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SAMPLE: Digital Agency Rate Card Survey 2008

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<http://www.e-consultancy.com/publications/agency-rate-card-survey-2008>

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Econsultancy
Lemon Studios
2nd Floor
85 Clerkenwell Road
London EC1R 5AR

www.econsultancy.com
help@econsultancy.com

Telephone:
+44 (0) 20 7681 4052

1. About Econsultancy

Econsultancy is the leading source of independent advice and insight on digital marketing and ecommerce.

Our reports, events, online resources and training programmes help a community of over 75,000 registered marketers make better decisions, build business cases, find the best suppliers, look smart in meetings and accelerate their careers.

Econsultancy is an [award-winning online publisher of reports](#) covering best practice, user experience benchmarking, market data and supplier selection aimed at internet professionals that want practical advice on all aspects of ebusiness.

Econsultancy also operates a highly popular [training](#) division, used by some of the world's most prominent brands for staff education, both in-house and via public courses. We provide training across all areas of digital marketing and at all levels from one day courses to diplomas to Masters in Digital Marketing.

In addition, we host more than 100 events a year, such as The Online Marketing Masterclass, regular Supplier Showcases and Roundtables, an annual Future of Digital Marketing event, Digital Cream and a range of social events.

The [Econsultancy](#) site now attracts 175,000 unique users per month where they access research, read the blog and take part in discussions in the forums. And as a portal to the digital marketing community, Econsultancy members can also link up with other members and digital suppliers through our directories, as well as find a new job or new digital talent using the job listings.

Some of Econsultancy's client-side members include: Google, Yahoo, MSN, MySpace, BBC, BT, Shell, Vodafone, Yell.com, Dell, Oxfam, Virgin Atlantic, TUI, Barclays, Carphone Warehouse, IPC Media, Deloitte and Touche, T-Mobile and Estée Lauder.

[Join Econsultancy](#) today to learn what's happening in digital marketing – and what works.

Call us to find out more on +44 (0)20 7681 4052 or [contact us online](#).

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2. About this survey

The principal objective of this Econsultancy survey is to get a clear idea about what **UK digital agencies charge** for different types of skills and levels of seniority, and to understand how and why rates may vary, for example by size of company and by region.

This year's survey follows similar Rate Card Surveys we carried out in [2005](#) and 2003, enabling us to see the extent to which rates have changed over the last few years.

We believe that this report provides real practical value for agencies who want to benchmark their own fees and understand what the going rate is for different services in the marketplace. As far as we are aware there is no comparable data available elsewhere.

The report is also intended to be a useful resource for client-side organisations who want to understand what level of rates they can expect to be charged and how this differs according to region and specialty.

Some **328 digital agencies** participated in this 2008 survey from different locations across the UK.

The term "digital agency" covers suppliers across an increasingly broad range of disciplines and service offerings. Respondents include full-service agencies, media agencies, search engine marketing agencies and specialists in areas such as affiliate marketing and email. In total, we asked agencies about their daily rates for around 50 different job roles.

There is no standard taxonomy for agency job roles, but we have done our best to create a sensible and thorough list. There is obviously some overlap between different job roles.

Business confidence

The report also contains sections on **business confidence** and **projected revenues** which have once again enabled us to provide top-line data about the health of the industry as well as an analysis of the foremost opportunities and challenges which are shaping the digital landscape.

Methodology

This report is based on an online survey carried out in April 2008. Information about the survey, including the survey link, was emailed to digital agencies within Econsultancy's user base. Econsultancy uses **Clicktools** for its online surveys.

Other Econsultancy Survey Reports:

Online Lead Generation (B2C) Report 2008

<http://www.e-consultancy.com/publications/online-lead-generation-2008>

Online Measurement and Strategy Report 2008

<http://www.e-consultancy.com/publications/online-measurement-and-strategy-report-2008/>

Email Marketing Census 2008

<http://www.e-consultancy.com/publications/search-engine-marketing-report-2008/>

UK Search Engine Marketing Report 2008

<http://www.e-consultancy.com/publications/email-marketing-census-2008/>



3. Executive Summary and Highlights

Econsultancy's **Digital Agency Rate Card Survey 2008** is based on information provided by 328 UK digital agencies.

- Digital agencies report that daily charge-out rates have gone up by an average of 17% in the last two years (since 2006). The biggest increases have come from the smallest agencies (i.e. those with a projected 2008 turnover of less than £300,000).
- The projected average increase in daily rates over the next 12 months is 9%. Some 59% of those agencies surveyed expect their daily rate to be higher in 12 months' time. A third of agencies said that there would be a 10% increase, 17% said there would be a 20% increase and 4% said there would be a 30% increase.
- On average, digital agencies project that they will grow their turnover by 28% year-on-year in 2008. This compares to 31% year-on-year growth in 2005 when Econsultancy last carried out this survey.

The research has also found that four in five agencies (80%) estimate that their 2008 revenue will outstrip their turnover for 2007. This constitutes more evidence of the continued good health of the digital marketing industry despite the continued gloom within the wider economic environment. The equivalent figure in 2005 was 83%.

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<http://www.e-consultancy.com/publications/agency-rate-card-survey-2008>

Other Survey Highlights include:

3.1. Profile of Responding Agencies

- Almost 30% of agencies were founded more than ten years ago, demonstrating the increasing maturity of the digital marketplace.
- Just over a third of digital agencies surveyed (35%) have been around for five years or fewer. The number of new agencies setting up has been declining since around 2004.
- The proportion of agencies with more than 50 employees has increased from only 6% in 2005 to 17% in 2008. One in 11 agencies surveyed now has more than 100 employees. Less than half of those surveyed (44%) now have 10 or fewer employees, compared to an equivalent figure of 63% in 2005 and 71% in 2003.

3.1.1. Summary Table - Average Daily Charge Out Rates by Job Role

(In descending order of daily rate)

Rank	Job Role	2008 average daily rate	2005 average daily rate	% increase (since 2005)
1	Director/Partner	£919	£798	15%
2	Group Account Director/Regional AD	£809	£759	7%
3	Senior Consultant/Strategist	£808	£783	3%



Rank	Job Role	2008 average daily rate	2005 average daily rate	% increase (since 2005)
4	Senior Head of Media/Media Director	XX	XX	XX
5	Senior Technical/Development Director	XX	XX	XX
6	Senior Creative/Art Director	XX	XX	XX
7	Strategic Brand Planner	XX	XX	XX
8	Head of Production Services	XX	XX	XX
9	Business Analyst	XX	XX	XX
10	Online Marketing Planner	XX	XX	XX
11	Senior SEO Consultant	XX	XX	XX
12	Senior Account/Project/Operations Director	XX	XX	XX
13	Usability/User Experience Consultant	XX	XX	XX
14	Information Architect	XX	XX	XX
15	Customer Insight Specialist	XX	XX	XX
16	eCRM Consultant	XX	XX	XX
17	Training	XX	XX	XX
18	Mid-Consultant/Strategist	XX	XX	XX
19	Senior PPC Consultant	XX	XX	XX
20	Accessibility Consultant	XX	XX	XX
21	Mid Technical/Development Manager	XX	XX	XX
22	Audio/Video producer/editor	XX	XX	XX
23	User Interface Specialist	XX	XX	XX
24	3D Modeller	XX	XX	XX
25	Mid-Design/Creative Manager	XX	XX	XX
26	Storyboarding/Wire-framing	XX	XX	XX
27	Content Management Specialist	XX	XX	XX
28	Production Manager	XX	XX	XX
29	Mid Media Planner/Buyer	XX	XX	XX
30	Mid-Account/Project/Ops Mgr/ Producer	XX	XX	XX
31	Web/Metrics Analyst	XX	XX	XX
32	Email Marketing Manager	XX	XX	XX
33	Animator	XX	XX	XX
34	Research/Market Analyst	XX	XX	XX
35	Database Manager	XX	XX	XX
36	Copywriter	XX	XX	XX
37	Mid SEO Consultant	XX	XX	XX
38	Illustrator	XX	XX	XX
39	Data Analyst	XX	XX	XX
40	Testing/QA	XX	XX	XX
41	Mid PPC Consultant	XX	XX	XX



Rank	Job Role	2008 average daily rate	2005 average daily rate	% increase (since 2005)
42	Traffic Manager	XX	XX	XX
43	Junior Programmer/Developer	XX	XX	XX
44	Affiliate Manager	XX	XX	XX
45	Junior - Designer/Creative	XX	XX	XX
46	Junior Media Planner /Buyer	XX	XX	XX
47	Junior-Account/Project/Ops Executive	XX	XX	XX
48	Junior SEO Consultant	XX	XX	XX
49	Junior PPC Consultant	XX	XX	XX

3.1.2. Summary Table - Average Daily Rates by Category of Job Role

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4. Profile of Responding Agencies

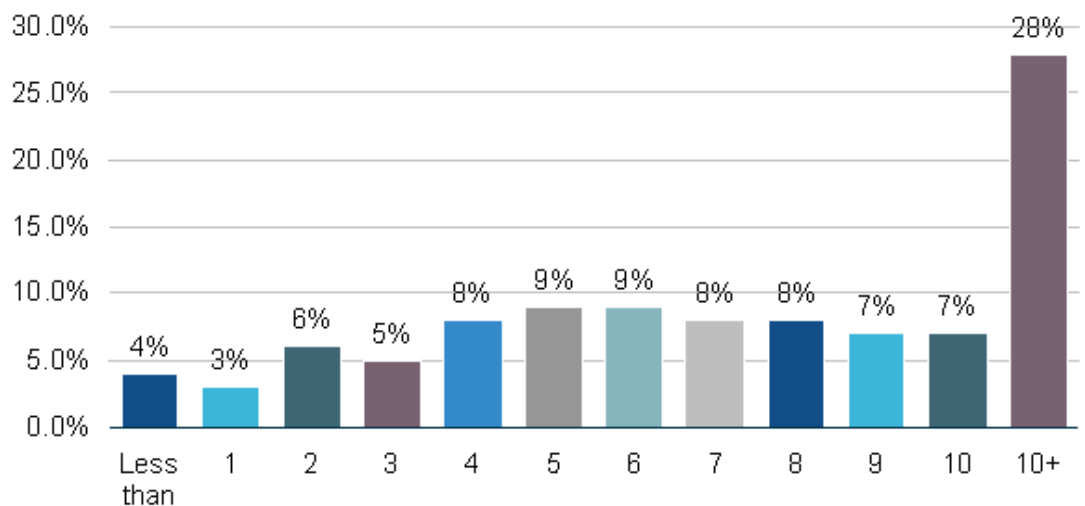
4.1. Year Company Founded

Figure 1 shows how the sample of agencies is split in terms of their longevity in the market.

Almost 30% of agencies were founded more than ten years ago, pointing to a strong bedrock of agencies who have come through the lean years and shown their continued ability to flourish in the digital marketplace.

Just over a third of digital agencies surveyed (35%) have been around for five years or fewer. The number of new agencies setting up has been generally declining since around 2004, probably because there are fewer gaps in the market for new agencies to exploit.

Figure 1: Number of years since company founded



Base – All Agencies Responding (328)

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<http://www.e-consultancy.com/publications/agency-rate-card-survey-2008>



4.2. Average Number of Employees

Figure 2 shows the size of the average agency, according to the number of employees. The comparison with 2005 data (in red) shows clearly that the average agency has significantly grown in size since 2005¹.

The proportion of agencies with more than 50 employers has increased from only 6% in 2005 to 17% in 2008. One in 11 agencies surveyed now has more than 100 employees.

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¹ When Econsultancy carried out its last rate card survey.



5. Business Confidence

5.1. How optimistic are you for your business over the next 12 months?

Despite growing fears over the economic downturn, the encouraging news for this sector is that 90% of agencies surveyed said that they were “quite” or “very” optimistic about the future of their business over the next 12 months.

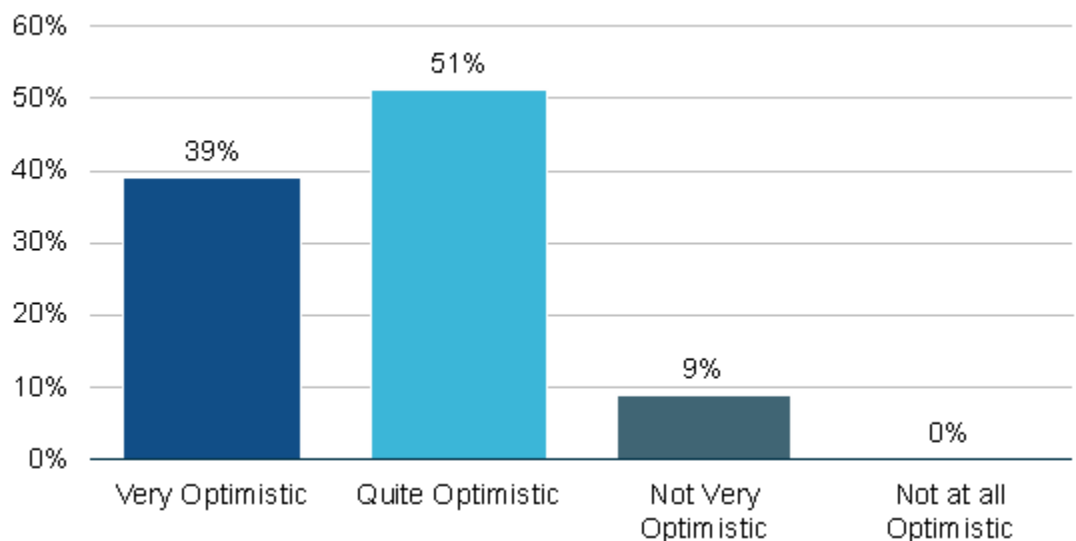
This is a very positive picture although the equivalent figure in 2005 was 96%, when 55% said they were quite optimistic (compared to 51% this year) and 41% said that they were very optimistic (compared to 39% now).

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<http://www.e-consultancy.com/publications/agency-rate-card-survey-2008>

Figure 5: How optimistic are you for your business over the next 12 months?



Base – All Agencies Responding (270)

5.2. Opportunities for growth within the digital agency marketplace

We asked respondents “What are the greatest opportunities for growth for your business?” An analysis of company verbatim answers shows that the most commonly cited opportunities were:

(In order of frequency of citation)





<http://www.e-consultancy.com/publications/agency-rate-card-survey-2008>

Respondents cited a wide variety of opportunities for growth, but **up-selling and cross-selling of services** was mentioned much more than any other factor.

Other opportunities also included growth through **expanding into new geographical regions** and **attracting more work** both from existing clients and new business from blue-chips. **Social media**² and, more generally, expanding into **new service areas**, were also cited by a number of companies.

Voice of the Agency: Greatest opportunities for growth

What are the greatest opportunities for growth for your business?

"Cross-selling and up-selling of services, to be perceived as consultants adding value."

"Growth in digital video online offers potential for cross-selling skills."

"Emerging countries, specifically Eastern Europe."

"Specialisation of our service offering, and ability to acquire blue chip clients."

"Greater contracts from existing clients. Full service sell - design and build and online marketing, and expanding resource to cope with inbound opportunities."

"Growth of key skills and extending our offering to offer more strategic services. International growth. Increasing client focus on delivery of measurable value/ROI will translate into an increasing spend on digital marketing over traditional. We will be focusing on delivering measurable business benefit to our customers as well as outstanding creative (and technical) solutions."

"New media and social media marketing; corporate blog coaching; media workshops."

2 Readers may be interested in the following, free Econsultancy report about Social Media
<http://www.e-consultancy.com/publications/social-media-roundtable-briefing-june-2008/>



6. Charge Out Rates

6.1. Analysis by Job Role

NB: For each role, average rates are shown for all agencies (i.e. the overall average) and then for agencies in the following turnover bands: £0-£300k, £300k-£1.5m, £1.5m+.

See summary tables in Section 3 for all 2008 and 2005 averages.

6.1.1. Average Day Rates for Director / Partner

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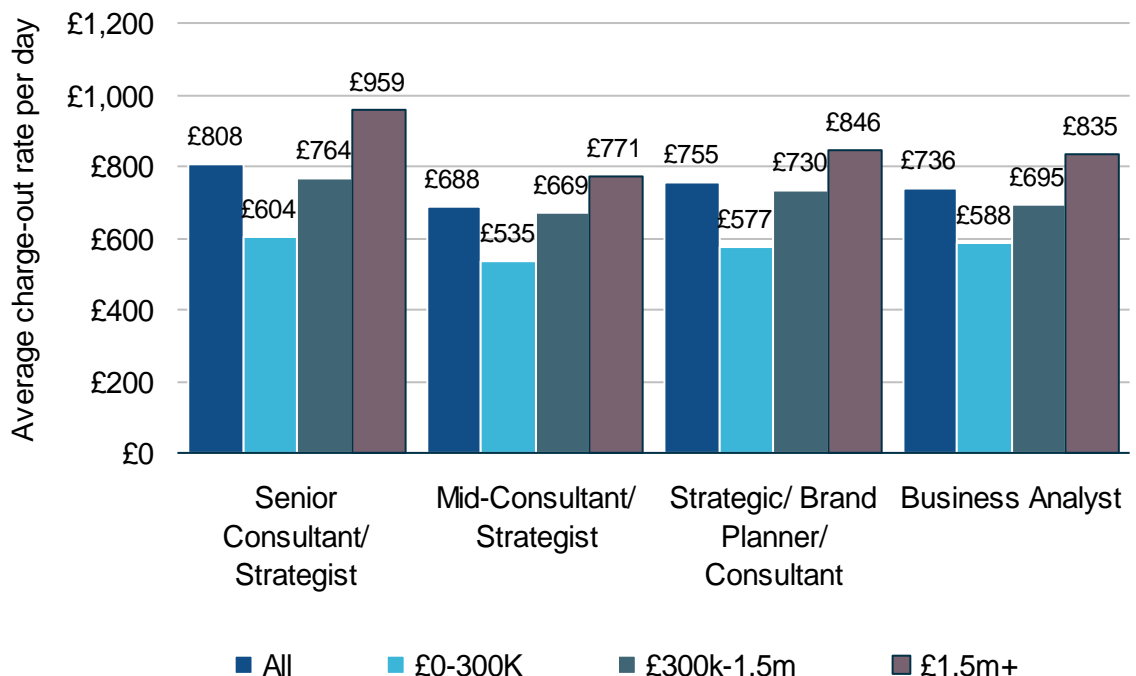
Average Day Rates for Director / Partner – London, South-East and non South-East

Figure 8 shows that there is a significant weighting in terms of what London agencies are charging for their most senior employees compared to their counterparts outside the capital.

On average, the daily rate for a **director / partner** at a London agency is...

Average Day Rates for Commercial / Strategic Roles

Figure 10: Charge-out rates- Strategic/ Commercial roles



Base – All Agencies Responding (328)



6.2. Reasons for Variances in Charge-Out Rates

The most important reason given for variances in daily charge-out rates by agencies is the **volume of work carried out for the client** [Figure 32].

Agencies are typically more willing to reduce their fees if it means that they get a significant and sustained level of work from a loyal client.

The **amount clients will pay** and the **historical relationship** are deemed to be the most important reason for rate card variances by 27% and 21% of agency respondents respectively.

Figure 32

Reasons for variances in charge-out rates	
	Percentage of agencies regarding as most important
Depends on volume of work	XX
Varies according to what clients will pay	XX
Depends on historical relationship	XX

Of those who cited other reasons, the analysis of verbatim responses shows that many agencies offer discounts because they work with **charities**, as well as profit-seeking clients.

The **strategic importance of the work** is also a key reason for variance in the daily rate. Many agencies are willing to be a lot more flexible with their charge-out rates if they are looking to expand into a new sector or if they want to build a long-term relationship with a new client.

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7. Nature of Work

7.1. Retainer versus Project Work

The proportion of work carried out by agencies which is done on a retainer basis has not changed much since 2005 (27% now compared to 26% in 2005). It is surprising that agencies have not been able to establish a higher percentage of retainer work, and possibly disappointing in some cases because of the security this reliable source of income can give a business.

Figure 34: Approximate percentage of total billed work done as part of ongoing 'retainer' arrangements as opposed to project work

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7.2. Work done by Contractors versus Employees

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<http://www.e-consultancy.com/publications/agency-rate-card-survey-2008>

7.3. Fixed fee versus ‘Time & Materials’

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8. Contact

If you have any questions about this survey please contact:

Linus Gregoriadis, Head of Research, **Econsultancy**

Tel: + 44 20 7681 4052

Email: linus@econsultancy.com

Web: <http://www.econsultancy.com>

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