



2017

# ACCOUNTING & FINANCIAL SERVICES

## RESEARCH

Marketing & Growth Insights

**2017 Accounting & Financial Services Research: Marketing & Growth Insights**  
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# KEY TAKEAWAYS

1. In 2016, accounting and financial services firms had a median annual growth rate of 9.6%, relatively slower than other professional services industries. However, there is potential for firms in these industries to grow faster.
2. High-growth firms were 89% more likely to specialize in serving a particular industry.
3. Compared to firms that experienced average growth, high-growth firms offered 44% fewer services and were 25% more likely to specialize in niche services.
4. Firms with an identified area of specialization experienced 2X faster growth than generalists.
5. Specialized firms focused more on content marketing and demonstrating their expertise than unspecialized firms, who were more likely to pursue a broad, unfocused audience and invest in maintaining their public image.
6. A majority of firms identified “the level of service we provide” as their key differentiator. But a claim made by a majority of competitors, by definition, cannot be a true differentiator.
7. There is opportunity for firms to take advantage of under-used differentiators. Examples include an industry specialization, a unique use of technology and a unusual approach to marketing or business development.
8. Thought leadership and expertise-based marketing techniques are among the most impactful for firms.
9. Compared to the least profitable firms, highly profitable firms were 3X more likely to identify their marketing approach as what differentiates their firm. They were also more likely to use blogging, guest blogging and webinars in their marketing mix.
10. There was a sharp increase in the number of metrics firms used to measure the impact of marketing. Compared to the previous year, firms used 60% more metrics to track marketing success.

# TABLE OF CONTENTS

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<b>5</b>	Background
<b>6</b>	Insights
<b>17</b>	Summary
<b>18</b>	Appendix
<b>23</b>	About Hinge Research Institute
<b>24</b>	How We Can Help

# BACKGROUND

Today's accounting and financial services industry is facing many challenges, including consolidation of firms, slow growth, emergence of new competitors, automation, and commoditization. In this environment, what strategies and techniques are most successful? How are the fastest-growing firms different? And what can an average firm do to grow faster and become more profitable? This research report aims to answer these and many other questions.

This study is part of Hinge's ongoing commitment to conduct and share the most advanced market research on professional services firms. These research findings represent a special analysis of accounting and financial services firms, and they are part of a larger study of high-growth professional services marketing conducted by Hinge Research Institute. It is the most extensive study of its kind.

The sample covered  
**\$16.4 billion**  
in combined  
revenue.

## METHODOLOGY

256 accounting and financial services firms with \$16.4 billion dollars in combined revenue answered an extensive survey instrument. Of this sample, 129 firms provided the requisite three years of financial and operational data to be included in the growth analysis.

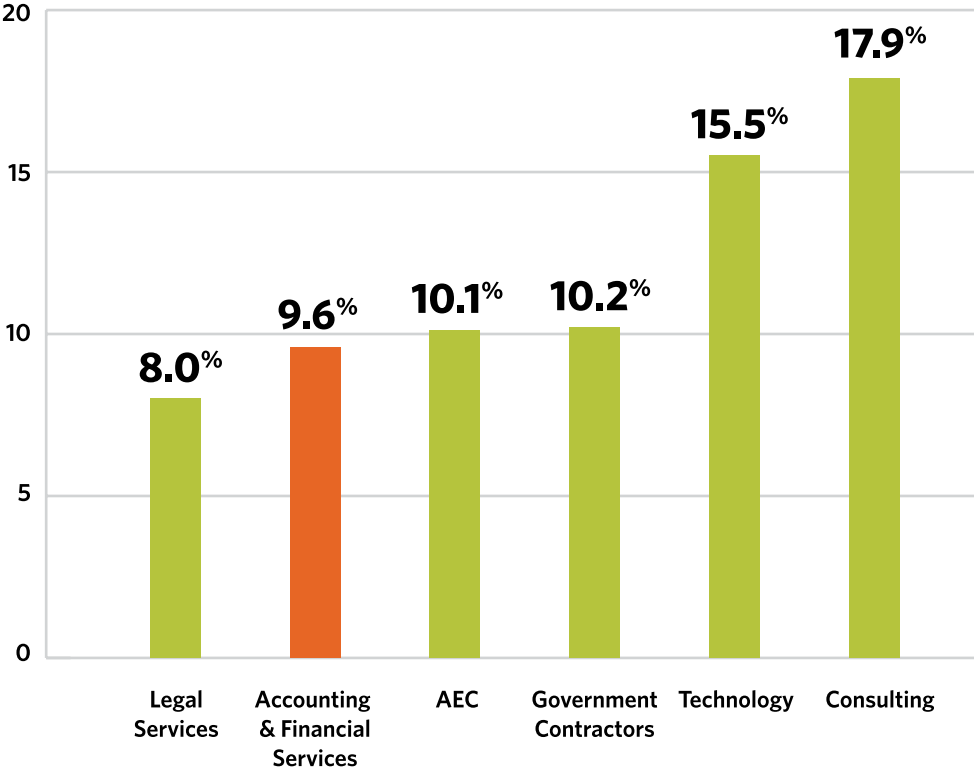


# INSIGHTS

## Accounting and financial services is a relatively slow-growth industry, but there's still growth potential.

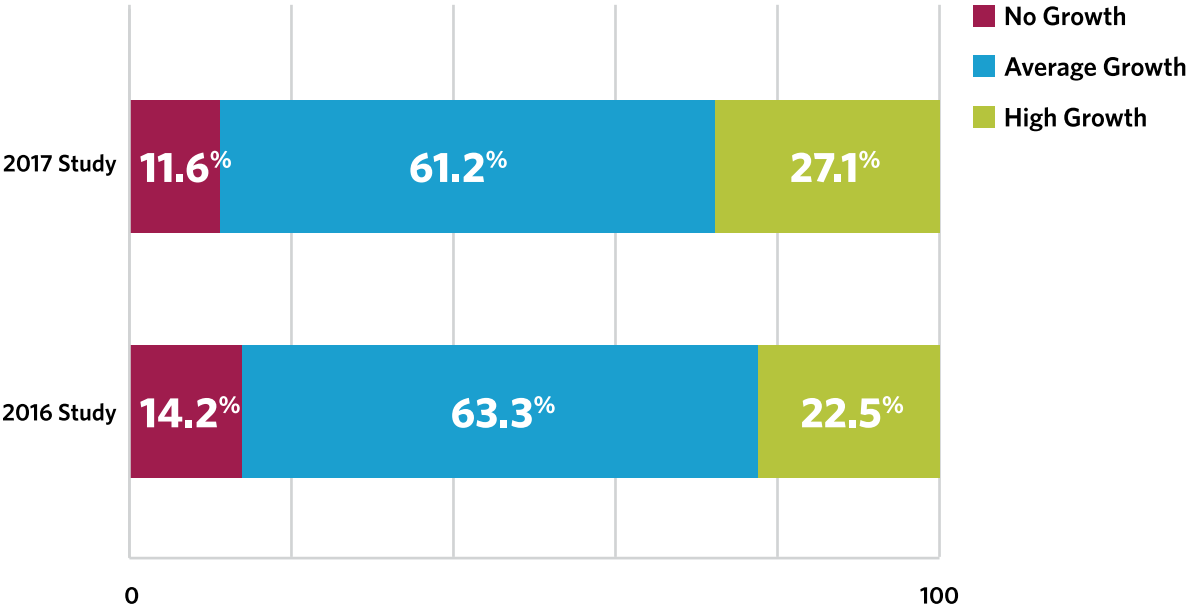
The industry saw a median growth rate of 9.6% — relatively slower than other professional services industries (see Figure 1). However, that does not mean high growth is unattainable. In fact, many firms in the industry achieve it.

Figure 1. Median Annual Growth by Industry



Accounting and financial services may be a low growth industry, but it has improved since a year ago. 27.1% of firms experienced rapid growth (we define high growth as at least 20% annual compound growth sustained over at least two consecutive years). That's up from 22.5% in last year's study, a 20.4% increase). This relationship is shown in Figure 2.

**Figure 2. Accounting & Financial Services Firms by Growth**



## High-growth firms were more likely to specialize in serving a particular industry.

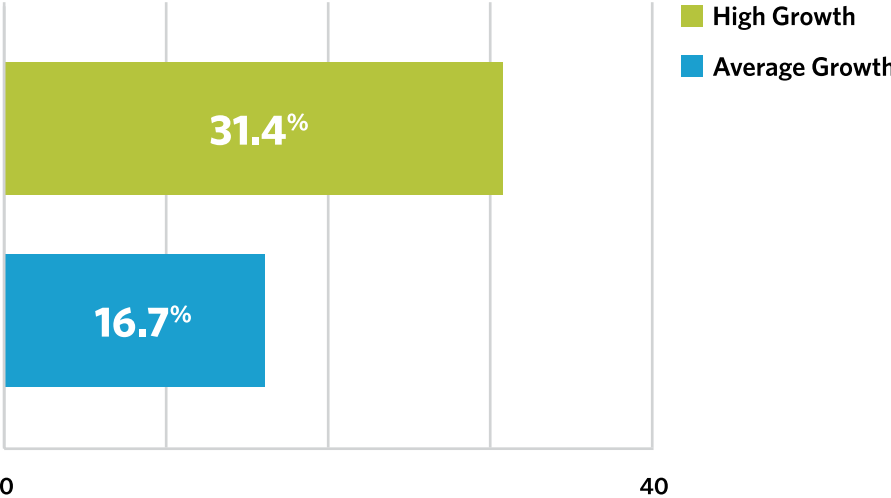
We asked firms to rate their level of specialization on a scale of 0-10 (10 being most niche and specialized) in five areas of focus:

- 1. Solving particular client challenges
- 2. Offering highly niche services
- 3. Helping particular roles in client organizations
- 4. Specializing in an industry
- 5. Specializing in a geographic region

While having an industry specialization does not appear to be successful for other professional services firms that we've studied, accounting and financial services firms break the mold. High-growth firms were 89% more likely to specialize in serving a particular industry than average-growth firms. This relationship is shown in Figure 3.

High-growth firms were **89% more** likely to specialize in serving a particular industry.

**Figure 3. High-Growth Accounting & Financial Services Firms are More Likely to Have an Industry Specialization**



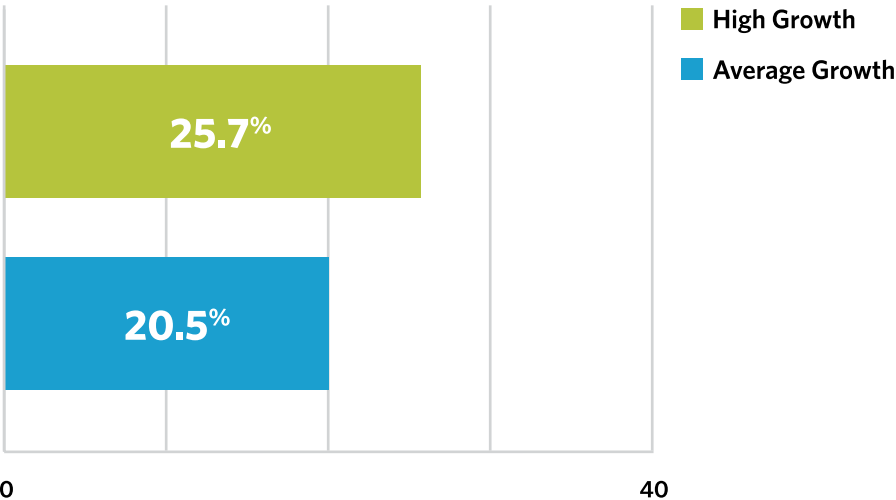


### The fastest growing firms offer fewer, more niche services.

High-growth firms were 25% more likely to specialize in niche services than average-growth firms. These high-growth firms also had 44% fewer services listed on their marketing materials.

The proportion of firms offering niche services is shown in Figure 4.

**Figure 4. High-Growth Accounting & Financial Services Firms are More Likely to Offer Niche Services**



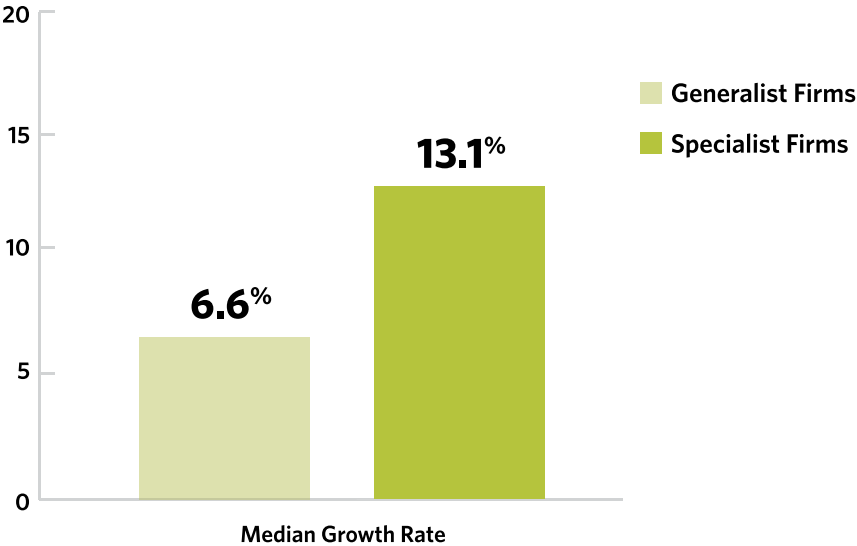
High-growth firms were **25% more** likely to specialize in niche services.

## Specialized firms grow twice as fast as generalists.

To better understand the impact of specialization, we decided to dig a little deeper by looking at firms that identified as being highly specialized in at least one of the five areas (specialists) compared to firms that had no area of specialization (generalists).

We found there is a relationship between specialization and high growth. Specialists grew 2X faster than generalists. The comparison of median growth rate between generalist and specialists is shown in Figure 5.\*

**Figure 5. Median Growth by Accounting & Financial Services Firm Specialization**



Specialists grew  
**2X faster**  
than generalists.

\*The proportion of generalist to specialist firms in our study can be found in the appendix.

## Specialized firms market their services differently than generalists.

Compared to generalists, specialists used different techniques in their marketing mix. They tended to be more focused on content and demonstrating their expertise.

In contrast, the marketing techniques most favored by generalists were more focused on image and reaching a broad, unfocused audience.

Table 1 compares the marketing techniques most favored by specialists and generalists.

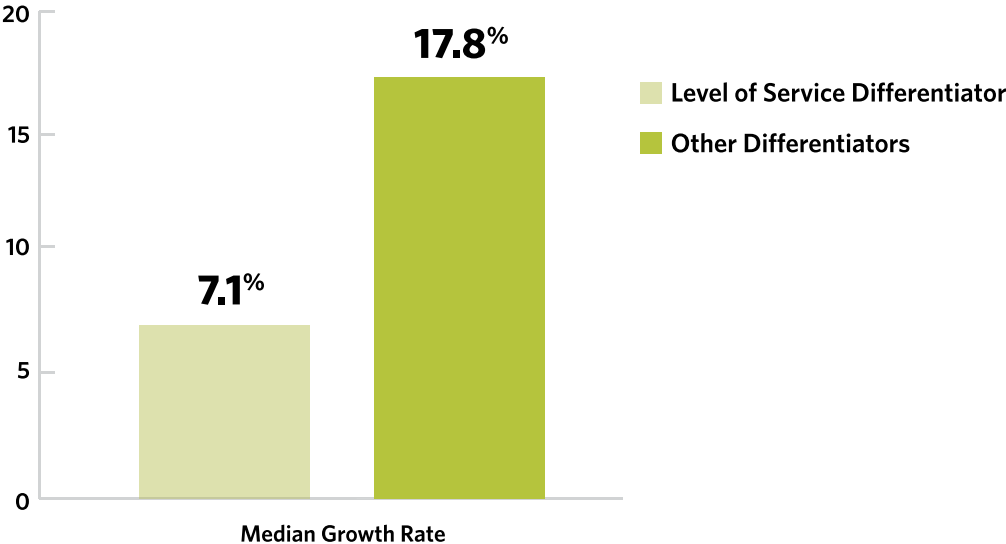
**Table 1. Favored Marketing Techniques by Level of Specialization**

<b>Techniques Favored by Specialists</b>	<b>Techniques Favored by Generalists</b>
Webinars	Print Advertising
Email Marketing	Awards
Phone Marketing	Photography & Imagery
Downloadable, Educational Content	Marketing Video
Guest Blogging	Public Relations

## The differentiator favored most by firms doesn't actually differentiate.

Many firms — 63%, in fact — identified “the level of service we provide” as the thing that separates their firm from the competition. Because a majority of firms make this claim, however, it can't be a true differentiator. On the other hand, firms that focused on other differentiators grew 2.5X faster. This relationship is shown in Figure 6.

Figure 6. Median Growth Rate by Differentiators



## There is opportunity for firms to focus on under-used differentiators.

We know “the level of service we provide” is the most overused differentiator among accounting and financial services firms. But what other opportunities are there to differentiate a firm?

The differentiators cited least frequently by the firms in our study are shown in Table 2. These may represent some of the best opportunities because they are associated with high-growth professional services firms and they’re not widely used within the accounting and financial services industry.

**Table 2. Under-Used Differentiators**

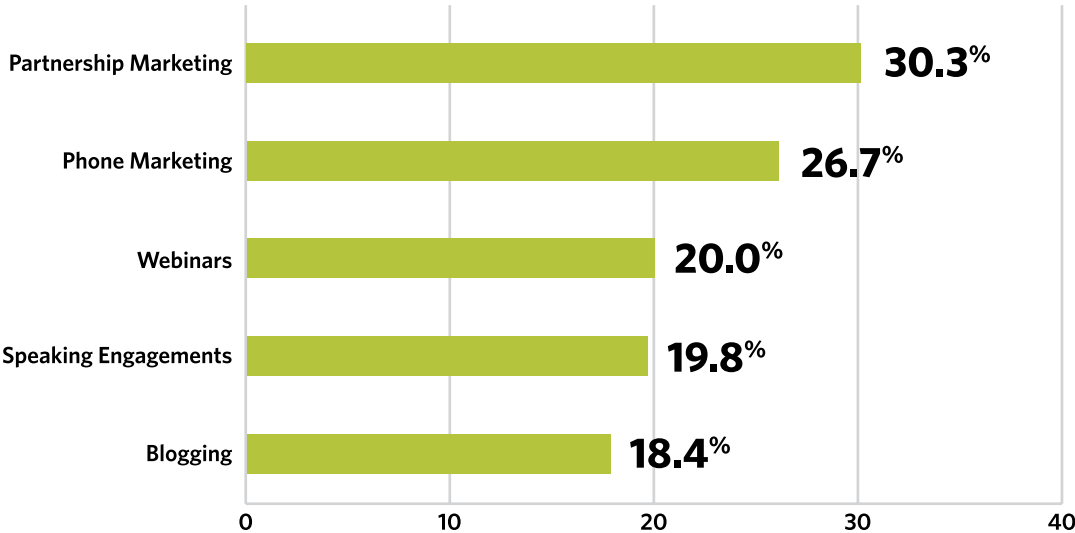
<b>Under-Used Differentiators</b>
Marketing/Business Development Approach
Our Use of Technology
The Industry We Target

**Thought leadership and expertise-based marketing techniques are among the top 5 most impactful marketing techniques for firms.**

In this study, we asked respondents about 24 possible marketing techniques. Respondents rated the impact of each marketing technique they had used on a scale of 0-10, with 10 being the most impactful.

Of the marketing techniques examined, five rose to the top. Figure 7 shows the proportion of firms that gave an impact rating of 9 or 10 for each technique.

**Figure 7. Top 5 Most Impactful Marketing Techniques for Accounting & Financial Services Firms\***

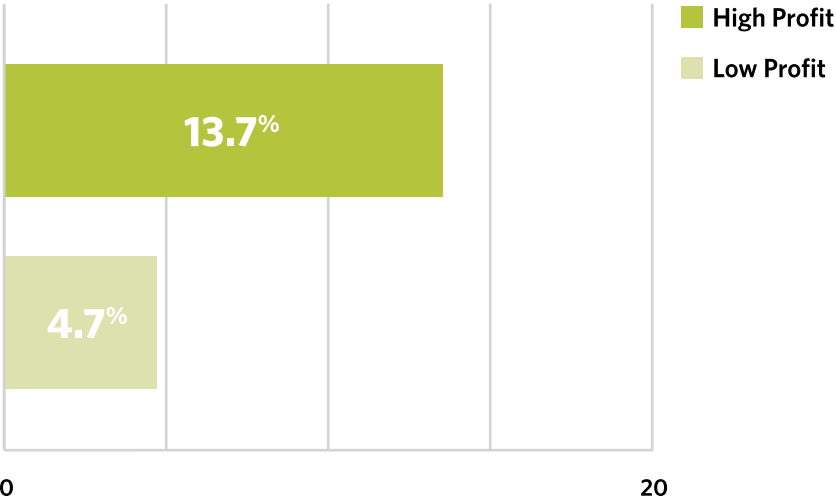


\*Each listed technique was used by at least 20% of firms.

## The most profitable firms market their services differently.

Compared to firms with smaller margins, highly profitable firms (firms that experienced at least 20% net profit over at least 2 consecutive years) were 3X more likely to identify their marketing/business development approach as what differentiates their firm. This relationship is shown in Figure 8.

**Figure 8. Highly Profitable Accounting & Financial Services Firms are More Likely to Identify Their Marketing Approach as a Differentiator**



### What does it mean to use a unique approach to marketing or business development as a differentiator?

Highly profitable firms were more likely to use techniques known to be effective in demonstrating expertise. The techniques favored by highly profitable firms are shown in Table 3.

**Table 3. Techniques Most Favored by Highly Profitable Firms**

Most Favored Techniques
Guest Blogging
Bloggging
Webinars

## Accounting and financial services firms are using more marketing metrics than in the past.

The most impactful marketing mix for firms contains both digital and traditional methods. But only digital marketing techniques can be measured with relative ease and accuracy. As a result, digital marketing offers a unique opportunity to understand what's working and what isn't.

Firms in the study measured 60% more marketing metrics than last year. The metrics more frequently measured are shown in Table 5.

**Table 5. More Frequently Measured Metrics**

<b>More Frequently Measured Metrics</b>
Number of New Clients Acquired
Number of Leads Generated
Web Conversions (Actions Taken on Website)
Social Media Engagement
Speaking Engagement Invitations



# SUMMARY

While overall growth within the accounting and financial services industry is relatively low, an increasing number of firms are finding opportunities to grow. The findings presented in this report provide insights into the strategies that high-growth firms are using to achieve success. These strategies can be readily implemented by others within the industry.

## HOW TO LEARN MORE

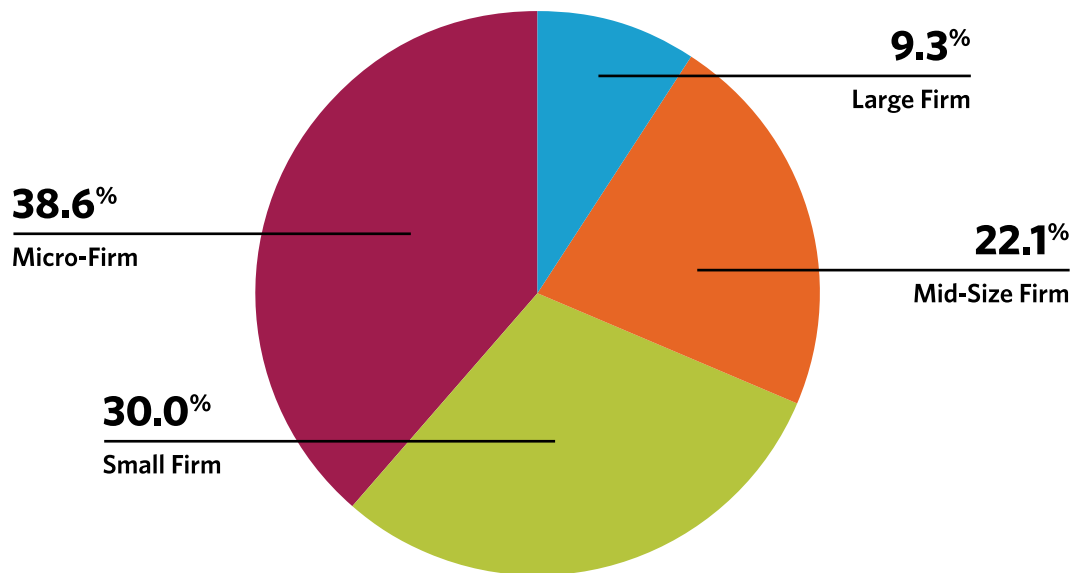
This research summary is made available as a public service to the Accounting & Financial Services community. We provide more detailed results and analysis to Hinge clients and research participants. They are not available for purchase.

To participate in new studies and gain free access to detailed results, analysis and advice, please contact us at [lfrederiksen@hingemarketing.com](mailto:lfrederiksen@hingemarketing.com).

To learn more about Hinge's branding and marketing services, please contact us at [info@hingemarketing.com](mailto:info@hingemarketing.com) or call us at 703 391 8870.

# APPENDIX

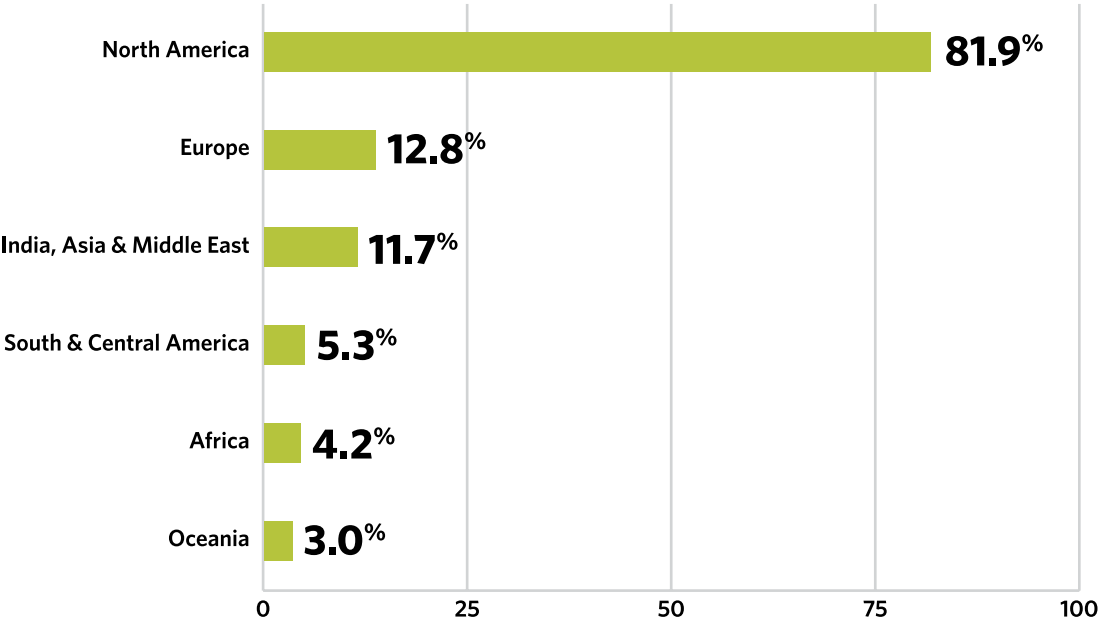
**Figure A1. Accounting & Financial Services Firms by Size**



**Table A1. Size Category Description**

<b>Large Firms</b>	\$50 million or greater in revenue and more than 200 employees
<b>Mid-Sized Firms</b>	Between \$5 million and \$49.9 million in revenue and between 50 and 200 employees
<b>Small Firms</b>	Between \$1 million and \$4.9 million in revenue and fewer than 50 employees
<b>Micro Firms</b>	Less than \$1 million in revenue and fewer than 3 employees

**Figure A2. Regions Where Accounting & Financial Services Firms Conduct Business**



**Figure A3. Roles Targeted by Accounting & Financial Services Firms**

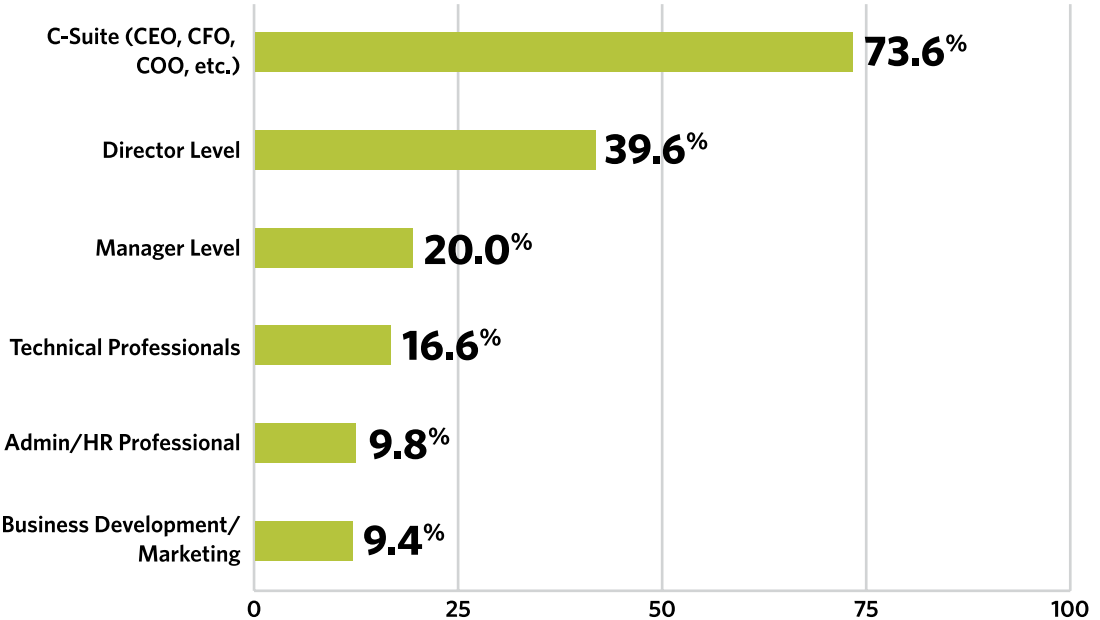


Figure A4. Accounting & Financial Services Firms by Profit Group

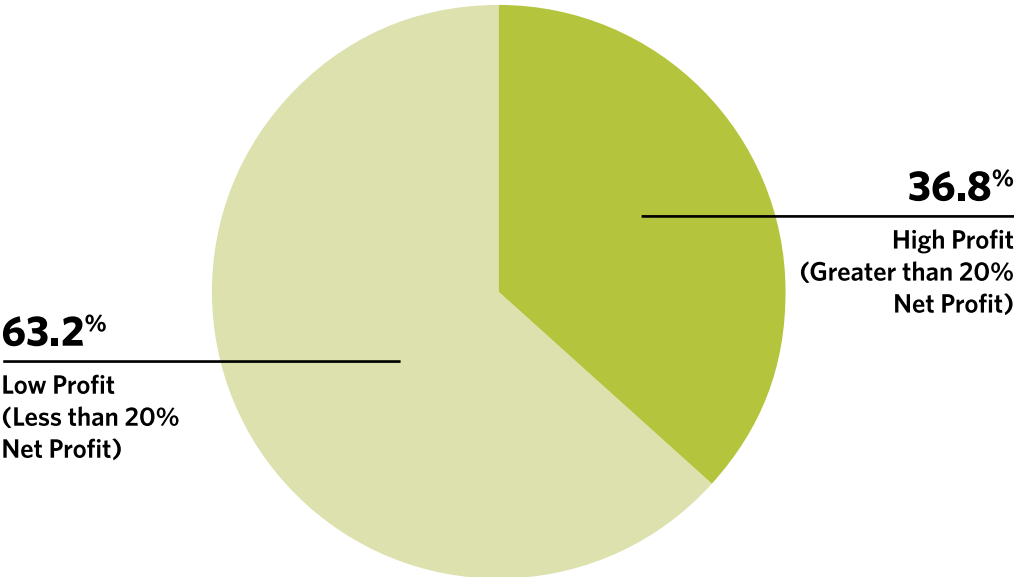
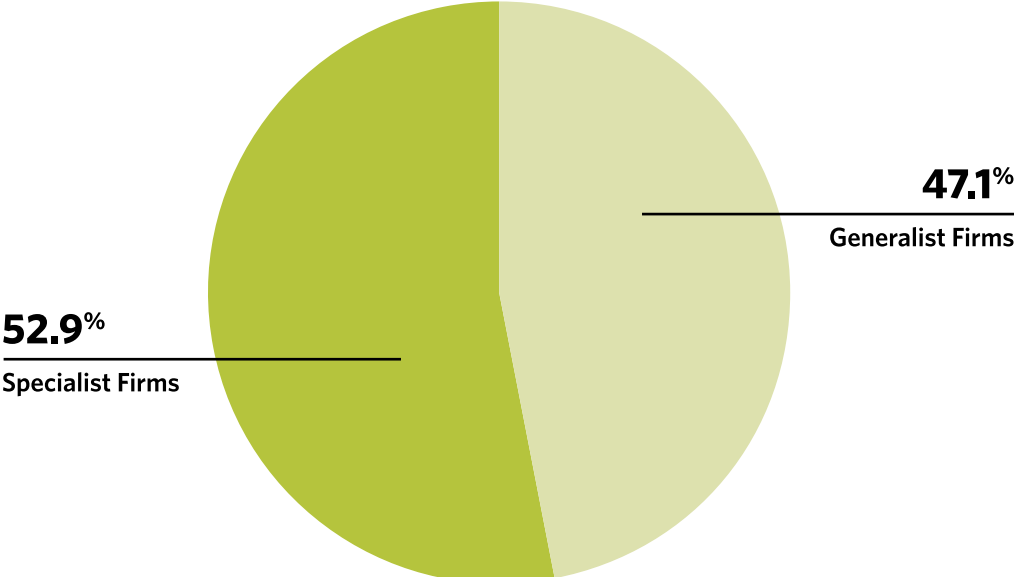
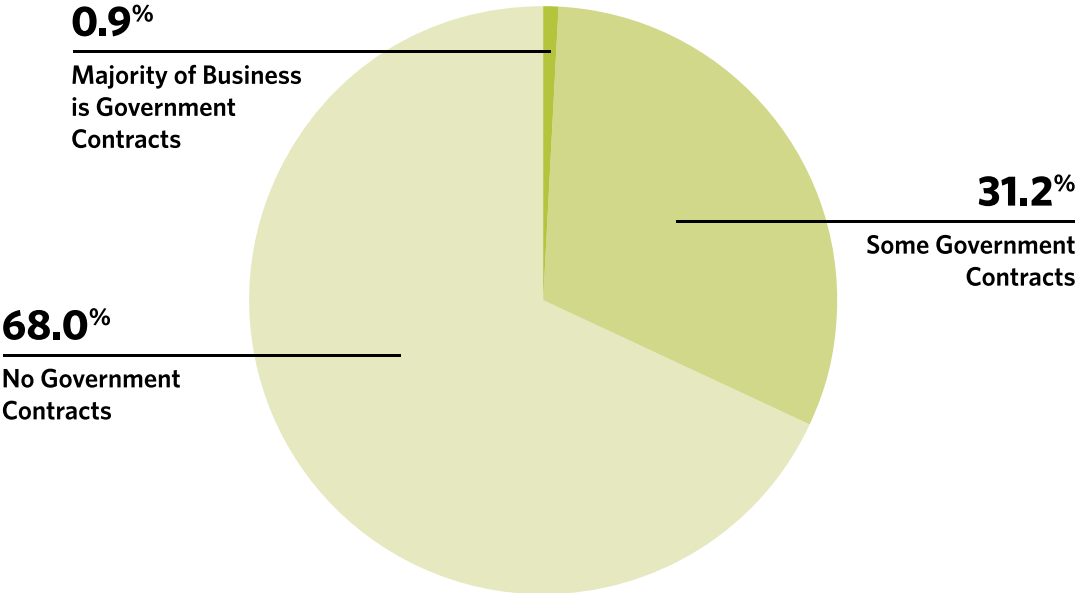


Figure A5. Accounting & Financial Services Firms by Specialization



**Figure A6. Level of Government Contracts Among Accounting & Financial Services Firms**



**Table A2. Marketing Technique Descriptions**

<b>Awards</b>	Applying for, winning, and showcasing awards won by a firm.
<b>Blogging</b>	Writing short articles to be published on the blog section of a firm's website.
<b>Conferences, Trade Shows &amp; Networking Events</b>	Attending conferences, trade shows, or other networking events for marketing or business development.
<b>Direct Mail</b>	Shipping marketing material to the physical address of target client organizations.
<b>Downloadable, Educational Content</b>	Creating and sharing a premium piece of content (e.g., guide, book, report, etc.). May involve giving information — like an email address — in exchange for the content.
<b>Email Marketing</b>	Using email to send educational or marketing messages to a target audience.
<b>Guest Blogging / Guest Articles</b>	Securing placement for a written blog post on an outside blog or other publication.
<b>Marketing Collateral</b>	All branded materials intended to support marketing and business development (e.g., brochures, giveaways, service descriptions, etc.).
<b>Marketing Video</b>	Creating professional quality video to market a firm (e.g., overviews, testimonials, speaking videos, etc.).
<b>Online Advertising</b>	Advertisements in purchased space online (e.g., PPC, banner ads, etc.).
<b>Outbound Phone Marketing</b>	Calling prospective client organizations with intentions to market or sell a service.
<b>Partnership Marketing</b>	A mutually beneficial marketing relationship between a firm and another organization (e.g., co-branded educational events).
<b>Photography &amp; Imagery</b>	Using professional photography or animations for aesthetic marketing appeal.
<b>Print Advertising</b>	Advertisements in purchased space within a publication, billboard, or other traditional print channels.
<b>Professional Association Memberships</b>	Using networking opportunities through professional associations for marketing and business development.
<b>Public Relations</b>	Leveraging news and media outlets to bring public awareness to major developments within the firm.
<b>Publishing Printed Content</b>	Publishing printed items such as books, newsletters, and magazines.
<b>Search Engine Optimization</b>	Maximizing website visitors by understanding and leveraging search engine algorithm tendencies.
<b>Social Media Marketing</b>	Using social networking platforms to market a firm.
<b>Speaking Engagements</b>	A subject matter expert speaking at an event on a topic relevant to the target audience.
<b>Sponsorships</b>	Providing money or other value in exchange for branded visibility at an event.
<b>Television and Radio Advertising</b>	Advertisements in purchased space on TV or radio channels.
<b>Webinars</b>	Developing and presenting live or pre-recorded educational material to an online audience.
<b>Website</b>	The online representation of a firm.

# ABOUT 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](http://www.hingemarketing.com/library)

Many research findings are shared only with our clients and study participants. If you would like to get the full story, we encourage you to participate in our next study. It's free and confidential — and you will get access to critical information not available to the public.

**Become a study participant today!**

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

*Research Director*

**Lee W. Frederiksen, Ph.D.**

lfrederiksen@hingemarketing.com

703 391 8870

# HOW WE CAN HELP

## **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.

## **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.

## **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.

## **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.

For more information, call 703 391 8870 or email Lee Frederiksen, Managing Partner at [lfrederiksen@hingemarketing.com](mailto:lfrederiksen@hingemarketing.com).

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

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