

Research Findings Report*Industry: Web Design***2009***Geographic Region: Central United States*

Goldline Research recently completed its annual evaluation of web designers in the Central United States. Our research study was conducted from early March 2009 through mid-April 2009.

The economy was front and center during our research of the web design industry this year. It is clear that the web design industry has been dramatically affected by the economic downturn. During our interviews with web design firms, they consistently communicated that they are experiencing difficulty in acquiring new clients and convincing existing clients to move forward with website redesigns/rebuilds. Unfortunately, more than a few firms have indicated that they have been forced to reduce headcount.

During our research process, we identified more than 1,300 web firms throughout the Central United States. Even more so than many other professional services industries, the web design/development industry is constantly experiencing upheaval. In fact, we estimate that each year more than 10% of the firms in the industry exit the business only to be replaced by new firms founded by people moving into the industry. In addition, we estimate that as many as 25% of the firms in the industry are 1-person firms, whereby the principal works from a home office. Interestingly, relative to many other industries that we evaluate, firms in the web design industry have historically struggled to achieve substantial scale, due in large part to the highly creative nature of the industry and the very rapid changes in technology that occur.

During our research, we found that the typical web design firm has more than 10 years of industry experience, has 10 staff members and has serviced approximately 200 clients over its lifetime. The typical firm designs approximately 35 websites each year. Equally important, the typical firm has a client: designer ratio of approximately 50:1 and a client: staff ratio of 27:1. Perhaps more revealing, though, each designer completes approximately 7 websites per year, or about 1 site every two months. Thus, depending upon project scope and size, scale in the web design industry is much harder to achieve because growth is so dependent upon finding headcount (and finding good employees is not an easy task!).

Despite the current industry difficulties, there is still tremendous opportunity for growth in the industry. Third party estimates indicate that less than 50% of all businesses in the United States have websites, and much of the penetration gap lies in the small and medium-sized segment. Ultimately, as penetration increases, the need for on-going maintenance and even site upgrades/redesigns will increase, providing additional market opportunities for web design firms.

For more information about Goldline Research or this research findings report, please visit our website at www.goldlineresearch.com.

Key Research Findings¹Median Years of Experience: **11.0 years**Median # of Designers: **5**Median # of Total Staff: **10**Median # of Clients: **200**Median # of Sites Built/Year: **35**Median Client/Designer Ratio: **50:1**Median Client/Staff Ratio: **27:1**¹Source: Goldline Research