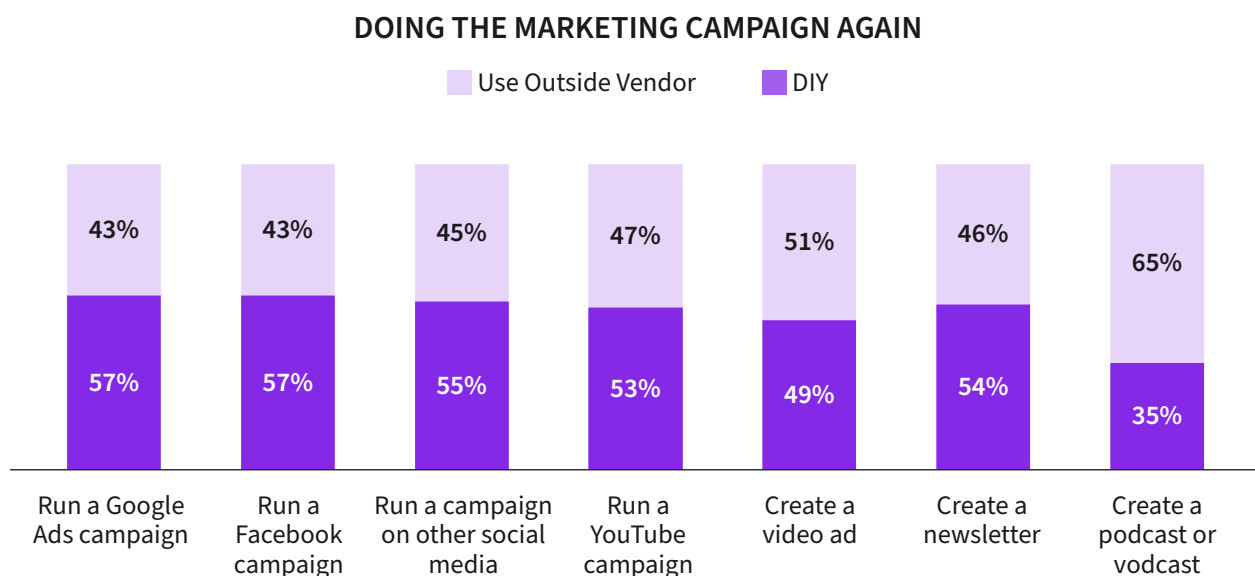
The only area where this was an exception was in producing podcasts, which is an area where there was the least participation to begin with. No doubt many businesses realized that this is an activity that is more difficult to execute than it may at first appear.

There are a few differences worth noting. For example, home services pros are more likely to DIY a Google campaign again (63%), vs professional services (52%).

What It Means: Many companies offering digital marketing campaign tools have to compete with DIY/in-house marketers as much as they do with competing platforms. It looks like this challenge will continue, at least in these two categories.

The perennial challenge for these platforms is in proving that the additional cost of using their solutions will be more than offset by additional performance.

When asked if they would do the same thing over again, the majority would do it themselves or use an internal source.



Source: Professional Services Survey; N=718 SMEs

Chapter III: Insights and Recommendations

SMEs in the home and professional services categories place a high value on marketing and are actively engaged in a wide range of marketing activities. Time, and to a lesser degree, confidence in their own skills, are their biggest impediments to having greater success with their marketing efforts.

Here is a summary of some ways to apply these survey findings to the business of offering digital solutions to home and professional services SMEs.

- Given the challenges these home and professional services SMEs face in finding and retaining talent, digital marketing platforms might consider integrating HR tools and content that help SMEs address these challenges.
- While it's no surprise that word of mouth is the No. 1 marketing channel for these two categories, it's also a challenge for solutions providers who cannot easily monetize WOM. With these two segments so reliant on word of mouth, it's very important to convey to these businesses that word of mouth loses its impact when a business has a weak or non-existent digital presence.
- The linkage between business and operator age and the propensity to DIY has been consistent across business type and region. The fact that some cracks are forming in the status quo is interesting. There may be more opportunity than first thought to convince DIY-oriented operators that their time is better spent elsewhere.
- SMEs know they need to make content updates. They just lack time, and in some cases, ideas for what kind of content to share. This cries out for a creative services offering at the DIFM end of the spectrum, and an easy to use content library for the DIY cohort.
- Many companies offering digital marketing campaign tools have to compete with DIY/in-house marketers as much as they do with competing platforms. It looks like this challenge will continue, at least in these two categories. These platforms must be able to prove that the additional cost of using their solutions will be more than offset by additional performance.

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

monosolutions.com – 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.

