

Seven Years of Graphic Design Prices

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Recently we analyzed graphic design pricing during the years 2002 through 2008. As shown by Table 1 the results are interesting. All prices are average and expressed as dollars per hour.

Table 1

2002	\$56.26
2003	\$57.51
2004	\$34.00
2005	\$38.05
2006	\$41.02
2007	\$33.06
2008	\$39.68

Figure 1. shows these average prices graphically.

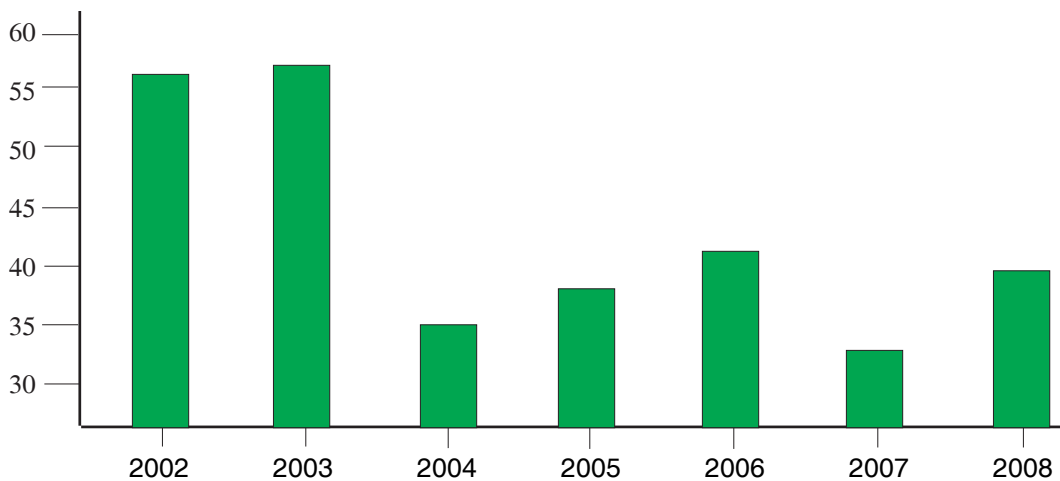


Fig. 1 - Price changes reflect major market moves.

Several key price points in this data are the results of major changes in the global graphic design industry. The first occurred in 2004. This was the year we began intense research into the virtual services profession. We began to suspect a major change in the industry early in 2004. Our research confirmed this. The nation was just crawling out of a recession where buyers had resisted paying higher rates for the services they wanted. In addition, during 2004, outsourcing ramped up significantly and thousands of offshore competitors appeared. These professionals were as capable as those in the U.S. and Canada, and they performed work fast. They also worked for much less. These professionals undercut graphic designers in the U.S. and Canada. North American jobs evaporated and billing rates plummeted. The U.S. average billing rate dropped from \$57.51 to \$34.00. Canadian and U.S. buyers could buy graphic design work for \$6-\$15 an hour instead of \$35-\$55 typical for the graphic design industry as a whole. And buyers increasingly began to focus on the lower price services available offshore.

When we released our VA Special Report in October 2004, many design professionals in the U.S. and Canada wanted to believe that our data and analysis were wrong. They didn't want to accept the validity of our data and the statistical results that we calculated. Even when we insisted that we were reporting prices as we found them, several association directors castigated our company and insisted that we had released a less-than-accurate study. Only those with more faith in our work took these findings on board and acted to position their companies for success.

Time proved us right. We had correctly detected and reported a trend that we saw coming before the rest of the service professional world had detected the change. We collected a number of Indian graphic design prices. When our 2004 Study was published, graphic design rates in India averaged \$18.35 an hour, about half that charged by U.S. professionals. During the next year the average U.S. billing rate ratcheted up slightly from \$34 to \$38.05. And small VA businesses began to change their operating model to deal with customers and competitors from all over the world.

As offshore freelance service providers became more successful, their rapidly growing population drove changes in countries such as India and China. Service providers needed dependable electrical power, better roads, and fast, reliable Internet connections. And they earned more. Their growing purchasing power became an inflationary force pushing commodity prices higher. These professionals jumped from job to job seeking higher wages. And the average billing rates began to increase.

This enabled graphic designers in the U.S. to realize a higher average billing rate. The average price increased from \$38.05 in 2005 to \$41.02 in 2006. But the high prices of 2002 and 2003 did not return.

Then in 2007, we detected a downturn in the economy. Decisions by the federal government to make home ownership and easy credit available to more Americans put the nation at risk and defaults and business failures began to appear. Offshore virtual work was still growing in India, Pakistan, and China. And a sinking economy in the U.S. caused more buyers to purchase lower cost work offshore.

The average billing rate in the U.S. fell from \$41.02 in 2006 to \$33.06 by the end of 2007.

In the latter half of 2007, we conducted research to update our VA special report. The research was completed early in 2008 when we released the Virtual Services Special Report. The findings were significant. They showed that offshore competition had become a major competitive force in the global graphic design market. We also found that a number of U.S. and Canadian graphic design companies had entered into joint ventures with or subcontracted to offshore virtual professionals. This let the North American service providers profitably sell graphic design services at lower prices, using offshore workers to do the actual design.

The average billing rate for U.S. graphic design rose from \$33.06/hour in 2007, to \$39.68 an hour by December 2008.

We will continue to monitor the service professions (including the offshore providers). And were now indicating in the comments field of our Real Prices Confidential database if the price point is from an individual or business and if the source is a URL, provided price, Guru, eLance, or what. Next year, well be releasing a number of Hourly Rates books plus developing an update to the Virtual Services Special Report.