

Executive Summary

How Buyers Buy Professional Services



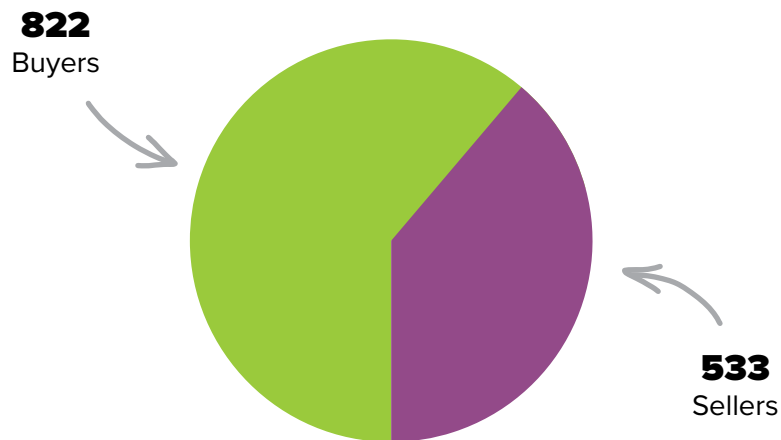
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Introduction

Hinge Research Institute conducted a study of 822 buyers of professional services (Buyers) and 533 professional services providers (Sellers).

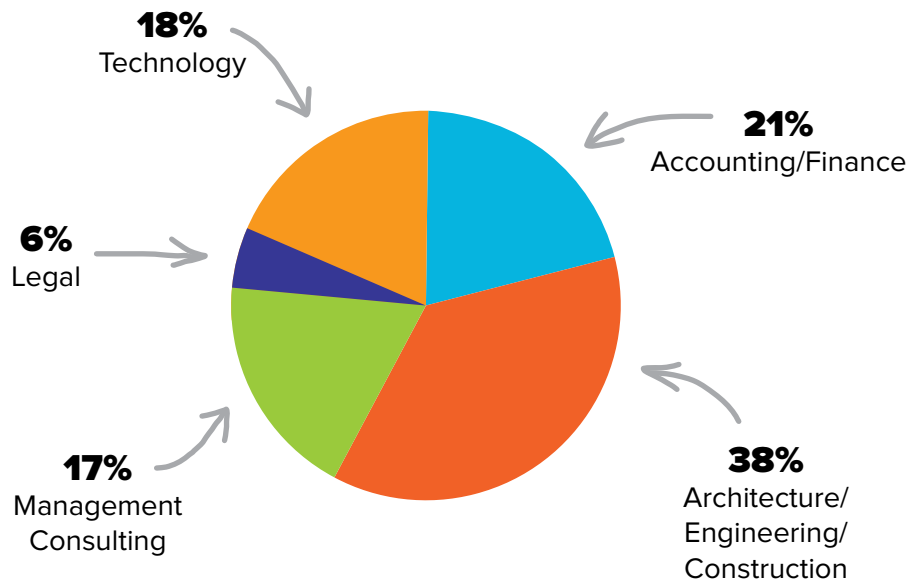
Fig. 1. Professional Services Sample Composition



In this study, Buyers were clients of Sellers. This allowed us to look at the relationship from both perspectives.

The industry breakdown for the overall sample is shown in the accompanying figure.

Fig. 2. Overall Study Industries Composition



Detailed free reports are available for each major professional services industry:

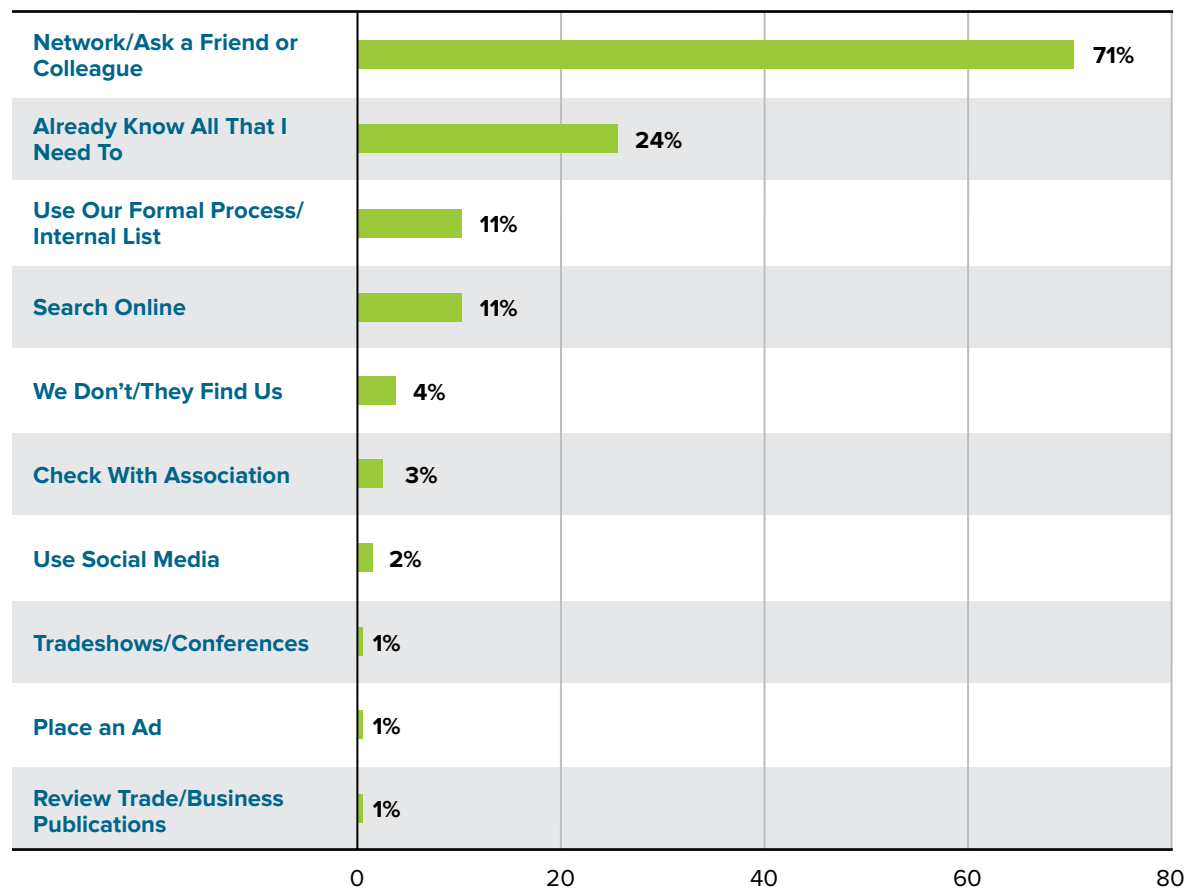
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Key Findings

Selecting a New Firm

When searching for a new provider, Buyers turn first to friends and colleagues (71% of the time), an indication that having a strong brand (good reputation and high visibility) is the top consideration for Sellers. Online search is the second most popular way Buyers seek out a new firm, with 11% overall usage and an impressive 27% in the Management Consulting industry.

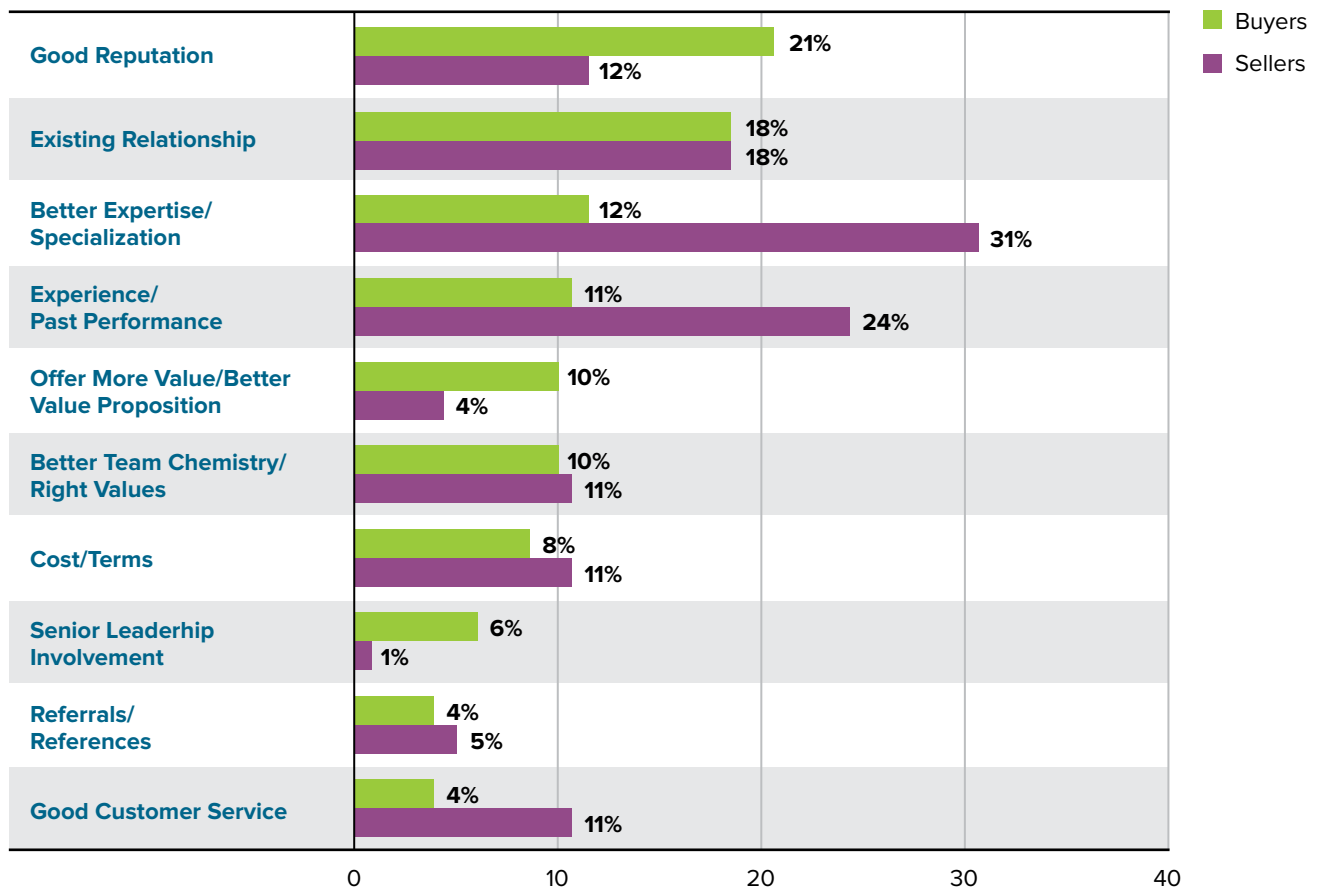
Fig. 3. Top 10 Ways Buyers Search



When deciding between providers, a good reputation is the most important initial selection criteria. At 21%, it is almost twice as important as team expertise or skills (12%) and much more important than an existing personal relationship (18%).

When it comes to making the final selection, the relative importance of some criteria shifts (Figure 4). Reputation remains most important, even trumping an existing relationship.

Fig. 4. Tips the Scale for Winner?



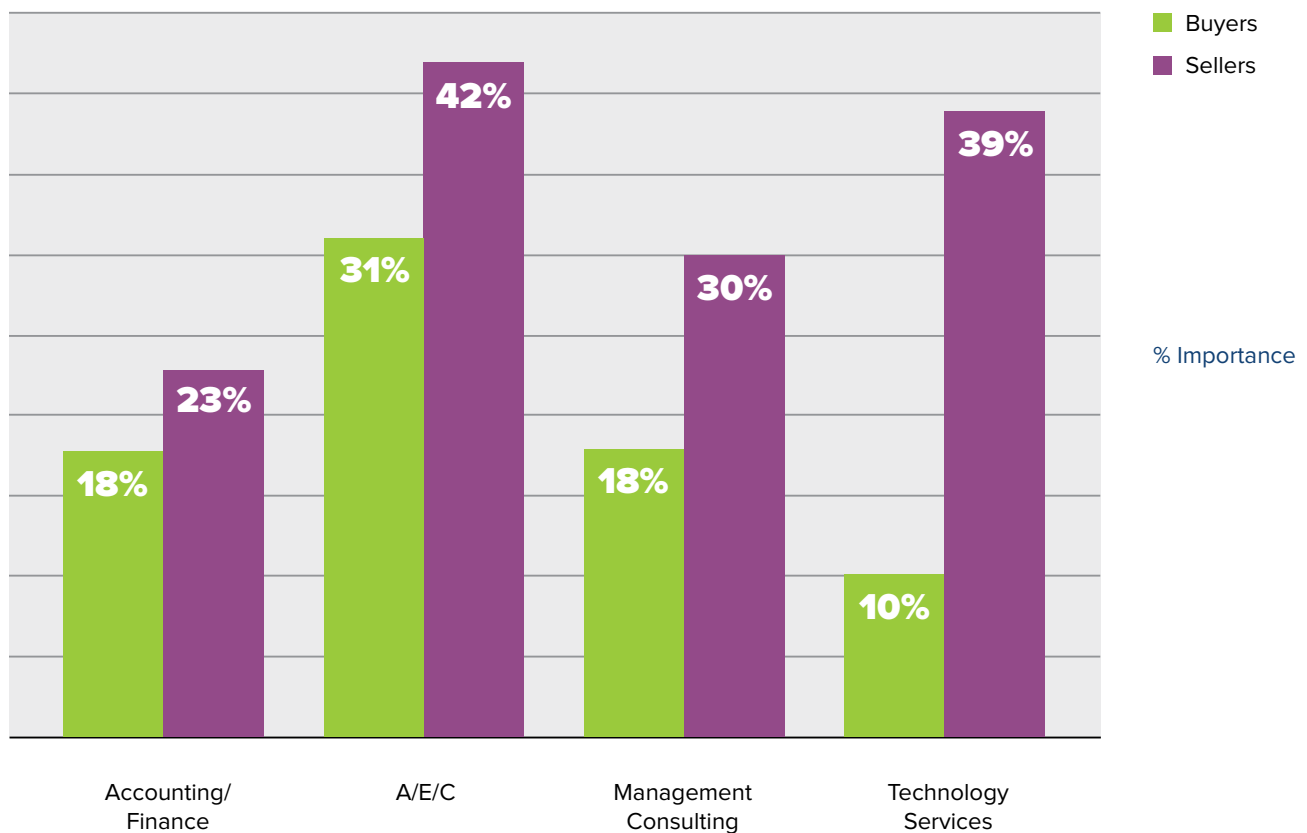
Cost is a minor consideration in the final selection.

Figure 4 also shows that Sellers grossly overestimate the importance of expertise and experience in the final selection. At the same time, they underestimate the role of reputation and a good value proposition.

The Relevance Gap

How important are the services that a firm provides to solving the client’s key issues and priorities? The proportion of Buyers and Sellers rating it as very important (9 or 10 on a 0–10 scale) are shown in Figure 5.

Fig. 5. Importance of the Services that the Firm Provides



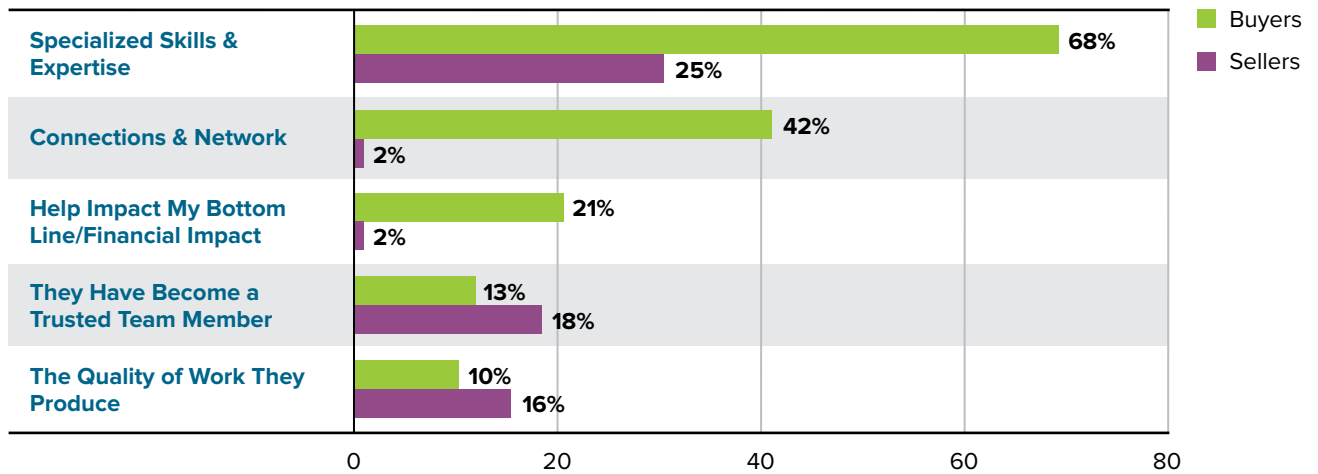
There are important industry differences, with services seen as most important in the AEC industry and least important in Technology services.

The other striking feature of these results is the consistent gap between the assessment of Buyers and Sellers. This “Relevance Gap” has important implications for marketing and sales. Closing the gap could involve anything from clearer messaging to offering new services.

What Buyers Value

Buyers particularly value specialized skill and expertise, good connections, and a bottom-line impact (Figure 6).

Fig. 6. Top Value of Benefit of Service

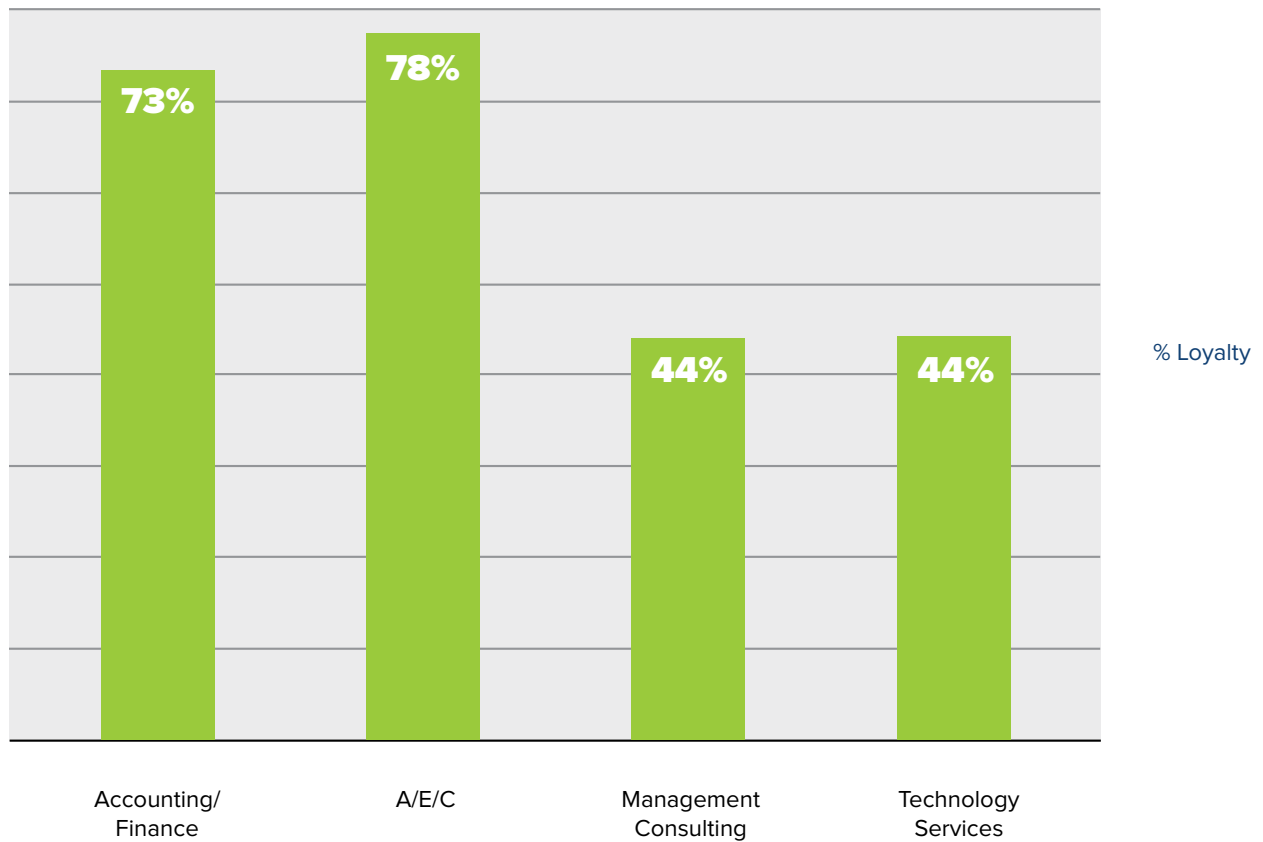


Most Sellers misjudge their value to clients. Understanding this value gap could have a big impact on the entire new business process.

Buyer Loyalty

Buyer loyalty is very different across industries.

Fig. 7. Buyer Loyalty Over 2–3 Years

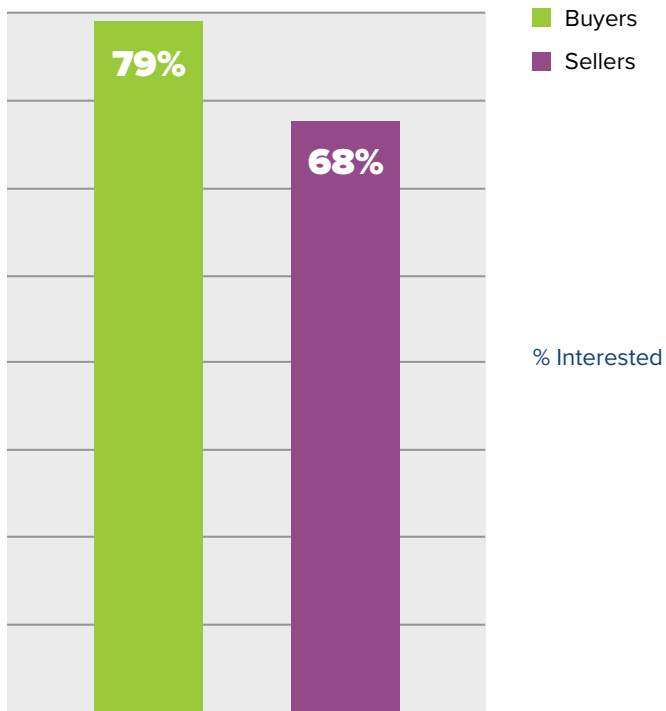


Other data from the industry reports suggest that the easiest way to damage client loyalty is not to do what you say you will.

Cross Selling

Over 79% of Buyers would like more services from their current provider. Unfortunately, 48% of Buyers admit they do not know which services Sellers provide (Sellers think that 80% of Buyers are unaware). Sellers do a poor job of helping Buyers buy more.

Fig.8. Buyers Interested in New Services from Sellers

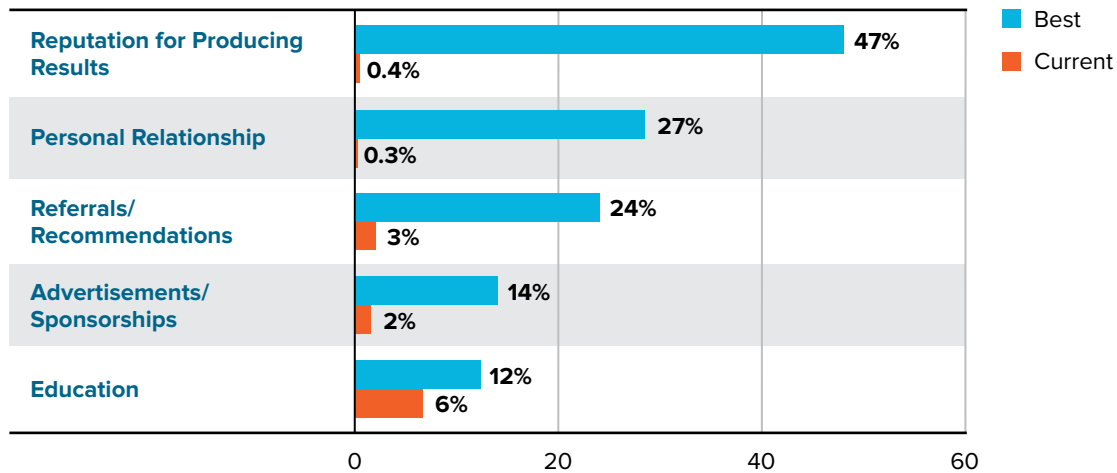


Referrals and Marketing

Most Buyers (69%) are very willing to recommend their service providers. Sellers tend to underestimate this figure. If they don't make a referral, it is usually (72% of the time) because no one asked them to.

Figure 9 shows which marketing approaches Buyers believe would be most effective and their perception of how frequently Sellers currently employ those approaches.

Fig. 9. Buyers' View of Best Marketing Approaches and Their Current Usage

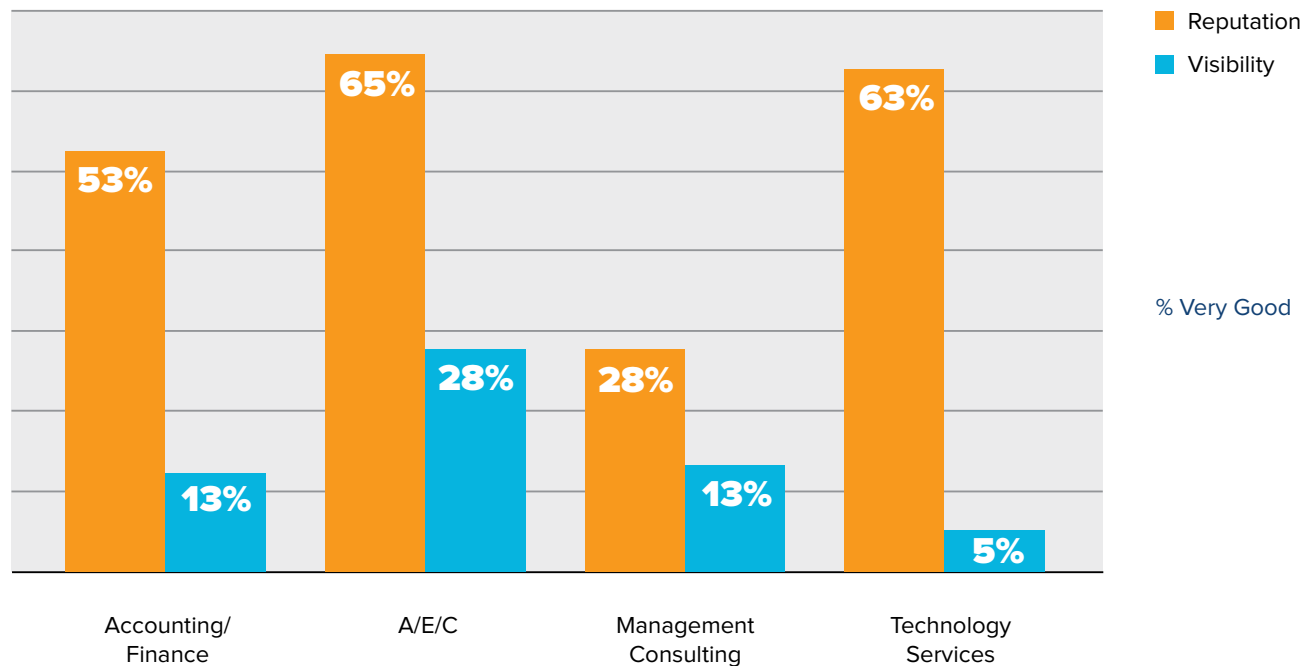


From the Buyers' perspective, the best marketing strategies include developing a reputation for producing results and building personal relationships and referrals. From their vantage point, most current marketing strategies miss the mark.

Building a Stronger Brand

Most professional services firms have relatively strong reputations but suffer from low visibility (reputation and visibility being the key components of a strong brand). Figure 10 shows Buyers' ratings (9 or 10 on a 0–10 scale) of Sellers' reputation and market visibility for all industries.

Fig. 10. Reputation vs. Visibility Perceptions



The gap between these two metrics is most pronounced in Technology Services. Management Consulting also suffers from a relatively low reputation compared to other industries.

These are just a few of this study's major highlights. The full reports also contain supplemental data and commentary from [RAIN Group](#) on selling professional services.

On many measures, there are important industry differences. To find out how your buyers behave, download the full report on your industry. Please select the relevant report from the list below. These reports are free and may be cited with attribution.

- Accounting and Financial Services:
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We share our ongoing discoveries in research reports, webinars, whitepapers, articles and books. Please visit us at www.hingeresearch.com to access our latest research.

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