



REFERRAL MARKETING

for Professional Services Firms



I read a book they wrote

Heard of them through friends or colleagues

I've heard them speak

I've interacted with them on social media

I read blog posts or articles they've written

Referral Marketing for Professional Services Firms

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INTRO- DUCTION

Why Referral Marketing is Important

Every professional services firm knows referral marketing is critical. The Hinge Research Institute's [recent study on firms' marketing priorities](#)¹ found that attracting new business is the highest priority and generating more referrals is the preferred approach.

- **72.1%** of respondents identified “attracting and developing new business” as a key challenge facing their organizations today.
- **61.9%** said that generating more referrals was their top marketing initiative in 2015.

With such a clear emphasis on referrals, we wanted to dig deeper. Most firms focus on increasing referrals from clients and other familiar sources. But are there other opportunities to generate recommendations? We know referrals are important, but how do they actually work?



¹ 2015 Professional Services Marketing Priorities, Hinge Research Institute.
www.hingemarketing.com/library/article/2015-professional-services-marketing-priorities

Three Types of Referrals

The traditional approach to referrals — doing excellent work and hoping or asking that clients refer you — overlooks important sources of new business. In fact, there are three major types of referrals:

- Experience-based referrals
- Reputation-based referrals
- Expertise-based referrals

Only one of these referral types is based on direct experience. In fact, the research detailed in this report shows that 81.5% of firms have received a referral from someone who wasn't a client.

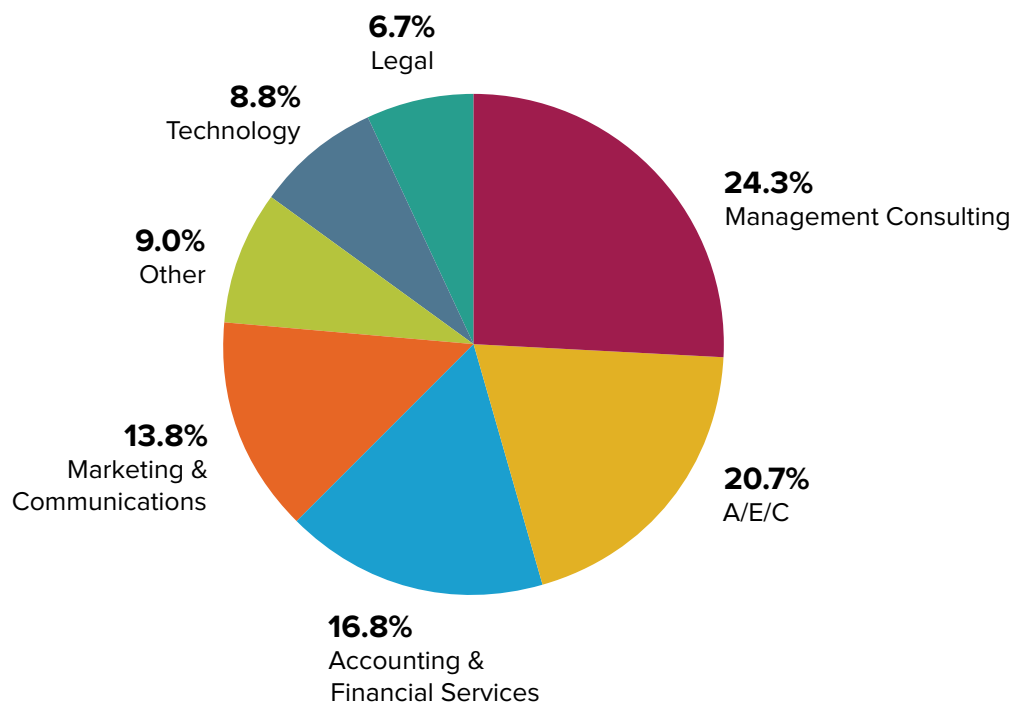
In order to succeed, firms must take a balanced approach to the three types of referrals. In this report, we'll explore how and why people are giving referrals today — and how firms can take advantage of this knowledge to build more powerful marketing strategies.



METHOD- OLOGY

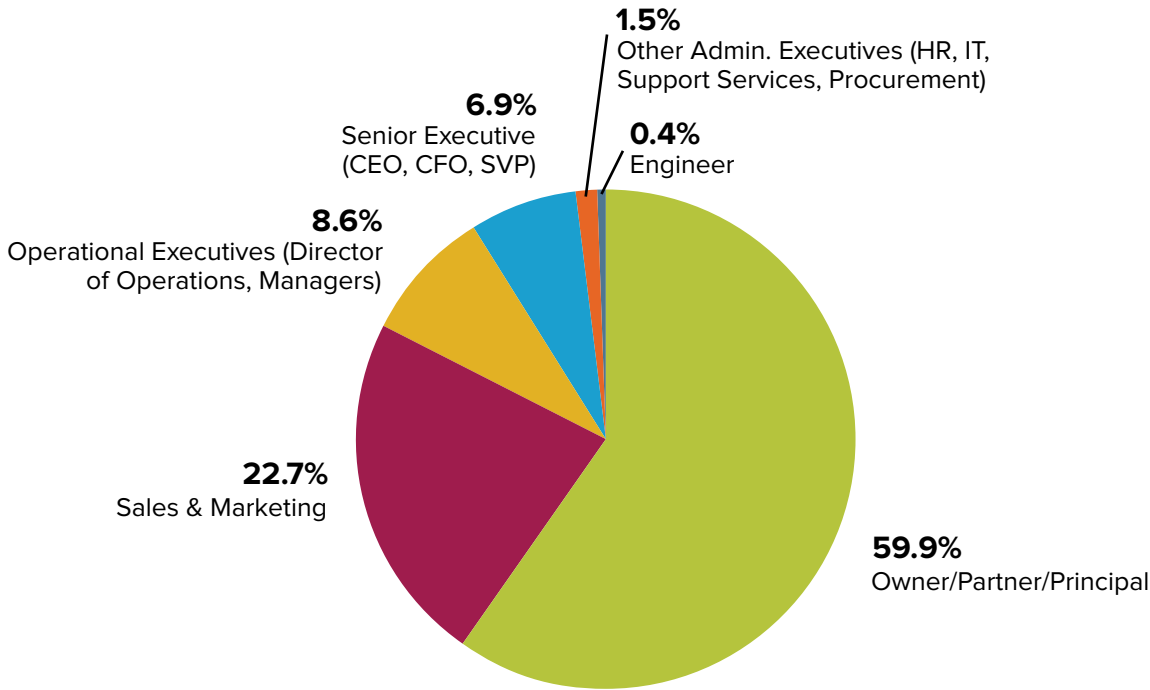
We gathered responses from 523 professional services firms in the accounting and finance, technology, marketing and communications, architecture, engineering, and construction, legal, and management consulting industries.

Figure 1. Sample Composition by Industry



Respondents answered questions through an online survey. Next, we have broken down the professional roles of individual respondents.

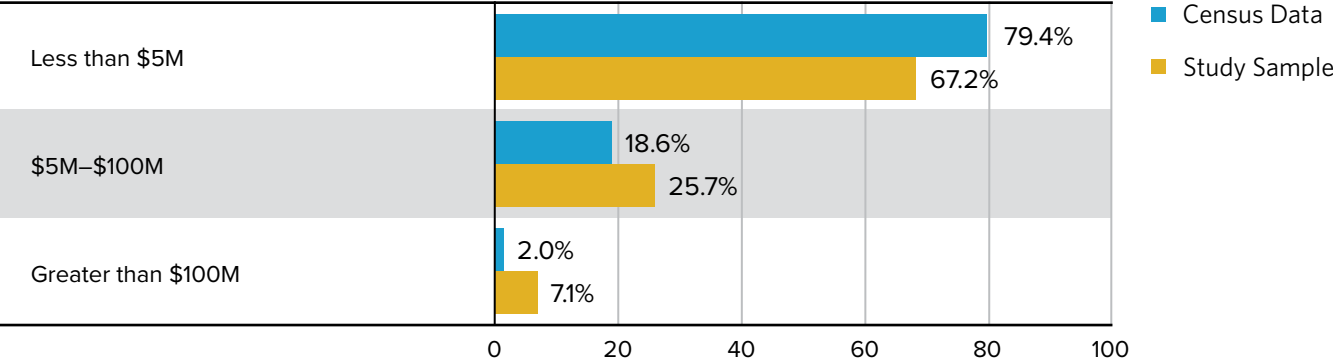
Figure 2. Sample Composition by Role of Respondents



A clear majority of responding individuals were decision-makers within their firms. The most common roles were Owners/Partners/Principals, comprising 59.9% of survey respondents. Sales and marketing professionals made up 22.7% of respondents.

Companies of varying sizes were sampled and grouped into three revenue categories. Figure 3 illustrates the composition of our respondents by the firms' annual revenue.

Figure 3. Sample Composition by Firm Annual Revenue



Using census data, we calculated the proportion of professional services firms falling into each size range. This sample over represents medium and larger size firms.

HOW FIRMS GET REFERRALS

In order to understand why firms get referred, it's important to understand the three types of referrals, each arising from different sources and each requiring unique strategies to generate effectively:

- Experience-based referrals
- Reputation-based referrals
- Expertise-based referrals

A robust approach to referrals should take all three types into account. Yet many firms neglect one or more major referral sources. Where, then, do professional services referrals originate?

Our research found that 81.5% of providers report receiving a referral from someone who was not a former client.

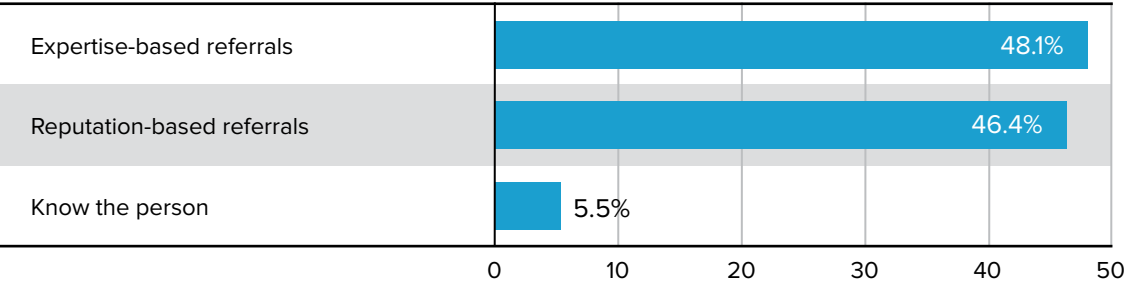
» **81.5%**

of providers have received a referral from someone who wasn't a client.



In order to better understand these referrers, we asked them how they knew about the firms they referred. We then organized responses according to their corresponding referral type. In this way, we were able to identify the source of non-experience based referrals.

Figure 4. Prevalence of Non-Experience Based Referral Types

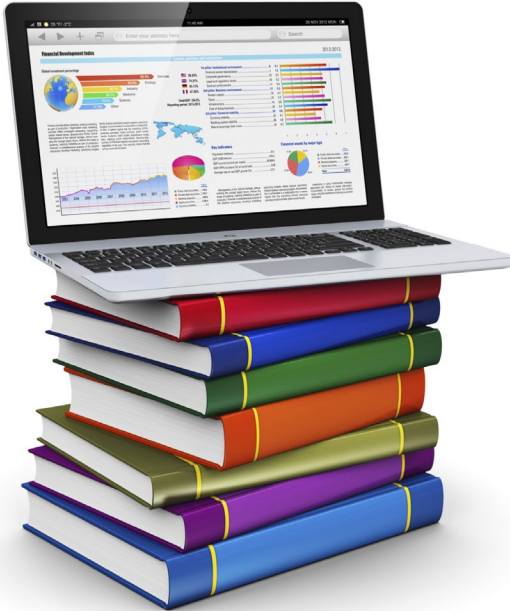


Let’s explore each of these referral types in greater depth.

1. Expertise-based referrals

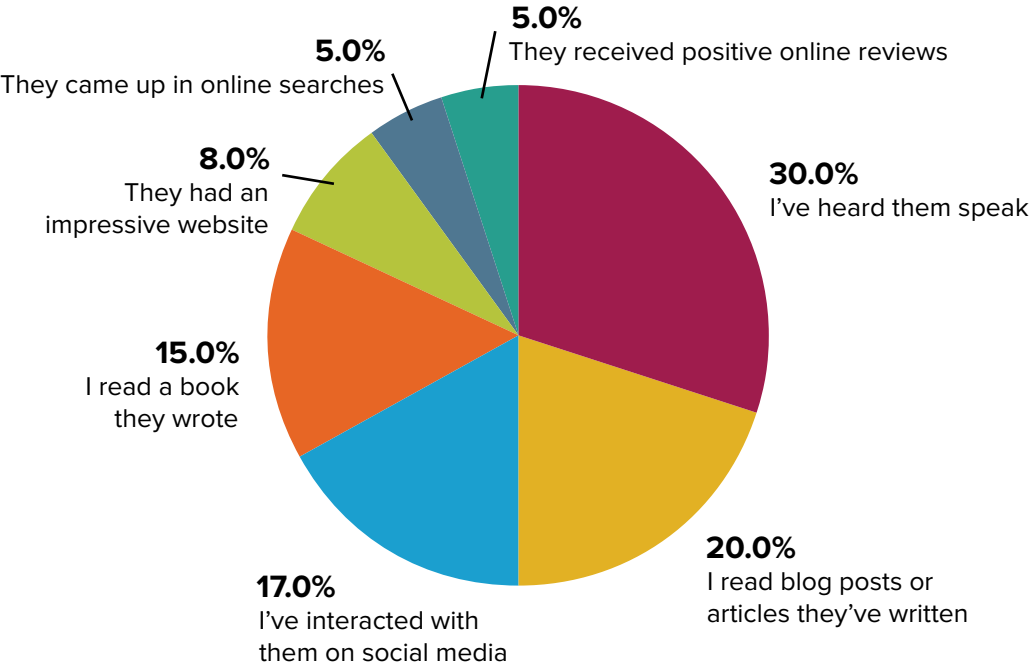
Specialized expertise is a powerful basis for referrals. If someone is aware that you specialize in a given problem, they may recommend you to someone with that specific challenge — even if they lack detailed knowledge of your reputation.

Expertise-based referrals can be an effective means of getting on a potential client’s “radar.” By projecting your firm’s expertise in the marketplace, it is possible to generate more referrals.



Referrers encounter a firm’s expertise in a variety of ways:

Figure 5. Sources of Expertise-Based Referrals

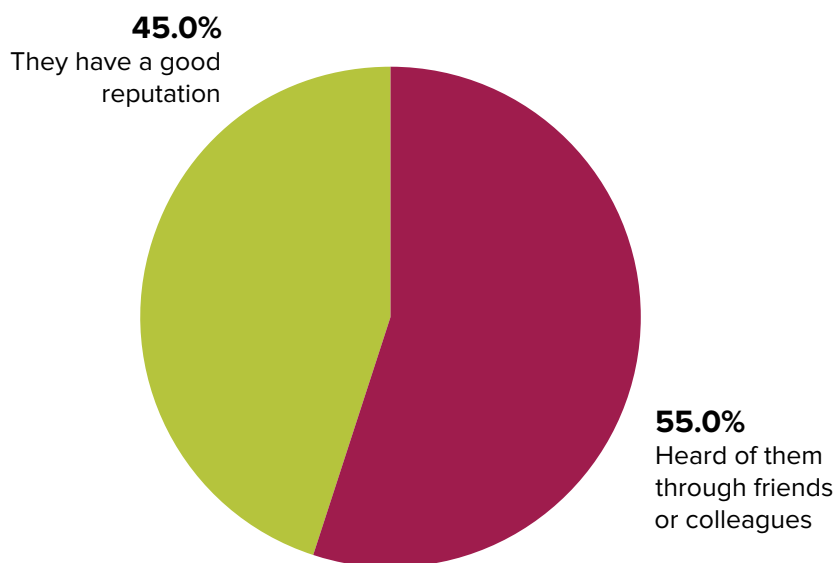


Among the most common motivations for making an expertise-based referral was hearing an expert speak, reading blog posts or articles they had written, and interacting with them on social media. A vibrant online presence and effort to share the expertise of your firm’s professionals is the key to generating expertise-based referrals.

2. Reputation-based referrals

Reputation-based referrals are made by individuals or organizations that have not worked with you directly — but know you by reputation. Perhaps they know someone who has worked with you, or have heard your firm referenced in conversation. Below, we've broken down our respondents' most common reasons for making a reputation-based referral.

Figure 6. Sources of Reputation-Based Referrals



A general perception of quality and the word of friends or colleagues both carry a great deal of weight. Both sources may be encouraged through sustained marketing efforts.

Yet often these referrals from non-clients go overlooked in firms' referral strategies in spite of their notable ubiquity. Consider: Have you ever referred someone who you have not worked with personally?

3. Experience-based referrals

Most firms are familiar with experience-based referrals. These referrals are the direct result of your work with a given organization or individual, including clients and other professional partners.

Our [previous research](#)² shows that most clients (69%) are willing to make referrals to their service providers, but far fewer actually do. Why? Far and away, the most common answer — reported by 72% of respondents — is that they are never asked about the firms with which they've worked.

This disconnect is at the root of the problem for firms struggling to generate referrals, and it illustrates the importance of a comprehensive approach to referrals. Clients aren't the only referral sources, and relying on clients alone leaves your referral strategy incomplete.

What are some of the most successful ways to share your reputation and expertise — and ultimately encourage more referrals? For the answers, let's return to the research.



72%

of buyers haven't referred their service provider because they haven't been asked.

²Inside the Buyer's Brain, Hinge Research Institute.
www.hingemarketing.com/library/article/book-inside-the-buyers-brain

WHY FIRMS GOT RULED OUT

When it comes to referrals, we must ask another critical question to get the full picture: does getting a referral translate into new business?

In fact, 51.9% of respondents have ruled out referrals before they even speak with the firm in question.

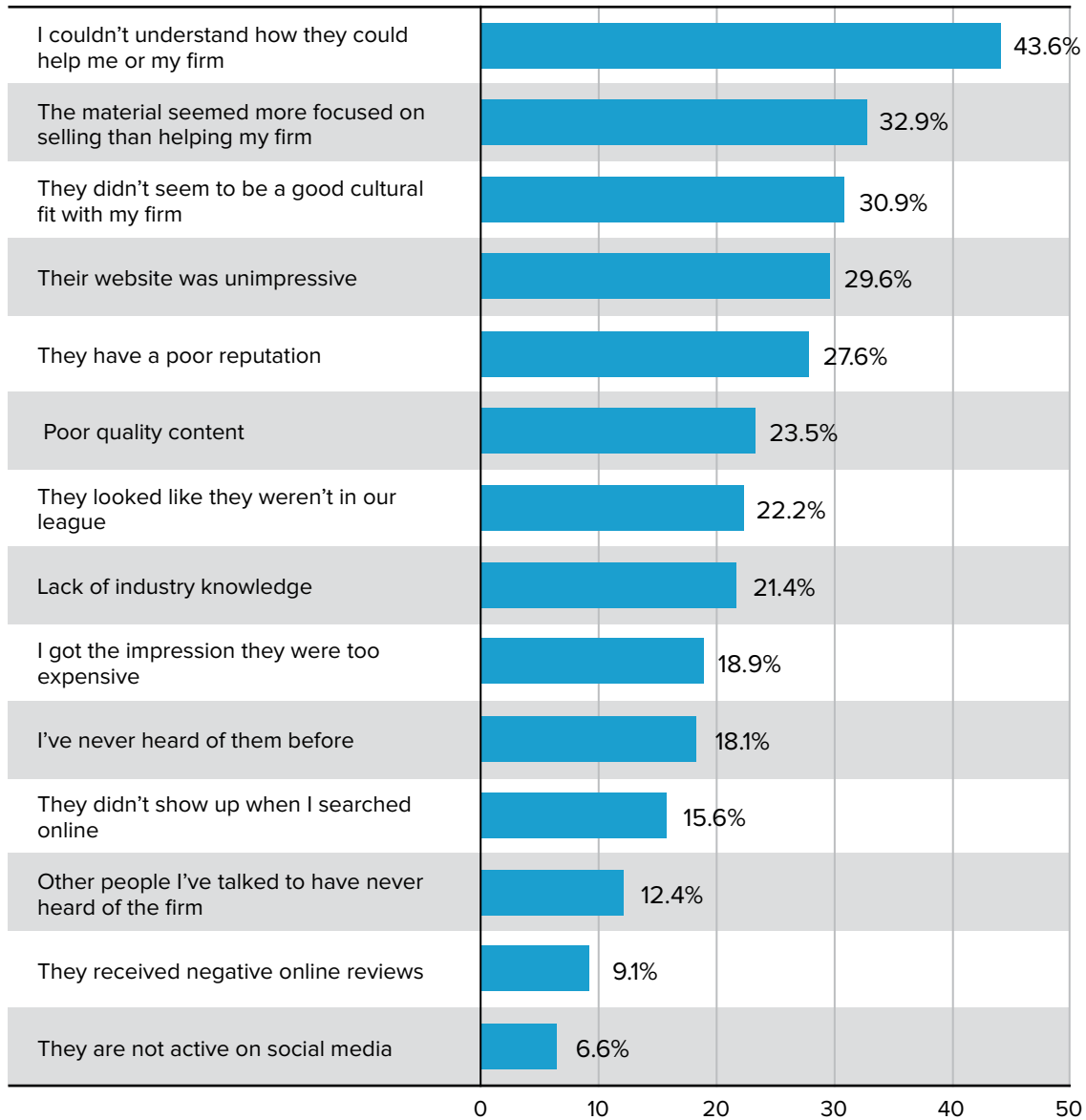
What were the reasons for these ruled-out referrals? We asked our respondents why they ruled out someone who was referred to them before speaking to that firm.



» **51.9%**

of respondents have ruled out referrals before speaking with them.

Figure 7. Why Buyers Rule Out Referrals



The top reason for ruled-out referrals, cited by 43.6% of respondents, was a lack of clarity about the provider's services, expertise, or capabilities. Many of these reasons indicate inadequate marketing materials: insufficient clarity or overemphasis on selling rather than education.

Unimpressive websites and lackluster online presences likewise dissuaded a large body of prospective buyers. Failure to show up online, negative online reviews, and lack of activity on social media all led buyers to rule out potential providers who had been referred to them. This is unsurprising — our **past research**³ has shown that over 80% of buyers look at a firm’s website to check them out.

It is notable that poor reputation rules out many contenders as well — this reinforces the centrality of reputation in the question of referrals, as well as the importance of bolstering reputation through effective projection of one’s expertise and experience across multiple channels, including websites, speaking engagements, social media, blogs and articles, and more.



80%

of buyers look at a firm’s website to check them out.

³ *Visible Experts: How High Visibility Expertise Helps Professionals, Their Firms, and Their Clients*, Hinge Research Institute. www.hingemarketing.com/library/article/visible-experts-how-high-visibility-experts-helps-professionals-their-firms

CON- CLUSION

Referrals are essential — but the process of generating referrals effectively requires more than delivering positive client experiences. It also involves expanding how you generate referrals.

Leveraging your reputation and expertise to encourage referrals from individuals who may not have worked with you is also essential.

In order to succeed, you need to take measures to get people asking for referrals and talking about you. Brand building is a critical piece of the puzzle.

When you receive a referral, it is important not to get ruled out before you have a chance to speak with the prospective purchaser. Do it right and you will turn referrals into opportunities. But having an unimpressive website or a confusing message can kill the referral before you even realize it happened.



ABOUT HINGE

About the Hinge Research Institute

The **Hinge Research Institute** is a division of Hinge dedicated to studying high-growth professional services firms and their clients. We collect data and analyze marketplace trends to discover why some firms grow much faster than average while spending less on marketing. Our mission is to share this knowledge so that every professional services firm can prosper.

We invite you to explore our full library of research reports, books, and other publications at:
www.hingemarketing.com/library

For more information about the Hinge Research Institute, please contact:

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HOW WE CAN HELP

Visible Expert® Program

Designed to help individuals cultivate an authoritative online presence in their area of expertise, the Visible Expert® Program delivers the tools and strategy required to build personal reputation and visibility in the marketplace. Based on extensive research, the Visible Expert® Program helps experts become recognized industry leaders.

Visible Firm® Program

Designed to deliver more referrals, higher profits, and faster growth, the Visible Firm® Program will build a powerful marketing platform to engage your audiences and build your visibility. Based on the most extensive research into high-growth firms ever conducted, the Visible Firm® Program will ground your marketing in science and leverage your firm's expertise to draw in the right audiences.

High Performance Website Program

The High Performance Website Program makes your website into a lead-generating machine — bundling a beautiful new site with a suite of powerful online tools. Designed from the ground up to attract the right visitors from search engines, a high performance site uses educational content, smart offers, and custom features to engage and convert qualified leads.

Branding Program

Our Branding Program is designed to carry your firm's reputation confidently into the marketplace by giving you a suite of powerful branding tools. Based on extensive research and analysis, our branding strategies increase your firm's credibility and visibility in your industry. The services will also differentiate your firm and provide clear, compelling messages for each of your target audiences.

For more information, call 703 391 8870 or email us at info@hingemarketing.com.

To find out how Hinge can help your professional services firm experience faster growth, contact us!

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Take the Next Step

Choose the option that's right for you.



Want to do it yourself?

From step-by-step How-Tos to in-depth courses, Hinge University will give you the skills and know-how to elevate your brand.

Check out Hinge University:
HingeUniversity.com

OR



Need help?

Hinge offers a comprehensive suite of marketing and branding services to increase your visibility and grow your firm.

Let's explore how we can help:
psreferrals@hingemarketing.com