



REPORT

The Freelance Channel – A Growing Reseller Resource

COVID has accelerated a long-term global shift to freelancing, much of it serving the small and mid-size business market. How can the local search industry tap into this army of trusted advisors to increase their SMB sales?

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Executive Summary

COVID has changed everything. We all know this. And it has unleashed some trends Americans aren't entirely used to. Like empty shelves because containers can't get off their ships. And then there are the restaurants that are closed because they cannot find staff. No one is enjoying these trends. And we all hope they are temporary.

Another big COVID-related trend is the giant, collective, "take your job and shove it" movement otherwise known as the Great Resignation.

This trend remains poorly understood. Is it about practical issues like child care? Or is it more of a deep, existential movement to reevaluate what's important and make meaningful change? Journalist Kara Swisher thinks it's more the latter and has renamed the trend the "Great Re-evaluation."



The Great Resignation has led to a fresh interest in freelancing. Specifically is freelancing and the lifestyle it entails spiking because of this upheaval in how people work, or whether they work at all? Yes and no.

The truth is freelancing was ascendant well before COVID. Yet it did appear to take a significant leap forward in 2020.

For example, the freelancer gig platform Upwork found that 12% of the U.S. workforce began freelancing after COVID-19 struck.

And our own data, plus the independent data we have reviewed, suggests the shift is permanent. The majority of freelancers, or 1099 workers, say they prefer this life to corporate life. However, there are varying levels of willingness to go back to a W-2 job among different age demographics.

Those who say they would refuse to go back to the corporate job either prefer the independent worker lifestyle or believe they can make better money on their own.

Freelancing is popular because it brings efficiency to the labor market while benefiting both sides of the equation.

It benefits companies by giving them the ability to access expensive skill sets like coding or graphic design only when they need them. This may cost them more per hour, but the company doesn't have to carry the costs of a full-time employee. And they can hire top talent because they only need them for specific projects.

And freelancers, particularly those with in-demand skills, can now sell their time at premium rates. And once they complete a project, they can go on a hiking trip or lounge at the beach until the next gig comes along. At least in theory.

The freelancing trend has tangible implications for the local search industry, particularly for those companies selling software to small businesses via reseller networks.

Many freelancers work with small and mid-size businesses. Doing their taxes, helping them find customers, building new websites, and so on.

These accountants, marketing consultants, graphic designers, and others are in a strong position to recommend software solutions to their clients.

This makes them interesting candidates to resell software. And many freelancers already do just that.

Reselling takes a few different forms. Some freelancers may sell directly for a software company. Many software companies have what are essentially DIY reseller platforms for things like domains, websites, CRM, and so on. Freelancers also can establish affiliate relationships with existing reseller organizations.

New research from Localogy and Mono Solutions conducted among U.S. freelance workers shows the freelancer channel has substantial upside.

According to the new survey data collected in November, 29% of U.S. freelancers have an existing reseller relationship. This is a respectable number, and substantially higher than the 16% we saw in the companion European survey conducted in April this year.

Meanwhile, many freelancers, particularly those that are younger or less experienced with independent work, report that they are not yet meeting their income goals. Reselling digital solutions is one option available to freelancers for closing the earnings gap.

So how can software companies convince more freelancers to try reselling?

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 US Freelancer Survey Key Findings

In November, Localogy and Mono Solutions fielded an online survey among 298 freelancers in the United States. 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.

This report is a companion to a report on European freelancers published in May featuring an identical survey conducted in April among 553 freelancers in Germany, Sweden, and the United Kingdom.

Here are some of the new U.S. survey's more compelling findings.

- Age is a strong indicator of the type of work a freelancer does. Older freelancers tend toward more tenure-driven fields like management consultants. While younger freelancers are more likely to be developers or virtual assistants.
- Younger people by and large are attracted to the freelancing lifestyle. Older workers arrive at freelancing more pragmatically. They freelance because of job losses, because they want to downshift in their careers, or perhaps they need more flexibility for family reasons.
- Overall, more than half (52%) say freelancing meets their financial needs. There is much less certainty, however, among younger freelancers about whether the freelance life is meeting their goals and expectations.
- More than half (57%) of US freelancers would turn down a corporate job if offered. Freelancers over 55 are far more likely to say “heck no” to a corporate job offer.
- Freelancers use a variety of lead-generation methods. Younger freelancers favor gig work platforms and social media. Older freelancers lean more heavily on networking and referrals. However, overall, word of mouth is king.

- Freelancers actively create content. A full 83% have a business website, and 70% have a social presence. The picture is mixed regarding the use of DIY tools to create content. Younger freelancers, for example, are pretty comfortable running their own Google campaigns. Yet almost no one wants to produce their own podcast.
- Fewer than half of freelancers have run marketing campaigns. When they do, they are most likely to produce newsletters, or run Google Ads campaigns or create social media content. A full 30% across the board say they have not run any kind of marketing campaign for their business. Younger freelancers engage more with marketing tools much more overall than do older freelancers.
- A full 63% of U.S. freelancers say they recommend software solutions to their clients. The most commonly recommended categories are websites (50%), CRM (52%), and marketing (55%).
- A respectable 29% of freelancers are currently software resellers. The top three software reseller categories were marketing (55%), CRM (52%), and websites (55%). And 62% said they were either satisfied or very satisfied with their software partners.
- A full 85% of U.S. freelancers said they generate less than 25% of their monthly income from software sales.
- When asked what would improve these partnerships, resellers unsurprisingly cite higher commissions (70%). More support and easier-to-use platforms are also ranked as factors that stand in the way of greater engagement.
- Among freelancers that do not resell, the most common reason (56%) for not participating is their belief that they wouldn't be good at sales. Another common reason (43%) was they didn't think they would generate enough money to justify the effort.

Part I: The Freelancer Landscape

The widely discussed “great resignation” taking place across the United States (and the world) during the pandemic is widely cited as fueling the freelancer boom. And there is evidence of Covid having an accelerating impact on the freelancer boom.



However, this perception masks the fact that the trend in favor of freelancing precedes Covid by many years.

According to Upwork’s September 2020 Freelance Forward survey, 12% of the American workforce began freelancing after COVID-19 struck. This includes a mix of full-timers and side-hustlers. The same survey shows that half of Gen-Z workers began freelancing (again both full-time and on the side) between September 2019 and September 2020.

Yet in 2019, Upwork’s “Freelancing in America” found that 57 million Americans or about 35% of the workforce said they did freelance work. And of these, 28% were full-time freelancers. This means about 16 million Americans were working as full-time freelancers in 2019. Before the pandemic.

And as far back as 2011, the Atlantic was writing about “The Freelance Surge Is the Industrial Revolution of Our Time.” So the trend is clearly long-term and has been a major theme in pre-pandemic “future of work” conversations.

In November 2021, Localogy and Mono Solutions fielded an online survey among 298 U.S. freelancers to learn more about what motivates them to freelance and how well their freelance life supports their goals. And we wanted to know more about the tools they use to find and retain customers. And finally, we wanted to know how many freelancers engage with software companies as resellers. And for those who do, how well are these relationships going?

The survey required that respondents had to work full-time as a freelancer. We acknowledge that the entire available market of freelancers includes many side hustlers. But we wanted to focus on those freelancers who depend exclusively on their independent work to pay the rent. We wanted to talk to those freelancers who are working without a net. Not those working to pay for a nicer family vacation.

We were also very interested in learning more about the role freelancers play as resellers for software providers, whether that's a website builder, SaaS accounting package, CRM platform, or point of sale technology.

Therefore the survey focused on freelancer categories that line up well with the software reseller opportunity. These included marketing, human resources, accounting/finance, or management consulting, software development, and virtual assistants.

From these categories, we sought 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?

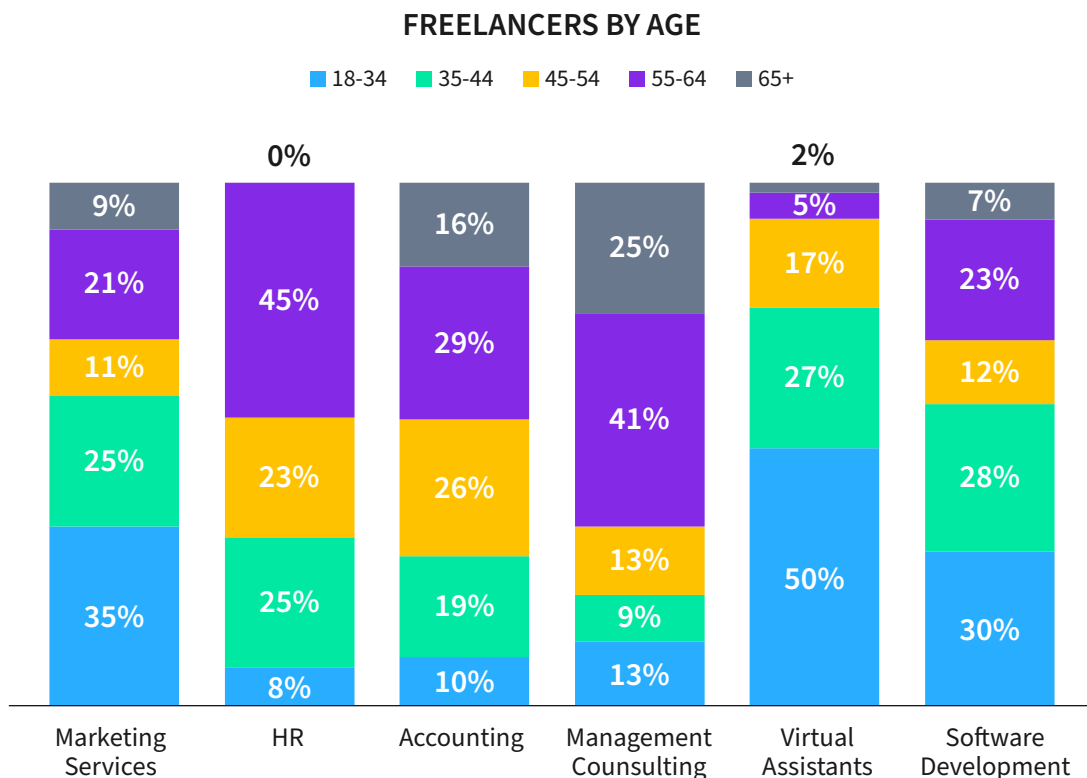
The Generation Gap is Real

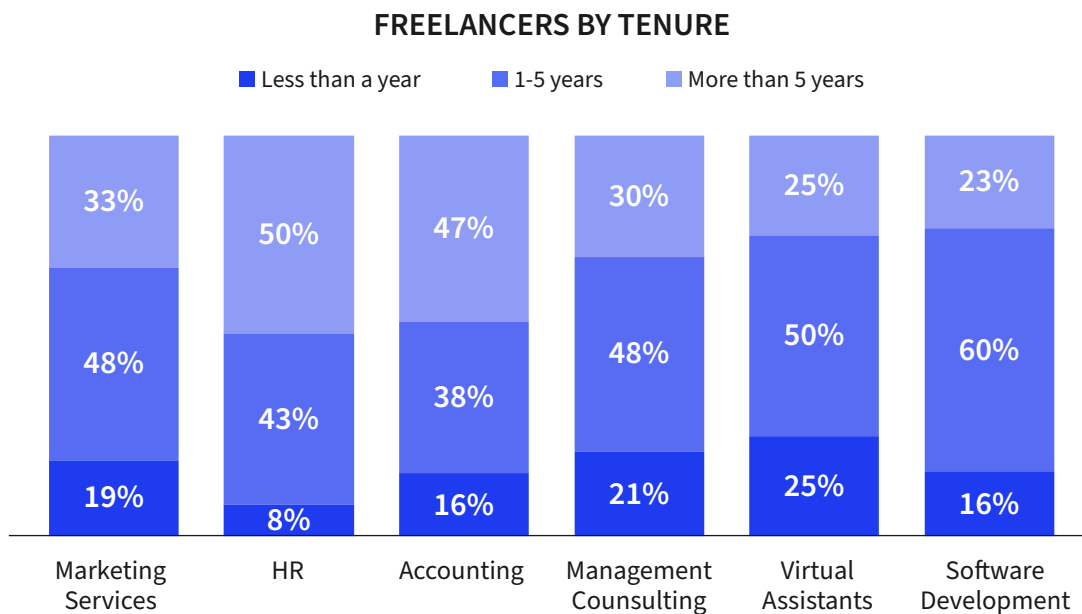
We had a hypothesis going into both the U.S. and European surveys that age and experience would tell us more than any other factors separating members of the freelance workforce.

For example, we expected younger and older freelancers would be doing different kinds of work for different reasons and with different results.

This turned out to be true. Strikingly so in many instances. Still, there are areas of commonality across all age groups. And there were anomalies where, for example, very old and very young freelancers have more in common with those in between. But the thesis largely held.

As the figure below shows younger and less experienced freelancers are more likely to be found in either creative or technology-focused fields. For example, marketing, software development, and virtual assistance. Meanwhile, older, more tenured freelancers are seen more in HR, accounting, and management consulting.





Another hypothesis was that motivations for freelancers would be drawn into the 1099 life for very different reasons. So we were not surprised to find that lifestyle considerations drive younger freelancers. Nor was it unexpected that for older workers, the major driver was changing life circumstances.

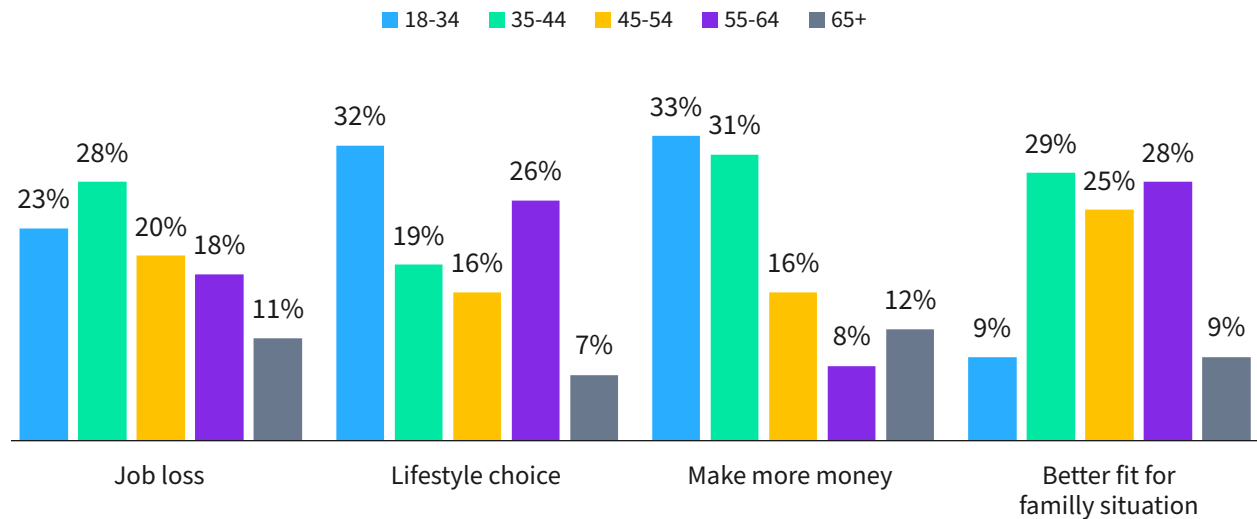
As the next figure shows that job loss is a reason to pivot to freelancing that crosses the generational divide. This comes as no surprise in the wake of a Covid crisis that drove unemployment rates skyward around the world.

The generations separate when we examine other factors. For example, 67% of freelancers under 55 say freelancing is a lifestyle-driven choice. This compares to just 29% of freelancers 55 and up.

It's not difficult to understand why many freelancers are drawn to the lifestyle part of freelance life. After all, there are countless YouTube channels and Instagram accounts dedicated to the idea that the "digital nomad" lifestyle delivers total freedom. As in working poolside in Cabo freedom.

But let's not paint all younger freelancers as naive. True, 32% of those 18-34 said lifestyle was the determining factor. But another 33% of the same age group said they were in it for the cha-ching.

WHY PEOPLE BECAME A FREELANCER BY AGE



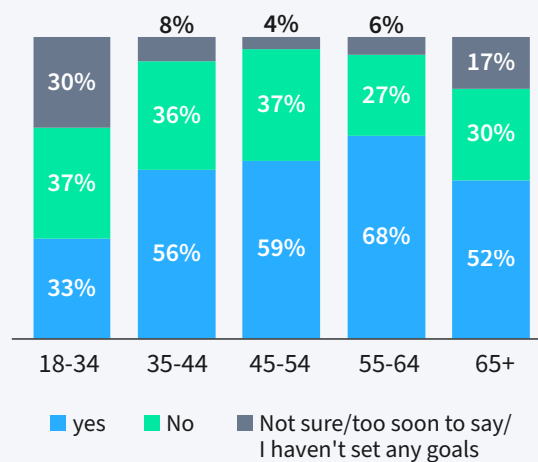
It is generally true that the older a freelancer gets, the less romantic their view of the freelancing life becomes.

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

Overall 52% of freelancers say the independent life is meeting their goals, broadly defined.

Yet only 33% of those under 34 say the freelance game is delivering what they hoped it would. And 70% of the same age group say that freelancing is either not delivering on their expectations or they think it is too soon to tell.

IS FREELANCING MEETING YOUR GOALS BY AGE

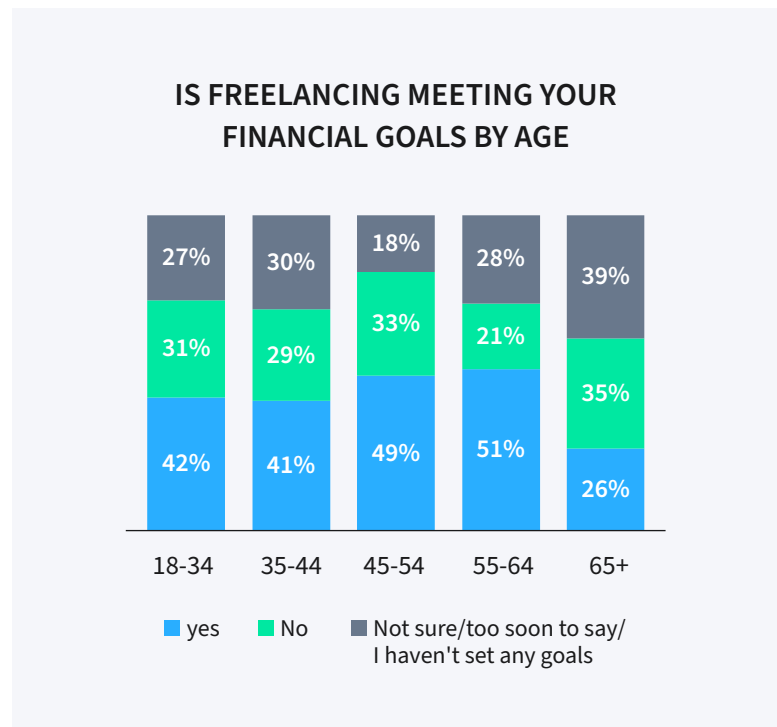


Yet the story is very different among those ages 55-64, of whom 68% say independent life is delivering on expectations. Maybe management consulting is just that sweet of a gig.

The results are similar when asked specifically if freelancing was generally meeting their income goals. While 42% of freelancers under 34 said they were hitting their income targets, 51% of those 55-64 were satisfied with their earnings. A meaningful but perhaps not dramatic difference.

One possible reason for the gaps among younger freelancers' overall satisfaction (33%) and financial satisfaction (42%) is that the pay is turning out to be OK, but the lifestyle payoff (i.e. working poolside in Cabo) may not be materializing as expected. Just a thought.

The other age categories all had higher numbers for overall satisfaction than for financial satisfaction.

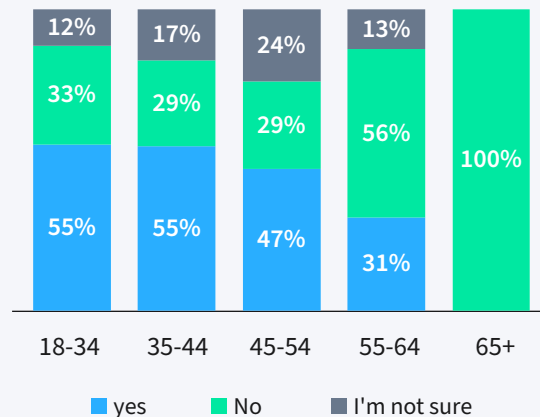


Despite some clear challenges, freelancers, by and large, would rather remain independent. So much so that 57% of all freelancers say they would not take an “attractive” full-time job if offered.

That’s a real eye-opener. Yet there are some very noteworthy generational differences on this question. For example, 55% of those 18-44 would, in fact, jump at a corporate job. A staggering 100% of those over 65 would apparently rather eat glass than go back to the W-2 life.

So the picture is really quite mixed on just how happy freelancers are. For many, it might be a matter of needing more time to build up their book of business. For others, it may be that the lifestyle hasn't quite delivered on its promise. At least not yet. Still many others seem to be saying that, no matter how I got here, this is where I want to be.

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



Word of Mouth is King

U.S. freelancers use a wide range of methods to acquire customers. But there is one reigning king. Word of mouth. And it stands to reason that WOM would prevail. It's cheap and effective. However, it works best when supported by a strong digital presence – website, listings, and social media.

Still, even the use of WOM varies by age group. Only 32% of the 18-34 segment used WOM, compared with 82% for 45-54. This makes sense, given younger freelancers are less likely to have extensive networks and will be more comfortable turning to platforms like Upwork to find gigs. Also, the type of work younger workers tend to do is perhaps a bit less WOM-driven than, say, management consulting.

In general, younger freelancers are pushing on a greater number of marketing levers than older workers. This makes sense for a number of reasons, chief among them that younger freelancers are still trying to hit their earnings goals, and may be pulling out all the stops. They are also likely more comfortable with using tools like social media and Google Ads.

Digital presence is one category that seems to cut across demographic boundaries. Among those 18-34, 88% have a website. Among those ages 55-64 the figure is 80%.

HOW FREELANCERS GET NEW LEADS BY AGE HEAT MAP

Age Range	All	18-34	35-44	45-54	55-64	65+
Word of mouth	65%	32%	52%	82%	94%	100%
Freelancing platforms (Upwork, Flevrr, Superside...Etc.)	54%	73%	50%	47%	34%	70%
Job boards	44%	27%	56%	61%	52%	4%
Blog/YouTube/website/newsletter	41%	54%	53%	27%	18%	57%
Social media (instagram, linkedin, facebook, etc.)	50%	62%	58%	35%	54%	4%
Paid advertisement	40%	13%	52%	45%	52%	52%
Work for agencies	46%	23%	58%	55%	55%	52%
Other	3%	1%	3%	0%	8%	4%

Younger freelancers are generally more willing to roll up their sleeves and DIY their content. This applies to everything from creating a website to installing an online booking application. However, DIY rates were generally not as high as we saw in the European survey.

BUSINESS CONTENT USED BY AGE HEAT MAP

Age Range	All	18-34	35-44	45-54	55-64	65+
Business website	83%	88%	88%	82%	80%	65%
Blog	57%	50%	65%	55%	61%	52%
Newsletter	54%	49%	56%	57%	58%	52%
Business social media presence	70%	85%	83%	67%	65%	4%
Business eCommerce store	40%	39%	44%	37%	42%	35%
Online booking	29%	42%	53%	22%	7%	0%
Online course(s)	28%	27%	32%	25%	28%	22%
e-book material	29%	15%	24%	37%	42%	30%

For example, 50% of 18 - 34s DIY'd their website, This compares with just 30% of those ages 55-64. DIY rates were particularly high among the younger cohort for websites and social media.

PERCENTAGE OF FREELANCERS THAT DIY BUSINESS CONTENT USED BY AGE HEAT MAP

Age Range	All	18-34	35-44	45-54	55-64	65+
Business website	38%	50%	56%	25%	30%	0%
Blog	34%	40%	52%	24%	27%	0%
Newsletter	35%	35%	42%	37%	38%	4%
Business social media presence	61%	75%	83%	67%	39%	0%
Business eCommerce store	15%	21%	21%	10%	8%	0%
Online booking	17%	38%	18%	10%	0%	0%
Online course(s)	11%	17%	14%	6%	7%	0%
e-book material	11%	11%	12%	12%	13%	0%

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. For example, 52% of 18-34s have DIY'd a Google Ads campaign, versus just 7% for the 45-54 and 11% for those 55-64.

BUSINESS CAMPAIGNS USED BY AGE HEAT MAP

Age Range	All	18-34	35-44	45-54	55-64	65+
Run a GoogleAds campaign	38%	79%	35%	16%	18%	9%
Run a Facebook campaign	24%	49%	21%	16%	11%	0%
Run a campaign on other social media	22%	48%	26%	10%	6%	0%
Run a YouTube campaign	21%	31%	24%	12%	20%	0%
Created a video ad	22%	29%	26%	12%	24%	0%
Created a newsletter	37%	36%	42%	39%	42%	9%
Created a podcast or vodcast	16%	15%	21%	14%	20%	0%
None of the above	30%	6%	26%	41%	35%	87%

Some of the preference for DIY simply reflects the necessity of not having budgets for agencies or other freelancers to do the work for them. 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.

BUSINESS CAMPAIGNS USED BY AGE HEAT MAP

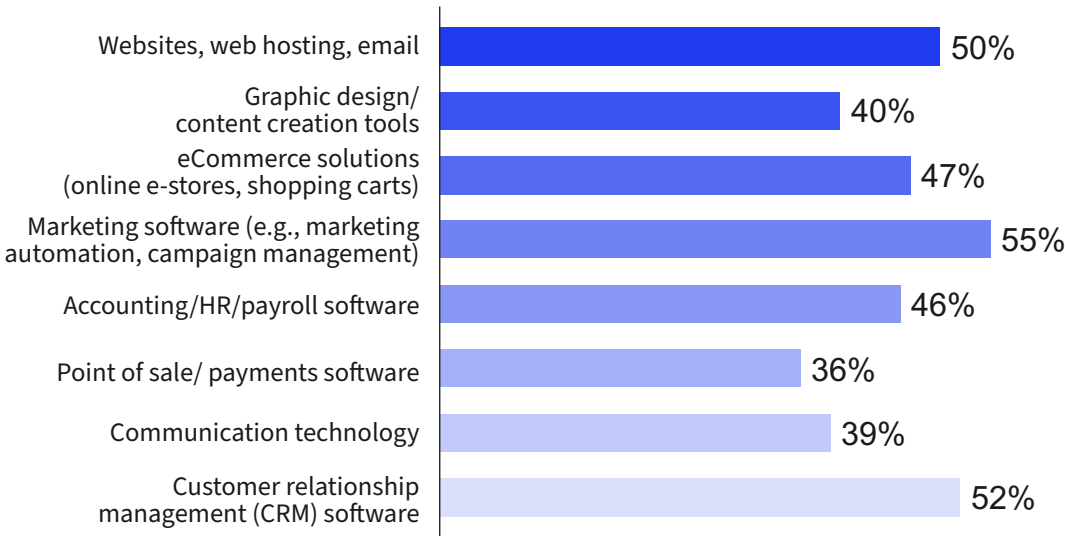
Age Range	All	18-34	35-44	45-54	55-64	65+
Run a GoogleAds campaign	31%	52%	35%	7%	11%	0%
Run a Facebook campaign	31%	49%	29%	27%	7%	0%
Run a campaign on other social media	26%	46%	20%	17%	4%	0%
Run a YouTube campaign	16%	25%	18%	0%	9%	0%
Created a video ad	20%	25%	35%	10%	2%	0%
Created a newsletter	43%	37%	57%	63%	30%	0%
Created a podcast or vodcast	10%	16%	2%	0%	13%	0%

Part II: Are Freelancers Effective Resellers?

Freelancers appear to be an important but under-utilized resource for software companies looking to expand their sales footprint.

For starters, 63% of freelancers say they recommend software to their clients. That’s an eye-opening figure. Particularly when viewed in contrast to the 29% of freelancers who have existing reseller relationships. This gap between those who recommend out of the goodness of their hearts and those who get paid for it is money sitting on the table for freelancers to grab.

TYPES OF SOFTWARE FREELANCERS RECOMMEND TO CLIENTS



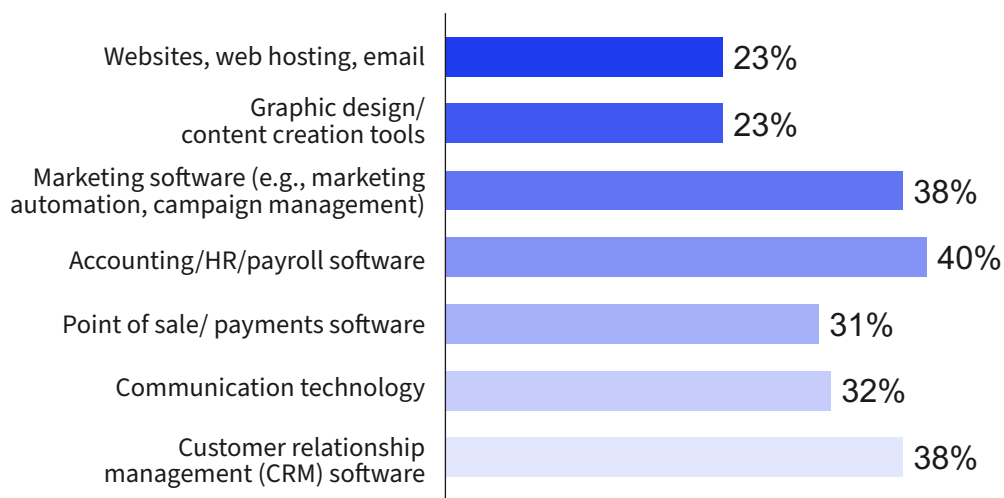
As the chart above shows, marketing automation is at 55% the software category most frequently recommended to clients by U.S. freelancers. CRM at 52% is next, followed by websites and related solutions (email, hosting, domains) at 50%.

However there are some differences in terms of what kinds of software freelancers represent as resellers. While 50% of freelancers recommend website software, for example, only 23% of resellers represent website or hosting platforms.

Freelancers naturally tend to resell software they use themselves. For example, accountants sell Quickbooks and designers sell Mono Solutions and so on.

Our survey revealed that 85% of resellers earn less than 25% of their total earnings from reselling. This number suggests room for improvement but it is still a meaningful supplement to any freelancer's earnings.

TYPES OF SOFTWARE FREELANCERS SELL TO CLIENTS



In fact, the reseller avenue could be the answer for many U.S. freelancers who are experiencing a gap between their desired and actual earnings.

We wanted to understand why more freelancers aren't actively reselling. So we asked the 71% of freelancers who said they are not reselling currently to explain why. The results hint at measures software companies might take to increase participation.

REASONS FREELANCERS DO NOT SELL SOFTWARE TO CLIENTS



One response that stands out is that 56% of freelancers do not believe they would be effective sellers. Another is that 43% simply don't believe there is enough money in reselling to justify the effort.

One avenue to overcome these objectives might be to develop messaging that explains that reselling, at least at this level, doesn't require the kind of hard selling that freelancers might imagine.

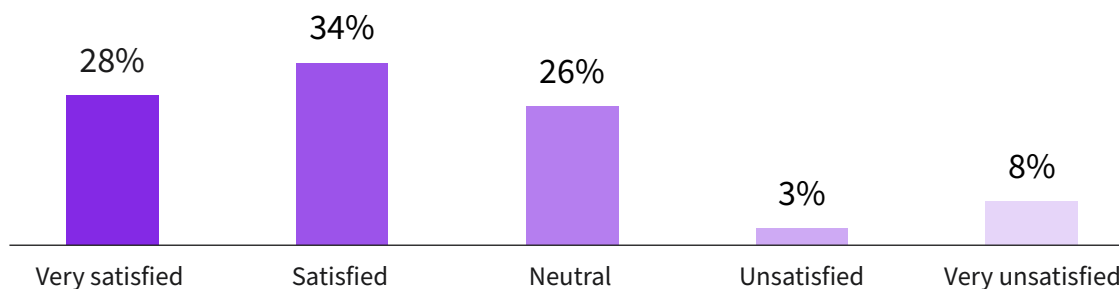
Reselling is often more about making recommendations to companies that rely on freelancers for their expertise.

Other more ambitious resellers can of course use the reseller relationships as an opportunity to expand their businesses. These active sellers may even run marketing campaigns or do incremental sales to acquire new customers. However, we imagine most freelancers approach reselling more opportunistically.

Software platforms need to be in a position to support resellers at either end of this spectrum, from those just passively recommending software to those who embrace active selling.

This can include everything from supportive content to volume discounts and market development support for more ambitious and aggressive sellers.

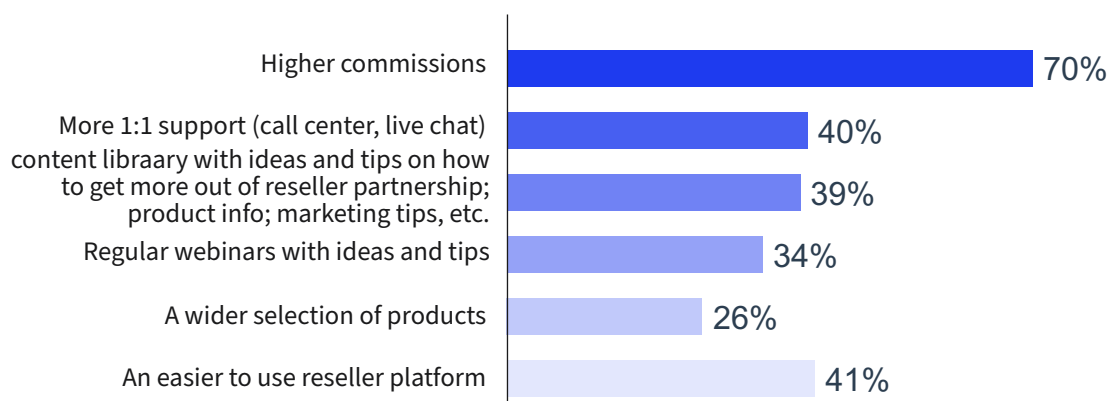
FREELANCER SATISFACTION WITH SOFTWARE PROVIDERS



Those who already have reseller relationships are generally happy with the experience. In fact, 62% of reselling freelancers say they are either satisfied or very satisfied with their software provider.

They do wish they got paid higher commissions. Big surprise. And they also suggest easier to use platforms would help them sell more software, among other recommendations. Maybe this is a hint that many reseller dashboards could be more intuitive?

THINGS THAT WOULD MAKE THE RESELLER PARTNERSHIPS BETTER



Summary & Conclusions



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

- Freelancing is a growing segment of the labor force worldwide. And the trend toward freelance work was accelerated by the pandemic. However, the trend has been emerging for decades.
- Freelancers have a wide range of motivations for freelancing but are generally happy with the choice to work independently. This, as with many findings, varies significantly based on age. Younger freelancers, for example, are more open to going back to full-time work than older freelancers.
- Older vs. younger freelancers are clearly distinguished by the type of work they do, their motivations for freelancing, and their willingness to use technology.
- Content and word of mouth are the major drivers of new business leads for freelancers. Both are widely used across all age groups. Freelancers are not terribly inclined toward using paid advertising.
- And here is a summary of what we have learned about the intersection between the U.S. freelance market and software reselling.

- Already 29% of U.S. freelancers are acting as resellers. Those that do generally make less than 25% of their income from reselling.
- Among active resellers, accounting software is the most commonly sold category at 40% with marketing and CRM close behind at 38%.
- In general, reselling is not well understood by freelancers. More than a third were not even aware that reselling is a thing. Many others are just not convinced it would be a good use of their time.
- Many freelancers (56%) say they don't resell because they simply do not believe they would be good at sales.
- Younger freelancers may be a particularly good target for software companies recruiting resellers. First, they tend to be in more technology-focused specialties that need resellers. And they are generally more comfortable using DIY tools. Finally, they are more likely to need additional income.
- Older freelancers, on the other hand, are more established, which implies they have more trusted relationships with their clients. This is an important ingredient for any successful reseller. On the other hand, they are more likely to say they are already hitting their financial objectives via freelancing, making them less hungry for additional income.
- The survey reveals ideas for persuading more freelancers to consider reselling. And for getting more results from those who already do.
 - For example, why not share content that shows how successful resellers weave selling into their workflow? This would demonstrate that it doesn't take an inordinate amount of time.
 - Or maybe create content showing how reselling contributes to a freelancer's income stream?
 - Or perhaps, develop messaging that makes it clear that reselling activity is not cold calling or hard selling? It is more about tapping into existing relationships and profiting from the recommendation they are already making.

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.

