

How Clients Buy:

2009 Benchmark Report on Professional Services Marketing & Selling from the Client Perspective

Mike Schultz, Publisher, RainToday.com

John Doerr, President, Wellesley Hills Group

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2009 Benchmark Report on
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For information contact:
RainToday.com Customer Service
600 Worcester Road, Suite 301
Framingham, MA 01702
508-405-0438
service@raintoday.com

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Letter from Erica Stritch, General Manager, RainToday.com

Welcome to the 2009 edition of *How Clients Buy: Benchmark Report on Professional Services Marketing and Selling from the Client Perspective*, where we take an in-depth look at the purchasing process used by professional services buyers when evaluating service providers before doing business with them.



This report provides data from more than 200 buyers of accounting and financial consulting, architecture, engineering, and construction services, human resources consulting, IT consulting and services, legal services, management consulting, marketing, advertising, and PR, and training services. Collectively, these buyers are responsible for more than \$1.7 billion in professional services purchased in the past year.

Our goal is to not only provide you with data analysis, but to give you ideas on how to act on that data with commentary and recommendations. *How Clients Buy* provides you with the knowledge you need to:

- **Understand buyers' purchasing tendencies** from where they go to find service providers to the factors that influence their ultimate decision to choose one firm over another.
- **Identify areas for improvement** in your own marketing and sales processes that will have the greatest impact on your ability to win new clients.
- **Paint a picture of the service purchasing landscape in 2009-2010** from service spending outlook to client satisfaction levels (including how client satisfaction affects a buyer's propensity to switch to new providers).

In addition to results from newly gathered data, we also identify and highlight trends and significant changes compared to the 2005 *How Clients Buy Benchmark Report*.

This report is appropriate for firms that sell to large and small organizations, and for large and small firms. We analyzed the data from a number of perspectives to identify differences across industries, firm size, organization size, buyer industry, satisfaction, and more. The data is largely applicable as-is to all firms; we noted differences where found.

If, by chance, you are looking for something in this report and you don't find it, send me an email and we'll see how we can help.

Best wishes for growth in the coming years... And remember, RainToday...Dark by Midnight.

A handwritten signature in blue ink that reads "Erica M. Stritch".

Erica Stritch
General Manager, RainToday.com
estritch@raintoday.com

Key to Terms

The following terms are used in this report.

Term	Definition
Respondents/Buyers	Panel survey respondents. All respondents were either responsible for making purchasing decisions or were primary influencers for purchase decisions for professional services in their companies within the past two years. The term “respondents” is used interchangeably with “buyers,” “service purchasers,” and “decision makers.”
Loyals	Purchasers who “probably will not” or “definitely will not” switch.
Switchers	Purchasers who “definitely will,” “probably will,” or “might or might not” switch. (A rating of 5, 4, or 3 on a 5-point scale = “definitely will” switch; a rating of 1 = “definitely will not” switch. The “3s” are included as Switchers because their indifference indicates a willingness to switch, more than a loyalty to current providers.
Service specialty	The eight service areas that the survey covered: accounting/financial services, architecture/engineering/construction, HR consulting, IT services/consulting, legal services, management consulting, marketing/advertising/public relations, and training.
Industry	The industry of the buyers: retail/wholesale, finance/insurance/real estate, manufacturing, professional services, healthcare/pharmaceutical, and government.

Section 1. Introduction

Research Highlights

This summary presents research findings from *How Clients Buy: 2009 Benchmark Report on Professional Services Marketing and Selling from the Client Perspective*. In addition to presenting results from newly gathered data, we also identify trends and significant changes compared to the original 2005 benchmark report.

RainToday.com surveyed 231 buyers (with 200 answering all questions) of professional services including:

- Accounting & Financial Consulting
- Architecture, Engineering, & Construction Services
- Human Resources Consulting
- IT Consulting & Services
- Legal Services
- Management Consulting
- Marketing, Advertising, & Public Relations
- Training Services

In the past year, these buyers have directly purchased more than \$1.7 billion of professional services as a whole, representing substantial experience with the process of identifying and contracting with service providers.

Highlights of this introductory summary focus on: the services spending outlook, satisfaction measures, likelihood to switch service providers, how buyers initially identify providers, problems experienced by buyers, and how buyers ultimately decide to hire service providers. The sections that follow explore these areas, and more, in greater detail.

Note that this report addresses the purchase process—including beliefs and preferences—from the buyer’s perspective; it does not report data on marketing and sales tactics that work according to testing and measurement by service providers. It offers an in-depth look at the vehicles, factors, and litmus tests clients themselves say they use when evaluating professional services providers before doing business with them.

What's the Spending Outlook?

A dramatic shift in the professional services spending outlook of buyers has occurred since we conducted the original 2005 benchmark study. In 2005, 44-60% of buyers, depending on service area, expected a near term increase in spending. But in the most recent study, just 23-49% of buyers expect spending to increase in 2009–2010. Additionally, 39-62% of buyers expect spending to decrease, and 8-17% expect spending to remain the same. (See p. 9)

Are Clients Satisfied with Their Service Providers?

We asked respondents how satisfied they are with the professional service providers their company is currently using. In 48% of the buying relationships across service areas, buyers rate their satisfaction as a “5” out of “5,” they are “very satisfied” with their current providers. This compares to 38% of buyers in 2005 who were “very satisfied” with their service providers. (See p. 10)

Which Service Providers Get the Highest & Lowest Marks?

Buyers gave the highest mean satisfaction ratings (4.40 out of 5.00) to Accounting & Financial Consulting. The lowest mean satisfaction ratings (4.06 out of 5.00) went to Marketing, Advertising, & Public Relations. (See p. 11)

How Likely Are Clients to Switch Providers?

When we asked respondents how likely they are to consider switching their current provider of professional services, we found that across all service areas, more than 50% of purchasers could be considered Switchers, open to changing providers in the next two years, ranging from 52% Switchers for Legal Services to 72% Switchers for Management Consulting. (See p. 14)

Are Satisfied Clients Open to Switching Providers?

Only “very satisfied” buyers were more likely to be Loyals (versus Switchers). Among those who are “somewhat satisfied,” the majority (72%) would consider switching providers. Among clients who reported being “very satisfied,” 43% were Switchers. (See p. 17)

How Do Buyers Initially Identify Providers?

Top Tier: Referrals and Awareness. Not surprisingly, the most common ways decision makers initially identify and learn about their service providers included referrals from colleagues or from other service providers (the “somewhat likely” or “very likely” method used by at least 75% of respondents) and personal recognition or awareness of the provider, or the provider's brand.

Second Tier: Face-to-Face. Overall, 62-66% of buyers were “somewhat likely” or “very likely” to identify and learn about service providers through in-person seminars and presentations at conferences or events, both of which offer the chance for buyers to evaluate providers face-to-face and interact with them. (See p. 22)

Are Buyers Tapping into Different Marketing Vehicles Compared to 2005?

Phone Calls & Webinars: Compared with the 2005 study, respondents in late 2008 were more likely to identify and learn about service providers via a telephone call from a representative of the service firm (20% “very likely” in 2008 vs. 12% in 2005) or from a webinar (19% in 2008 vs. 12% in 2005).

Print Articles & Ads: In late 2008 respondents were less likely to identify and learn about service providers via a trade magazine article or story (50% in 2008 said they were “very / somewhat likely” to use trade magazines vs. 60% in 2005) or from a print advertisement (15% in 2008 said they were “very unlikely” to use print ads vs. 8% in 2005). (See p. 23)

How Has the Influence of Websites Changed Since 2005?

In late 2008, 83% of buyers reported the service provider's website holds “some influence” or “a great deal of influence” over their decision to engage in initial discussions with that service provider. This is a significant increase compared to 2005, when 69% of buyers assigned websites at least “some influence” over this decision. Furthermore, whereas only 16% of 2005 buyers said websites have “a great deal of influence” over their decision to contact the service provider, 28% of buyers said websites greatly influenced their decisions in 2008. (See p. 29)

What Are the Top 5 Factors in Clients’ Hiring Decisions?

Based on how commonly buyers ranked each factor among their top influences, here’s the **Top 5 list**:

1. Experience in my industry / business (75%)
2. Overall costs or fees (74%)
3. Experience in the specific area where I have needs (68%)
4. Overall value the provider can deliver (59%)
5. Variety of services offered by the provider (47%)

Which Factors Influence Clients More in 2008 than 2005?

Buyers in late 2008 tend to place more importance than those in the 2005 study did on several decision factors when it comes to hiring professional services providers:

- **Written proposal:** “extremely important” to 36% in 2008 vs. 24% in 2005
- **Overall costs or fees:** “extremely important” to 51% in 2008 vs. 41% in 2005
- **Proximity of the provider to my work location:** “extremely important” to 25% in 2008 vs. 15% in 2005
- **Provider's website:** “extremely important” to 21% in 2008 vs. 11% in 2005

What Problems Do Buyers Experience?

The most commonly experienced problems by buyers were that service providers did not listen to them (38%), did not respond to requests and correspondences in a timely manner (30%), and did not understand their needs (30%). (See p. 44 to learn which problems have the greatest impact if fixed.)

What Are the Most Compelling Ways to Build Initial Trust with Buyers?

Buyers considering working with a service provider with whom they have never worked before identified the following most compelling ways for the provider to develop initial trust:

1. Communication
2. Experience
3. Referrals / Recommendations
4. Personal Characteristics

Analysts' Observations and Recommendations

Given that this report covers the gamut of marketing and selling for professional services, it's tempting to make general recommendations for "what you should do" for your marketing and selling. Much as we might like to do that, our observations and recommendations focus on:

1. What you should pay attention to regarding how the purchasing (and selling) environment for professional services has evolved in the years since 2005.
2. The realities of the overall professional services purchasing and economic environment heading into 2009 and beyond.

These observations and recommendations are based on the data from this report, recent conversations with professional services buyers, and our field work with leaders of professional services firms. Recommendations are also influenced by recent research in professional services such as Wellesley Hills Group and RainToday.com's *Fees and Pricing Study* (2008) and *What's Working in Lead Generation* (2007).

If You're Not Keeping Up, You're Falling Behind. The purchasing environment for professional services is evolving. In 2005 buyers experienced numerous problems with service providers during their buying processes. In late 2008 service providers are doing a better job in areas such as demonstrating they understand client needs and crafting compelling solutions to needs. Awareness or recognition of the provider (i.e., brand) has now joined referrals in the top tier of methods that buyers use to identify service providers.

When buyers are looking for new providers, they are being influenced significantly more by providers' websites when it comes to deciding whether to inquire with specific service firms, and websites also influence their ultimate decision more than several years ago when it comes to hiring a particular firm. Buyers have also indicated a major downward shift since our 2005 data was reported regarding expectations of how much they will spend in the various professional services.

You can look at the service provider market in two categories: those that are already serious about marketing and business development, and those that have not yet embraced marketing and business development. Several years ago we observed more service firms in the not-yet-embraced marketing and business

development category. Now, of necessity or conviction, there are fewer and fewer in that category.

If your firm is still in the latter category, there is no requirement that you become sophisticated about your firm's marketing and business development. However, if you're looking to compete and grow, it's going to be more challenging to resist. If you are already serious about marketing, the race is getting ever faster. For you, it's not about getting in the game; it's about getting better at it.

Either way, given the increasing sophistication of your competitors and a challenging selling environment, if you're not keeping up, you're falling behind.

Economic Challenges. Business Opportunities. We introduced the comment on the economic and services purchasing environment in 2005 with the title "Purchasing is Looking Up." We went on to say,

According to the survey participants, the economy in 2005–2006 looks good for their firms and their service purchasing levels. Participants in companies of all revenue sizes paint a decidedly positive picture for profits and spending in 2005, with most predicting increasing profits and stable to increasing amounts of spending on third-party services.

The 2009-2010 outlook is uncertain at best and goes downhill from there. At the time of this report's writing (December 2008), there's practically no good economic news in the national news media. With the business environment so challenging, higher importance of overall fees in the purchase decision, and with more sophisticated competition, firms should expect a dogfight for winning new business.

Still, good service providers should not be disheartened. While the national news media and economic experts paint a decidedly gloomy picture, we at the Wellesley Hills Group and RainToday.com are encouraged by the number of service firms we know of that are experiencing good years, encountering no more than minor problems due to the economy, and remaining decidedly optimistic about the near future for their firms. From an anecdotal perspective, a common denominator of the firms that are doing well is a commitment to consistent and ever-sophisticated marketing and business development efforts and a little bit of luck regarding selling to target markets other than banking, financial services, and other hard hit industries.

If you are, indeed, delivering strong services and value to your clients, from one-half to three-quarters of buyers in all purchasing areas are open to switching to new providers. That new provider could be you if you are willing to invest the time, energy, and money to compete for it at a high level.

If you succeed with more sophisticated and effective go-to-market strategies, you can expect two outcomes: (1) You will win more than your fair share of new business, and (2) You'll be one of the *firms left standing* once the economic environment turns around. Not only will you be standing, you'll be in front of more willing buyers with your strong brand, your strong marketing and lead generation engine, and your strong business development capabilities.

Don't Be Lulled into Complacency by "4"s in Satisfaction. As the competitive environment continues to intensify, it's likely that other firms are marketing aggressively to your own clients. Of buyers that reported a "4" in satisfaction on a five-point scale, 72% were still considered Switchers. Only those who reported "5"s in satisfaction were more likely to be Loyals (57%) than Switchers (43%). You might be thinking, "Our services are high quality, we deliver strong value, and our clients are highly satisfied." While this may be the case, unless you *know* that's the case by conducting your own client research, you may be vulnerable to losing clients to ever more aggressive competitors. As one lawyer commented to us recently, "Professional services is no longer a genteel game."

Increasing Power of Brand. Data from the 2005 report indicated that referrals stood alone as the top tier method clients use to find service providers. Buyers were 80% "somewhat" or "very likely" to use referrals from colleagues, and 75% "somewhat / very likely" to use referrals from other service providers. There were the no other methods in 2005 above 70%.

This year, brand has cracked into the top tier, with buyers likely to use "personal recognition and awareness of the provider" at a 73% rate. At the same time, our experience and other research suggests that brand is becoming increasingly important in the final purchasing decision.

Attending Your Marketing Mix. Figure 3.1 presents buyers' likelihood to use a particular method to identify and find out more about service providers. If we were to look at this chart alone, direct mail, email, and telephone calls would be in the fourth tier out of six.

However, our experience confirms what the data in Figure 3.3 suggests: these *seemingly* less effective methods are among the most effective ways of getting the buyer to “top-tier” methods—like inviting people to attend your seminars and events. These methods also improve brand recognition by delivering continued marketing impressions.

In addition, our experience suggests that when decision makers are considering attending an event, they almost always visit the provider’s website (a 3rd tier method) before making their decision.

When you are determining your marketing mix, make sure you understand how each method can be used. The methods at your disposal are not always a direct line to a purchasing decision, but they often play an important part in the overall scheme of building a relationship with potential clients. Successful marketing for service firms is often a multi-step process involving a number of different tactics.

Fixing Problems in the Selling Processes. If your firm commits any of the selling no-no’s experienced by buyers, those problems are worth fixing. That each problem has subtle differences in impact should not overshadow the fact that for every problem (save one) 84% or more of respondents report that an improvement would make them “somewhat” to “much” more likely to consider purchasing the provider’s services. With this in mind, any one improvement made by a provider can make a difference during the process of hiring providers. Find problems and fix them. You can’t go wrong.

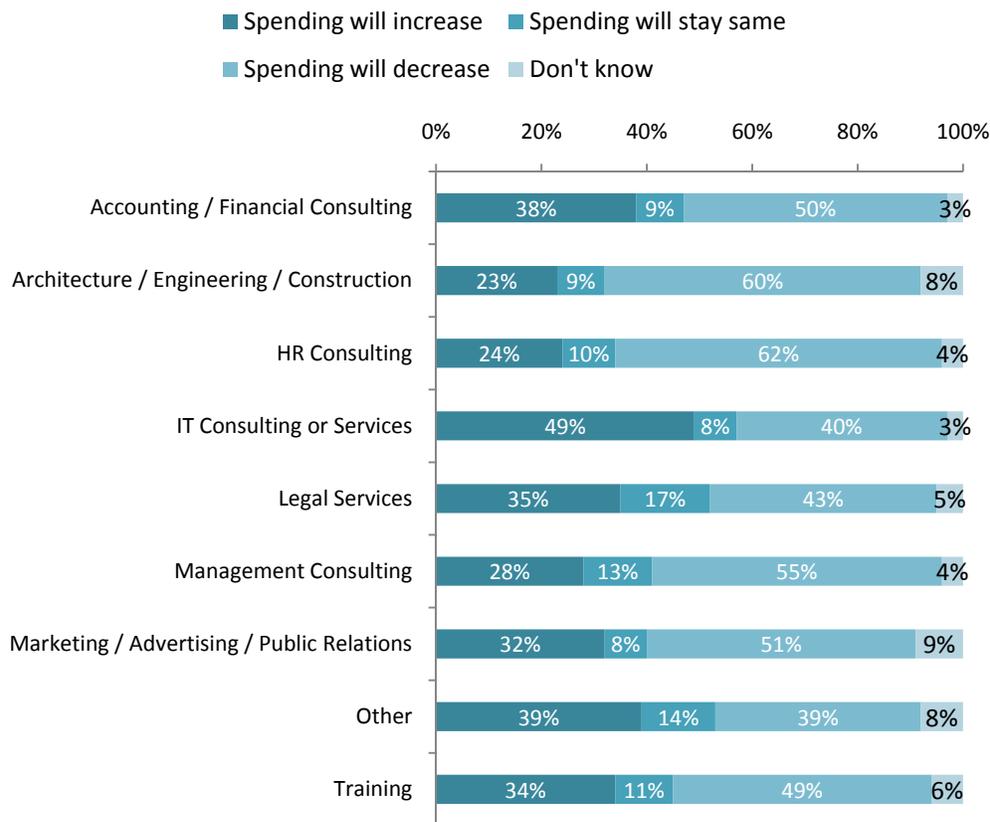
As you read the report, you’ll find additional observations, analysis, and recommendations in specific areas.

Section 2. Snapshot of Professional Services Buyers in Late 2008

Dramatic Shift in Spending Outlook

A dramatic shift in the professional services spending outlook of buyers has occurred compared to the original 2005 benchmark study. In 2005 it was most common for buyers to expect an increase in services spending levels in the near future, however, in late 2008 the outlook reverses—and it's most common to expect a decrease in spending levels.

Figure 2.1
Expectations for 2009-2010 Services Purchasing Levels by Service Area



Economic Environment Late 2008

At the time this survey was administered, October 1-3, 2008, the US economy was experiencing economic turmoil and great uncertainty. The outlook reported by most economic experts and the mainstream news media ranged from grim to doomsday. Clearly, the snapshot in time represented by this data captures the Zeitgeist.

Fewer Buyers Expect to Increase Spending and More Expect to Decrease

In 2005, 44-60% of buyers, depending on service area, expected a near term increase in spending, but in 2008 that percentage drops to 23-49%—with a whopping 39-62% expecting spending to decrease, and 8-17% expecting spending to remain the same. The buyers of services in areas including Legal Services, HR Consulting, Architecture, Engineering, & Construction, Training, and Marketing, Advertising, & PR are expecting significantly lower increases in spending (23-35%), as compared to 2005 (44-55%).

Figure 2.2

Percentage of Buyers Expecting to Increase Spending in Next Two Years by Service Area

	2005	2008	Trend
Accounting / Financial	46%	38%	↓
Architecture / Engineering / Construction*	55%	23%	↓
HR Consulting*	44%	24%	↓
IT Services or Consulting	58%	49%	↓
Legal Services*	54%	35%	↓
Management Consulting**	44%	28%	↓
Marketing / Advertising / Public Relations*	55%	32%	↓
Training*	51%	34%	↓

Trend in all service areas: FEWER BUYERS expect to INCREASE spending

*=Significant difference at 95% confidence level
 **=Significant difference at 90% confidence level

Figure 2.3

Percentage of Buyers Expecting to Decrease Spending in Next Two Years by Service Area

	2005	2008	Trend
Accounting / Financial	47%	50%	↑
Architecture / Engineering / Construction*	39%	60%	↑
HR Consulting*	36%	62%	↑
IT Services or Consulting	33%	40%	↑
Legal Services	37%	43%	↑
Management Consulting	44%	55%	↑
Marketing / Advertising / Public Relations*	34%	51%	↑
Training**	35%	49%	↑

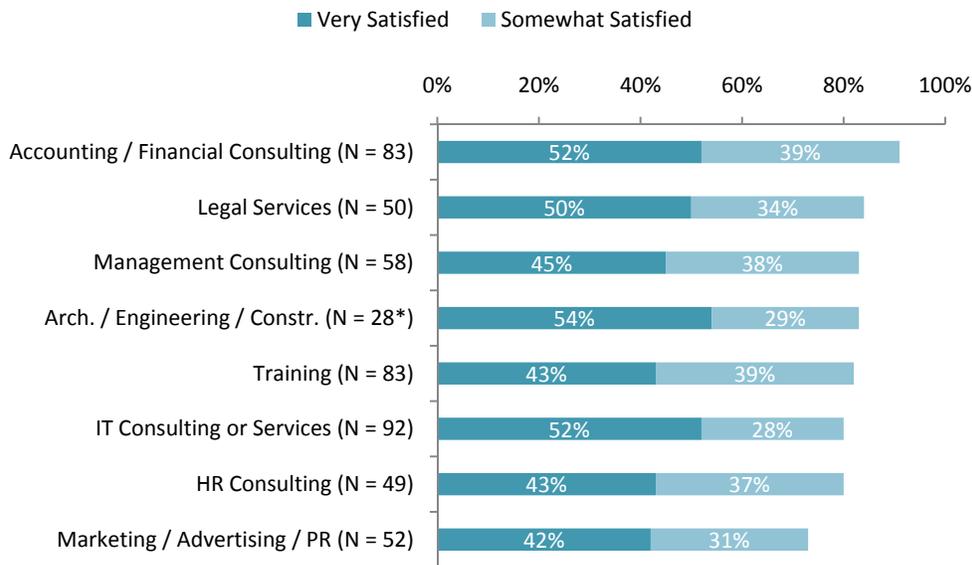
Trend in all service areas: MORE BUYERS expect to DECREASE spending

*=Significant difference at 95% confidence level
 **=Significant difference at 90% confidence level

Satisfaction with Service Providers

We asked respondents how satisfied they are with the professional service providers their company is currently using. In 48% of buying relationships across service areas, buyers rate their satisfaction as a “5” out of “5”; they are “very satisfied” with their current providers. This compares to 38% of buyers in 2005 who were “very satisfied” with their service providers. Buyers in all areas of services report being relatively satisfied—giving mean satisfaction ratings of 4.06 or above, with an average score of being at least “somewhat satisfied.”

Figure 2.4
Buyer Satisfaction by Service Area



*N<30, small base size

Class of 2008 Outperforms the Class of 2005

When it comes to being graded on their satisfaction averages, the Class of 2008 professional services providers, outperforms the class of 2005.

Using grade-school metrics, respondents in the 2008 survey give their service providers a mean satisfaction grade (4.23 out of 5.0) equivalent to a score of 85% (a “B”)—an improvement over the 78% (a “C+”) average in the 2005 *How Clients Buy* study.

Highlights in Satisfaction Measures

- **Accounting & Financial Consulting:** These providers received highest mean satisfaction ratings (4.40 out of 5.00).
- **Marketing, Advertising, & Public Relations:** These providers received lowest mean satisfaction ratings (4.06 out of 5.00).
- **Top Marks:** In the areas of Accounting & Financial Consulting, Architecture, Engineering, & Construction, Legal Services, and IT Consulting & Services, at least half the buyers of these services indicated they were “very satisfied” with their service providers.
- **Most Improved:** Compared with the 2005 study, both Management Consulting and IT Consulting & Services buyers reported being more satisfied with their service providers in 2008. Management Consulting buyers were more likely in 2008 to say they were “very satisfied” with their service providers (45% in 2008 vs. 19% in 2005). IT Consulting and Services buyers were more likely in 2008 to say they were “very satisfied” with their service providers (52% in 2008 vs. 29% in 2005), and their mean ratings were also significantly higher than in 2005 (4.24 in 2008 vs. 3.89 in 2005).

Figure 2.5
**Buyer Satisfaction by Service Area
 by Mean Satisfaction Rating**

	5s: Very Satisfied	5s and 4s: Very / Somewhat Satisfied	3s, 2s, and 1s: Neutral / Somewhat / Very Dissatisfied	Mean Rating
Accounting / Financial Consulting, N = 83	52%	90%	10%	4.40
Architecture / Engineering / Construction, N = 28*	54%	82%	14%	4.33
Legal Services, N = 50	50%	84%	16%	4.28
IT Consulting or Services, N = 92	52%	80%	20%	4.24
Management Consulting, N = 58	45%	83%	17%	4.19
HR Consulting, N = 49	43%	80%	20%	4.18
Training, N = 83	43%	82%	18%	4.12
Marketing / Advertising / Public Relations, N = 52	42%	73%	25%	4.06

*N<30, small base size

Analysis & Commentary:

A “4” Is Not Good Enough

It’s tempting to think you’re doing well as a provider if you receive a satisfaction rating of a “4” (“somewhat satisfied”). However, we found that in every service area, Switchers—the purchasers who are open to switching providers—tended to give more “4”s (“somewhat satisfied” ratings). The Loyals tended to give more “5”s (“very satisfied” ratings). So, clearly, that’s the score you want. See *Satisfaction Scores Go Binary* (p. 17).

Analysis & Commentary:

How We Determined Switchers vs. Loyals

When we asked buyers their likelihood to consider switching providers in the next two years, we gave them five options:

- Definitely will switch
- Probably will switch
- Might or might not switch
- Probably will not switch
- Definitely will not switch

In our assessment, buyers who at best “might or might not switch” are wide open to communications and conversations from competing firms. Perhaps the client is not actively looking, but they’re definitely not loyal.

Imagine if these were *your* clients. If someone asked them “Would you consider switching?” and they gave the equivalent of “Maybe so, maybe not,” you probably wouldn’t be happy. But your competitors would.

It’s conceivable, as well, that there are more buyers open to switching than are indicated in this report. We considered those that “probably will not” switch as Loyals, but we don’t believe those clients are necessarily locked down by their current providers.

Clients' Likelihood to Switch Providers in Next Two Years

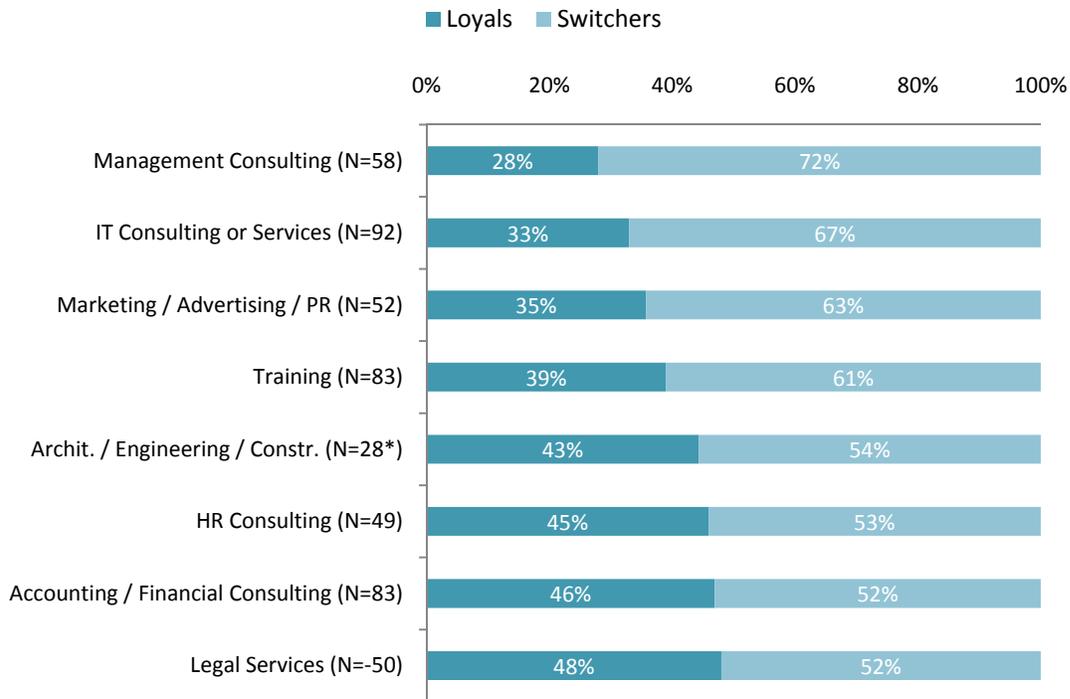
When we asked decision makers how likely they are to consider switching their current provider of professional services, we found that most purchasers could be considered Switchers, open to changing providers in the next two years.

Loyals: respondents who report they are not likely to switch away from their current service provider in the next two years

Switchers: respondents who either feel they are likely to stop using current providers and seek new ones, or feel they "might or might not" switch (proof enough that they are open to the possibility)

The figure below shows how likely buyers are to switch providers, by service area. We tagged those buyers who indicated they definitely or probably will not switch as "Loyals;" those who would definitely, probably, or might/might not switch are tagged "Switchers."

Figure 2.6
Likelihood of Buyers to Switch Providers in 2009-2010



Note: Some respondents answered "Don't Know" and are not represented in this chart.

*N<30, small base size

The Market Is Wide Open

Across all service areas, over 50% of purchasers are considered Switchers, open to changing providers over the next two years. And, if you're a provider of Management Consulting or IT Consulting & Services—watch out—more than two-thirds of the purchasers of these services are considered Switchers.

Legal Services emerged with the highest percentage of Loyal buyers, with nearly half saying they “definitely” or “probably” will not switch service providers in the next two years.

Compared to the 2005 study, three service areas saw double-digit percentage-point differences of Loyals among its buyers: Architecture (43% vs. 13%), HR Consulting (45% vs. 20%), and Legal Services (48% vs. 31%).

Analysis & Commentary:

Clients Are Waiting. It's Your Move.

Service providers often lament the difficulty of unseating an incumbent service provider. The switching data suggests that business is out there for the taking. As advisors to professional services firms, we wholeheartedly agree as we continue to observe significant openness on behalf of buyers to entertain discussions on switching to new service providers.

However, most of these decision makers are not going to be persuaded easily to switch providers. While potential clients may be willing—even itching—to switch, in our experience, service providers are often unwilling or unable to do what they must do to initially engage new prospects and then win their business. For the service provider willing to make the effort, the balance of this report provides insight into what to do (and what to avoid) while pursuing new clients.

Satisfaction Levels and Switching Behavior

Independently evaluating the satisfaction levels of buyers or the likelihood to switch does not tell the whole story. For a better understanding of the role of satisfaction in a client's disposition to switch or not, we took a closer look by aggregating responses to two questions:

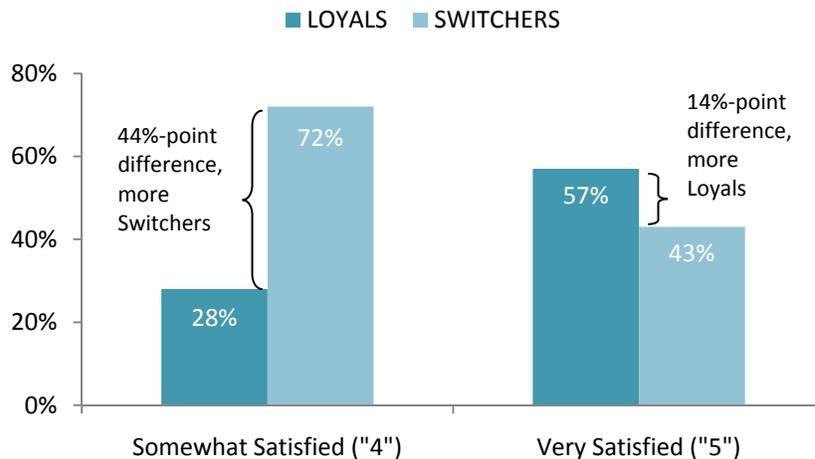
- *Overall, how satisfied are you with each of the professional services providers your company / organization is currently using?*
- *Assuming you will need these services in the next two years, how likely are you to consider switching your current provider of professional services?*

Across service areas, the purchasers who reported being “somewhat satisfied” or “very satisfied” made up 82% of all responses. However, among those who are “somewhat satisfied,” the majority (72%) considered themselves Switchers. Among those purchasers who are “very satisfied,” only 43% were Switchers—the majority (57%) were Loyals.

In every service area, Loyals tended to give more “5”s (“very satisfied” ratings) in satisfaction and Switchers tended to give more “4”s (“somewhat satisfied” ratings). In the service areas with respondent base sizes that supported statistical testing for this measure, the Loyals were significantly more likely than the Switchers were to have rated their satisfaction level as a “5.” This was the case for Accounting & Financial Consulting, IT Consulting & Services, and Training.

Figure 2.7

**Difference in Loyalty Between Satisfaction Levels:
Somewhat Satisfied vs. Very Satisfied**



Analysis & Commentary:

Satisfaction Scores Go Binary

Modern computing has its foundation in Binary Code, a language of zeros and ones. In a multitude of programming decisions, the zeros and ones determine the outcomes. From the picture in Figures 2.6 and 2.7, we contend that "4s" and "5s" are the zeros and ones of satisfaction levels. Because most clients are already at least somewhat satisfied, the bottom half of the satisfaction scale has lost much of its relevance (meaning very few people even use scores 1, 2, and 3).

From just the switching measures, we know that at least half of the purchasers in each service area believe they are open to switching service providers in the next two years. Providers interested in gaining access to new clients should have ample opportunity to establish contact and grow their client bases. On the other hand, it's likely your own clients are equally susceptible to switching on you if you do not keep their satisfaction at the highest levels.

Enter our binary satisfaction system of the "5" versus the "4." For providers seeking to improve client retention, the difference between satisfaction ratings of a "5" and a "4" may very well be the difference between keeping a client and losing them to the competition.

Figure 2.8
Satisfaction with Current Service Providers
Loyals vs. Switchers for All Service Specialties

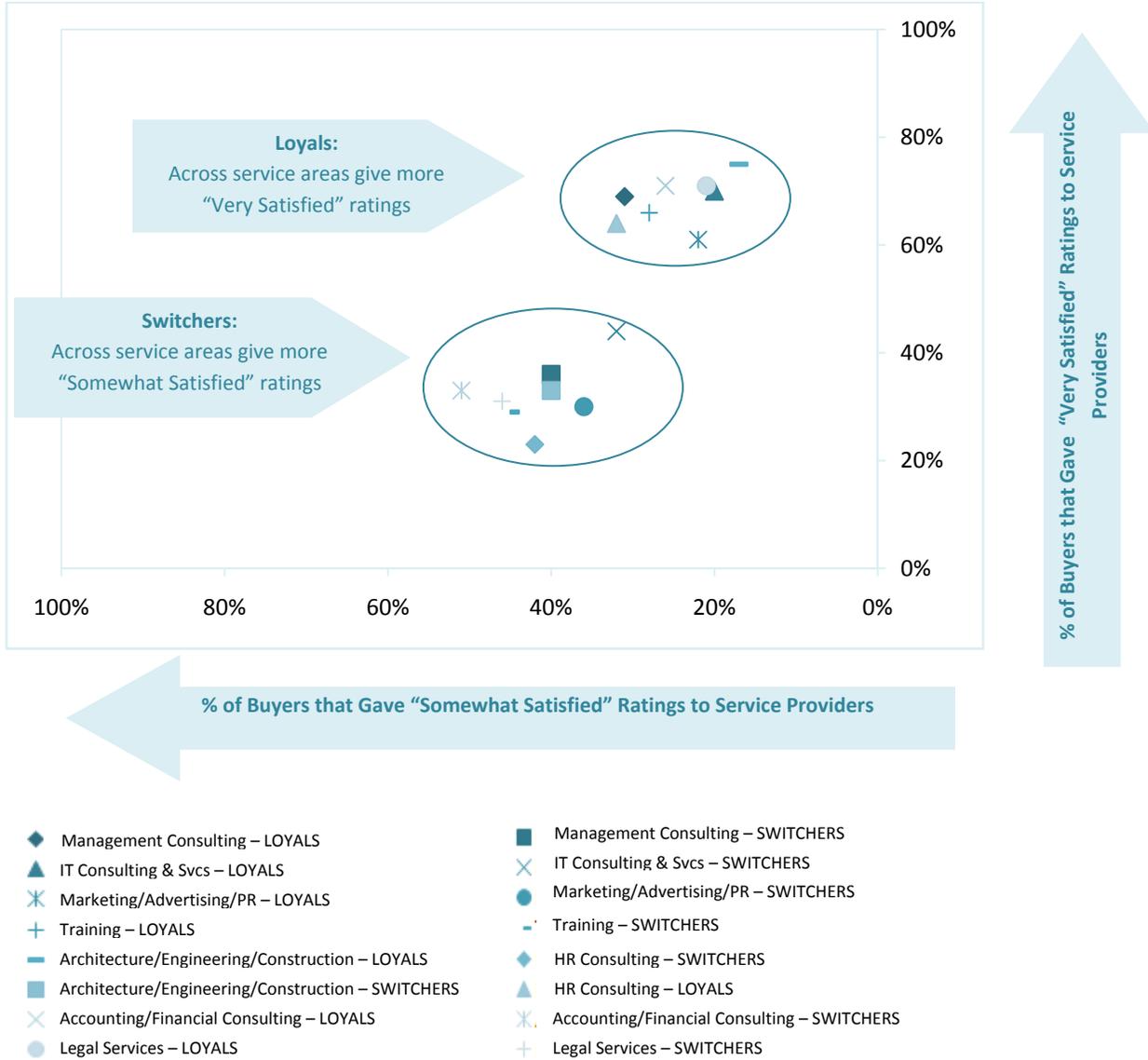


Figure 2.9
Satisfaction with Current Service Providers
Loyals vs. Switchers by Service Specialties

	% Somewhat Satisfied	% Very Satisfied
Management Consulting – LOYALS*	31%	69%
Management Consulting – SWITCHERS	40%	36%
IT Consulting or Services – LOYALS	20%	70%
IT Consulting or Services – SWITCHERS	32%	44%
Marketing / Advertising / Public Relations – LOYALS*	22%	61%
Marketing / Advertising / Public Relations – SWITCHERS	36%	30%
Training – LOYALS	28%	66%
Training – SWITCHERS	45%	29%
Architecture / Engineering / Construction – LOYALS*	17%	75%
Architecture / Engineering / Construction – SWITCHERS*	40%	33%
HR Consulting – LOYALS*	32%	64%
HR Consulting – SWITCHERS*	42%	23%
Accounting / Financial Consulting – LOYALS	26%	71%
Accounting / Financial Consulting – SWITCHERS	51%	33%
Legal Services – LOYALS*	21%	71%
Legal Services – SWITCHERS*	46%	31%

Bold = significant difference at 95% confidence level versus the other loyalty group in that service area

** Small base size, N < 30*

Section 3. How Buyers Identify Professional Services Providers

We asked buyers:

In general, when you are searching for potential providers of consulting and professional services, how likely are you to use the following methods to identify and learn more about them?

Their responses reinforce the critical importance of referrals and awareness (i.e., brand)—with 73-79% of decision makers reporting they are “somewhat” to “very” likely to use referrals and awareness methods to identify providers.

Analysis & Commentary:

Power of the Referral

While all referrals are great, not all referrals are equal. The relative strength of the referral depends upon the level of trust that already exists between the person giving the referral and the prospective client.

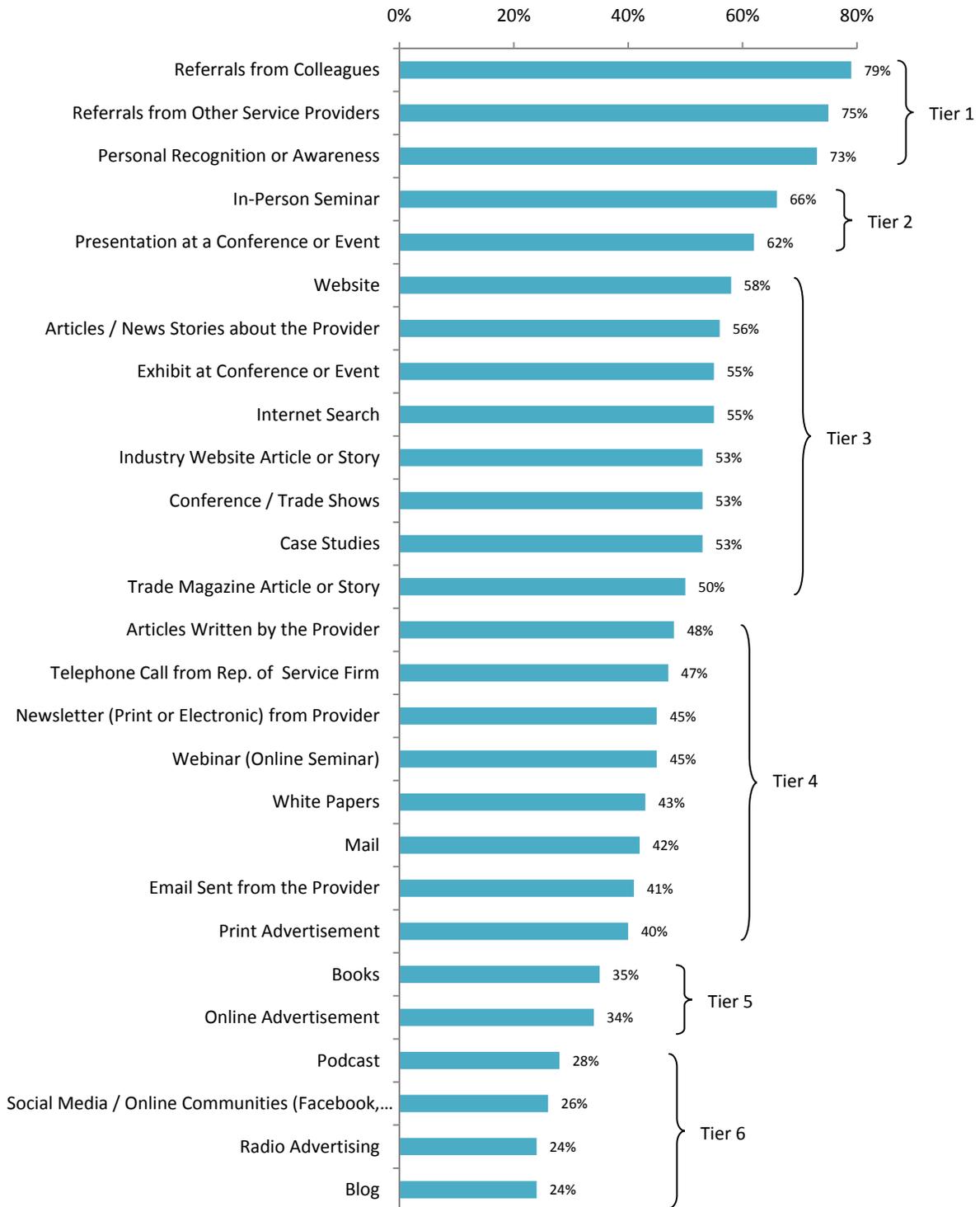
A service provider benefiting from a referral is able to draw upon this pre-established or “transferred” trust. Since referrals are such a top-tier marketing method it is clearly worth providers’ time to:

- Deliver services worthy of glowing referrals; and
- Cultivate word-of-mouth ambassadors in their existing clients and contacts through proactive referral programs.

Still, for most service providers, while referrals are a necessary and helpful source of new business, they’re no longer sufficient in-and-of themselves to fuel firm growth.

Figure 3.1

Methods Buyers Are Very / Somewhat Likely to Use to Initially Identify and Learn More about Professional Service Providers



N=201

Marketing Methods Favored by Buyers to Initially Identify Providers

Top Tier: Referrals and Awareness

No surprise: The most common ways buyers initially identify and learn about service providers include referrals from colleagues or other service providers (both at least a “somewhat likely” method for at least 75% of respondents) and personal recognition or awareness of the provider, or the provider’s “brand.”

Tier 2: Face-to-Face

Overall, 62-66% of buyers were at least “somewhat likely” to identify and learn about service providers via in-person seminars and presentations at conferences or events, both of which offer the chance for buyers to evaluate providers face-to-face and interact with them.

Tier 3: Influencing through Content—Online, In-Person, and Written

Roughly 50-58% of buyers were at least “somewhat likely” to identify and learn about providers online (provider’s website, internet search, industry website article or story), through conference / trade show exhibits or presence, or through articles, news stories, case studies, or trade magazine articles and stories about the provider.

Tier 4: Educating and Engaging—Information and Direct Contact

Overall, 40-48% of buyers were at least “somewhat likely” to identify and learn about providers via educational information from the provider (articles written by the provider, print or electronic newsletters from the provider, webinars, white papers), direct contact from the provider (telephone call, mail, email), or a print advertisement.

Tier 5: Books and Online Ads

Just over a third of buyers (34-35%) were at least “somewhat likely” to identify and learn about providers from business books or an online advertisement. Business books, which showed up in Tier 4 in the 2005 study, dropped down to Tier 5 in 2008.

Tier 6: Social Media and Radio

Added to the survey for the first time this year was social media. Social media may be in its infancy, still, roughly one-quarter of buyers (24-28%) were at least “somewhat likely” to identify and learn about service providers through online media such as a podcast, blog, or social media / online communities (such as Facebook, Linked-In, Twitter, etc.). Radio advertising is a similar source of information for buyers (24%).

Marketing Methods: Significant Differences 2008 vs. 2005

Phone Calls & Webinars: Compared to the 2005 study, respondents in 2008 were more likely to identify and learn about service providers via a telephone call from a representative of the service firm (20% “very likely” in 2008 vs. 12% in 2005) or from a webinar (19% in 2008 vs. 12% in 2005).

Print Articles & Ads: Respondents in late 2008 were less likely to identify and learn about service providers via a trade magazine article or story (50% “very / somewhat likely” in 2008 vs. 60% in 2005) or from a print advertisement (15% in 2008 said they were “very unlikely” to use print ads, vs. 8% in 2005).

Blogs, Podcasts, & Social Media: These methods, all of which were added new to the survey in 2008, were used by roughly a quarter of all buyers to identify and learn more about potential providers.

What Buyers Say:

“Send me information that is pertinent to how my business can be improved by using your services.”

“Need to hear/read positive experiences from other clients that may include people I already know.”

Analysis & Commentary:

In-Person Impression Power

While seeing a service provider deliver at an event and brand recognition seem somewhat unrelated, a closer look reveals a strong linkage. Many people (product and service providers alike) equate “brand” with logos, taglines, and advertising. But, what product marketers are trying to do is get you to recognize a product, to identify what it is or does, remember it when you have the purchasing need, and then, when you’re going to make a purchase, prefer their product to a competitor’s.

For service providers, the way to make the most lasting impression on a decision maker is to actually deliver services for them. For most service providers, delivering their content or sharing their expertise in a non-sales setting such as a conference speech or a seminar delivery is the next best thing. It takes a lot of marketing messages through tactics such as advertisements, phone calls, publicity, and direct mail to get a buyer to remember a service provider. And it’s likely that with just these marketing methods a buyer may remember the service provider, but without some type of in-depth interaction the buyer will not have formed a definitive impression or a preference for the service.

It only takes one strong seminar or conference delivery to make a lasting and memorable impression, and due to the highly interactive person-to-person nature of these events, it is *almost unavoidable* that the decision maker will form an opinion as to whether they might prefer to work with this provider.

How Buyers from Large Companies Identify Service Providers

Buyers from larger companies (typically with annual revenue of \$100 million or more) were more likely than those from smaller companies to identify providers using:

- In-Person Seminar
- Presentation at a Conference or Event
- Exhibit at a Conference or Event
- Conference / Trade Shows
- Website
- Webinar (Online Seminar)
- Business Books
- Trade Magazine or Article
- White Papers
- Case Studies
- Articles Written by the Provider
- Articles / News Stories about the Provider
- Podcast

How Buyers from Small Companies Identify Service Providers

Among buyers from small companies there are no methods that the small companies are more likely to use than other firms (see Figure 3.1, p. 21).

How Buyers in Different Industries Identify Service Providers

We found significant differences in how buyers in three industries—manufacturing, professional services/consulting, and finance/insurance/real estate—identify and learn more about service providers. All other industries used methods largely as indicated in Figure 3.1 (p. 21).

- **Manufacturing firms** are particularly likely to identify providers through a presentation at a conference or event (73% at least “somewhat likely”). They are less likely than other industries to identify providers through referrals from other service providers (only 15% “very likely” vs. 35-39% of other industries).
- **Professional services and consulting firms** are relatively less likely to identify providers through a presentation at a conference or event (only 44% at least “somewhat likely”).
- **Finance / Insurance / Real Estate firms** are particularly likely to identify providers through articles written by the provider (65% at least “somewhat likely”).

Figure 3.2

How Buyers of Different Services Identify and Learn about Service Providers

✓ = Average likelihood of at least 3.5; **BLUE** = Average of 4.0 or higher
 (5 = Very Likely, 4 = Somewhat Likely, 3 = Neither Likely Nor Unlikely to Use)

	ACCTG / FIN. CNSLTG	LEGAL SVCS	MGT CNSLTG	IT CNSLTG / SVCS	HR CNSLTG	ARCH / ENG / CONSTR	TRNG	MKTG / ADV / PR
N =	91	59	69	98	57	30	92	61
Referrals from Colleagues	✓	✓	✓	✓	✓	✓	✓	✓
Personal Recognition or Awareness of Provider	✓	✓	✓	✓	✓	✓	✓	✓
Referrals from Other Service Providers	✓	✓	✓	✓	✓	✓	✓	✓
In-Person Seminar	✓	✓	✓	✓	✓	✓	✓	✓
Articles / News Stories	✓	✓	✓	✓	✓	✓	✓	✓
Industry Website Article or Story	✓	✓	✓	✓	✓	✓	✓	✓
Trade Magazine Article or Story	✓	✓	✓	✓	✓	✓	-	-
Presentation at Conference or Event	✓	✓	✓	✓	✓	✓	✓	✓
Website	✓	✓	✓	✓	✓	✓	✓	✓
Internet Search	✓	✓	✓	✓	✓	✓	✓	✓
Conference/ Trade Shows	✓	✓	✓	✓	✓	✓	✓	-
Case Studies	✓	✓	✓	✓	✓	✓	✓	-
Articles by Provider	✓	✓	✓	✓	✓	✓	✓	-
Exhibit at Conference / Event	✓	-	✓	✓	✓	✓	✓	✓
Telephone Call from Firm	✓	-	✓	✓	✓	✓	✓	✓
Webinar (Online Seminar)	-	-	✓	✓	✓	✓	-	-
Email Sent from Provider	-	-	✓	-	✓	✓	-	-
White Papers	-	-	✓	-	✓	✓	-	-
Newsletter from Provider	-	-	✓	-	-	✓	-	-
Mail	-	-	✓	-	-	✓	-	-
Print Advertisement	-	-	✓	-	-	✓	-	-
Books	-	-	-	-	-	✓	-	-
Online Advertisement	-	-	-	-	-	✓	-	-
Podcast	-	-	-	-	-	✓	-	-
Blog*	-	-	-	-	-	-	-	-
Social Media / Online Communities*	-	-	-	-	-	-	-	-
Radio Advertising*	-	-	-	-	-	-	-	-

*= did not receive average likelihood scores of at least 3.5 from any of the buyer groups

Analysis & Commentary:

Lessons for Your Marketing Mix

Most service providers aspire to generate referrals (many do), and to establish a well-known, well-respected brand. These goals are difficult to achieve and often take years of work. Once you have achieved a certain level of success, continuing your success requires constant and consistent work. For most firms, simply having a brand and generating referrals is only part of the new lead generation process.

It will be tempting for you to look to this section of this report to tell them precisely what do to for *your marketing mix*. The data here suggests only the degree to which decision makers believe they are likely to use these methods in their selection process.

The data indicates that:

- Brand and awareness are important
- Highly interactive methods of involving yourself with prospects personally have a high likelihood of success

Whatever methods you choose, make sure you know why you are choosing those particular methods, know what you want to get out of them, know how to use them well, and implement them in ways that ensure the highest chance for success.

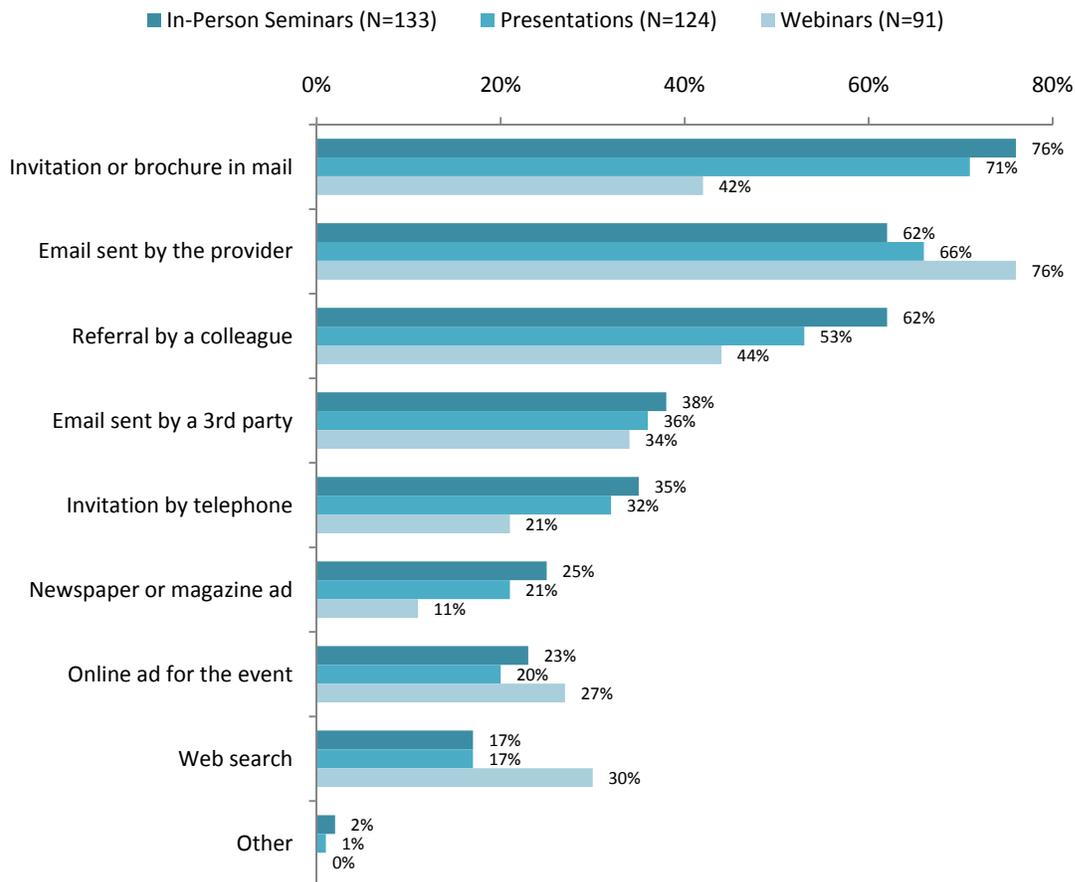
Be careful as well not to dismiss methods on the lower end of the spectrum on their face. For example, buyers' likelihood to use blogs and social media (two tactics near the bottom of Figure 3.1.) is newer and still less prevalent than other methods, but, like any tactic, may represent an area of opportunity for your firm depending on your strategy. Where a tactic falls on the list is not a commentary on its effectiveness. It's the buyers' perceptions of their likelihood to use the method. (See also *Multi-Step Marketing for Success* on p. 35.)

A Closer Look at Seminars, Presentations, and Webinars

Buyers find out about in-person seminars and presentations in relatively similar ways. Direct mail tops the list, with roughly three-quarters of buyers learning of seminars and presentations via an invitation or brochure they receive in the mail. The majority of buyers who attend these events also learn about them from a colleague, or via an email sent directly to them from the service provider.

Webinars get publicized differently: three-quarters of buyers learn of these events from an email sent by the service provider, the most common publicity method. Roughly 42-44% of buyers also learn of webinars from a colleague or via direct mail from the provider.

Figure 3.3
How Service Buyers Hear about In-Person Seminars, Presentations, and Webinars



Note: Some respondents answered "Don't Know" and are not represented in this chart.

Webinars: Significant Differences 2008 vs. 2005

Buyers in the 2008 study are *less likely* than those in 2005 to learn about webinars via a newspaper or magazine advertisement (only 11% in 2008, vs. 23% in 2005).

How Buyers in Larger Companies Learn About Events

Buyers from larger companies are more likely than those from smaller companies to hear about these events by:

Newspaper or magazine advertisement: only 8% of smaller companies (with revenue of less than \$10 million) learn of in-person seminars this way, vs. 29-34% of larger companies.

Online advertisement: 32-35% of companies with revenue of at least \$100 million learn about presentations this way, vs. only 10-11% of smaller companies.

A Closer Look at the Influence of Websites

How important is a service provider's website? Very! Fifty-eight percent of buyers indicated they are "very" or "somewhat" likely to identify and learn about services providers using their websites, and 80% of buyers indicated they typically visit the service provider's website before buying.

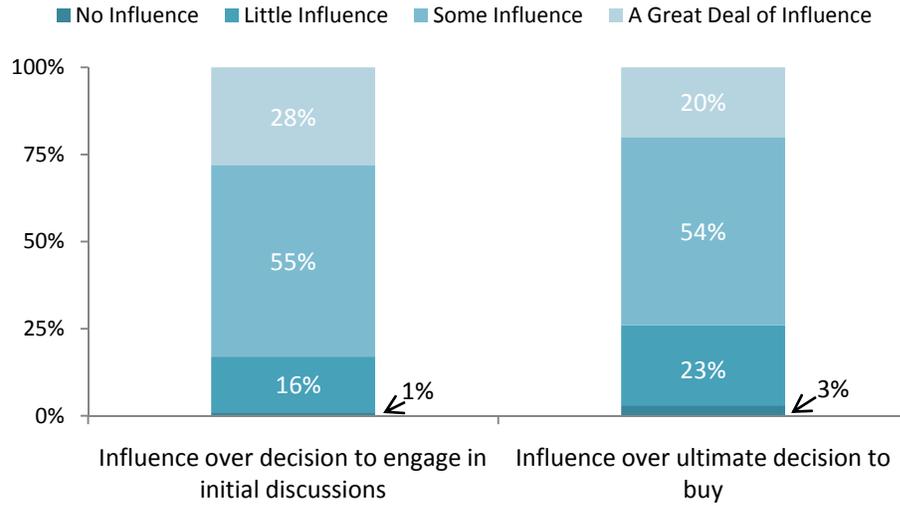
Website Gains Significant Influence Since 2005

In 2008, 83% of buyers report the service provider's website holds at least "some influence" over their decision to engage in initial discussions with that service provider. This is a significant increase compared to 2005, when 69% of buyers assigned websites at least "some influence" over this decision. Furthermore, only 16% of 2005 buyers said websites have "a great deal of influence" over their decision to contact the service provider, vs. 28% of late 2008 buyers.

The Influence Holds When It Comes to the Ultimate Purchase Decision

Nearly three-quarters (74%) of buyers said the service provider's website holds at least "some influence" over their ultimate decision to buy services from the provider. Only 51% of buyers in 2005 assigned websites at least "some influence" over the ultimate purchasing decision, indicating a significant increase of 23 percentage points in website influence for the late 2008 buyers.

Figure 3.4
**Influence of Provider's Website over Initial Discussions
and Ultimate Decision to Hire a Service Provider**
Extremely / Very Important



N=159

Analysis & Commentary:

The Website is the Hub

With 80% of buyers visiting your site before deciding whether or not to contact you, and with websites greatly growing in influence since 2005 as to whether a prospect calls you or ultimately buys from you, the importance of websites cannot be overstated.

Think of your website as the hub for your marketing and thought leadership activities. It is the portal clients and prospects are using to learn more about your services, register for events, read articles and research, sign up for a newsletter, download white papers, read case studies, etc. It is the place they go to interact with your brand.

Overall, your website can serve to:

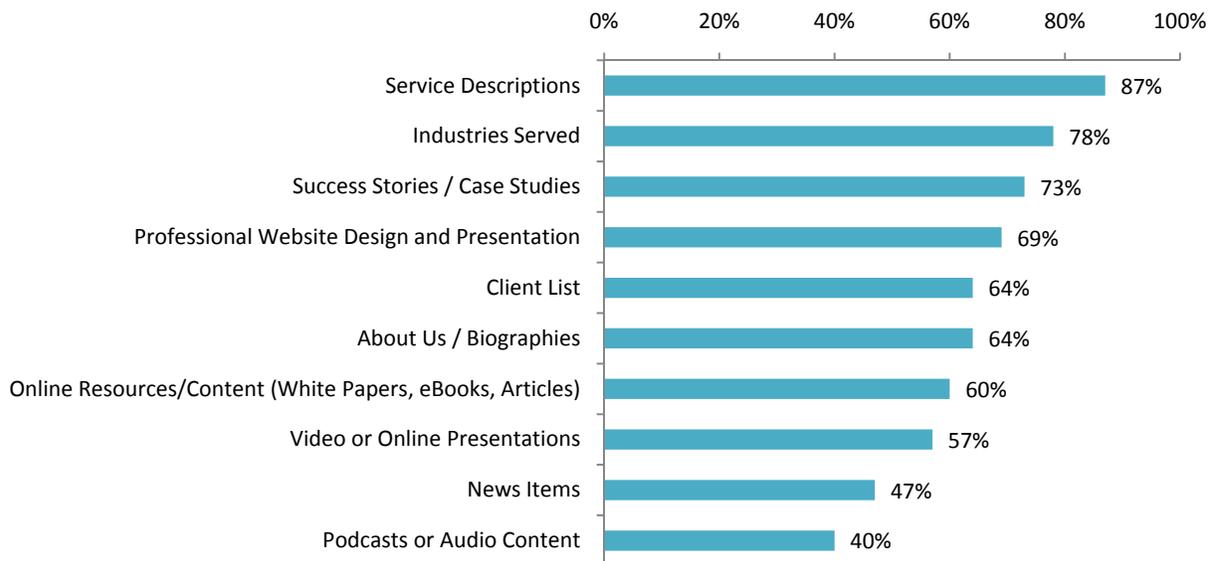
1. **Establish that you are professional:** through professional design, writing, and arrangement of content.
2. **Establish that you are worthy of consideration:** through an overview of your services, your client list, biographies of your professionals, and case studies that show how you have helped clients and delivered on your promises to do what you said you would.
3. **Establish yourself as a thought leader:** through articles, tools, publications, podcasts, videos and other resources that help build credibility, reliability, and trust—all essential elements necessary to win clients.

Importance of Specific Website Elements

New in the 2009 study, we asked buyers *how important* various elements of a service provider’s website are to their decision to make initial contact with a potential provider. As it turns out, the *most* important elements of a provider’s website to potential buyers are its:

- service descriptions (87%)
- description of industries served (78%)
- success stories / case studies (73%)
- professional website design and presentation (69%)

Figure 3.5
**Importance of Specific Website Elements in Deciding to Contact a Service Provider
Extremely / Very Important**



N=159

Analysis & Commentary:

The Price of Entry

The top four web elements—service descriptions, industries served, success stories / case studies, professional website design and presentation—are all necessary elements of a service firm website but they are not sufficient enough to win you business. These elements are the core of most firm sites. If something is amiss here, it will raise major questions with buyers from the get-go. Still, getting these in place is just the price of entering the game.

If you want to win clients, don't discount the remaining six elements. Even podcasts and audio content, at the bottom of the list, were rated by 40% of decision makers as being “extremely” or “very important” when deciding to make initial contact with a service provider.

Whatever marketing you are doing, the first stop for most buyers is a visit to your website. It can either draw them in further with online resources and content, podcasts, videos and news, or it can say the same thing as your competitors' sites—providing a laundry list of services and a nice look, but neither helping nor hurting your chances to start or enhance a relationship. But it can help.

For example, say you are going to run an in-person seminar (a popular method buyers use to find out about service providers). You may send an invitation by mail (a top way to generate attendance at in-person events) directing buyers to register for the event on your website. During the registration process you can ask them to sign up for your newsletter, allowing you to add them to ongoing marketing communications. And, on the confirmation page, you can direct them to articles, blog posts, case studies, or podcasts on related topics to the event, further engaging them with your brand and thought-leading content.

While buyers may not indicate these elements as being the most important, they are most helpful in drawing prospects into the seduction of your services and helping you stand out in the crowded market space.

Website Elements Some Buyers Find More Important

Satisfaction: Perhaps because they do a more thorough initial search, buyers who reported being “very satisfied” with their service providers were more likely than those who were “neutral” or “dissatisfied” to find several website elements to be “extremely” or “very important,” including:

- Client List
- Success Stories / Case Studies
- Online Resources and Content
- Video or Online Presentations
- Podcasts or Audio Content
- News Items

Service Areas: No major differences emerge between service purchase areas in terms of how influential the provider's website is in the hiring process. However, various elements of a website were more important to some buyer:

Buyers of **HR Consulting** were more likely to find important:

- About Us / Biographies
- News Items

Buyers of **Management Consulting** were more likely to find important:

- Client List
- Success Stories / Case Studies

Buyers of **IT Consulting or Services** were more likely to find important:

- Client List

Buyers of **Architecture, Engineering, & Construction** were more likely to find important:

- Online Resources / Content (white papers, eBooks, articles, etc.)
- News Items

Buyers of **Accounting & Financial Consulting** were more likely to find important:

- News Items

Website Elements Buyers at Large Companies Look At

Buyers from larger companies were more likely than those from smaller companies to find **online resources and content** and **news items** to be “extremely” or “very important.”

What Buyers Say:

“Give some information away via a blog or other web-based presentation.”

Analysis & Commentary:

Multi-Step Marketing for Success

Figure 3.1 presents buyers' likelihood to use a particular method to identify and find out more about service providers. If we were to look at this chart alone, direct mail ("mail sent from provider"), emails, phone calls, and print advertisements would be in the fourth tier out of six.

However, our experience and the data in Figure 3.3 confirm these seemingly less effective methods are the *most* effective ways of establishing top-tier methods' success—like getting people to your seminars and events (76% of decision makers learn about seminars via direct mail). Of course, these methods also improve brand recognition through continued marketing impressions.

In addition, our experience suggests that when decision makers are considering attending an event, they almost always visit the provider's website (a third tier tactic) before making their decision.

When you are determining your marketing mix, make sure you understand how each method can be used. The methods at your disposal are not always a direct line to a purchasing decision, but they often play an important part in the overall scheme of building a relationship with potential clients. Remember that successful marketing for service firms is often a *multi-step process* involving a number of different tactics.

A Closer Look at Cold Calls

We asked buyers two related questions about cold calls:

- *Do you ever accept cold calls from service providers?*
- *How important are a series of factors to you in accepting the call?*

We learned that roughly 4 in 10 buyers (42%) accept cold calls from service providers. The *most* important factors for buyers in accepting a cold call are:

- They see a need for the service offering, now or in the future.
- Provider offers them something of value on the call, i.e., best practices, research findings, discussions with experts and practitioners, event invitations, etc.

Both of these factors were considered at least “very important” by more than 80% of buyers who accept cold calls. The least important factor in accepting a cold call, though still considered “very important” by a majority, was being dissatisfied with the current service provider.

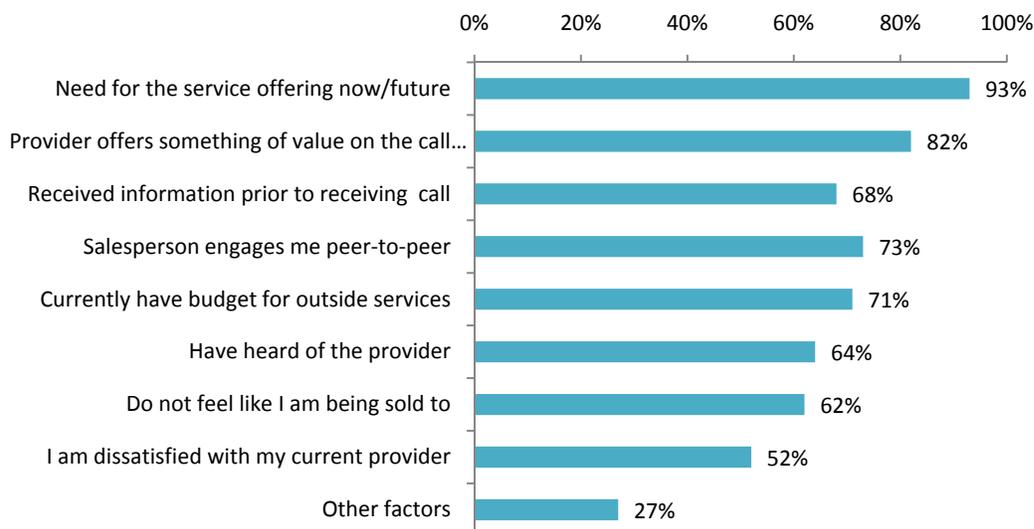
What Buyers Say:

“Have success stories, a short introduction, and spend time on the problem. If you have a good solution we can learn more about you.”

“Be honest and up-front right from the start. Don't BS me.”

“Set up an in-person meeting where the potential provider listens to our needs and tours our facility, followed by a follow-up meeting where the provider delineates how he or she can meet our needs.”

Figure 3.6
Importance of Factors in Whether Buyers Accept Cold Calls
Extremely / Very Important



N=84

Analysis & Commentary:

Stacking the Deck in Your Favor

As with many tactics, cold calling may or may not be right for your marketing and business development mix. Should you choose to employ the tactic, it's clear that it's within your power to stack the deck in your favor to get the most out of it.

Each factor we tested ranged from approximately 52% to 93% "extremely" or "very" important to buyers regarding whether they take a call from your firm. With many of these factors (see below), it's within your power to stack the deck in your favor.

Need—93%: If you target your buyers well, you're most likely to find buyers with a need to use services such as those that you offer. Target poorly or have a sub-par database and the deck stacks against you.

Value delivered on the call—82%: After someone answers the phone, they'll get right off the call if they perceive that continuing is a waste of time. Since you're in complete control of what you say when someone answers the phone, it's up to you to come up with a message that buyers in your market will find valuable. What that message is differs for each firm and buyer. The only thing that is certain is that rarely does "buy my services" or "listen to my capabilities pitch" work as the primary reason to agree to a continuation of the discussion.

Peer to peer—73%, and Don't feel like I'm being sold to—62%: You decide who makes the calls: Are they the right fit, in general, to be perceived as peers by buyers? Do they have the skills to do so?

Received information prior to the call—68%: You can send something, and you are in control of the quality and value of what you send.

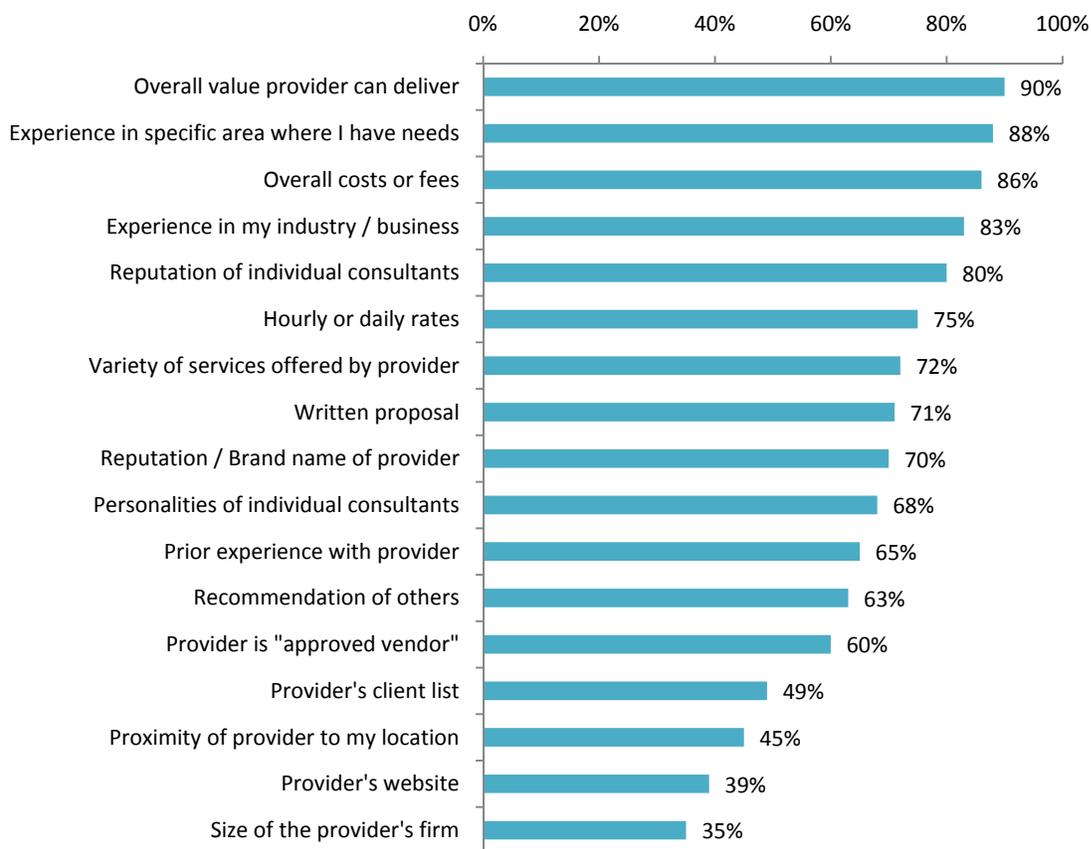
Have heard of provider—64%: It's within your power to build your brand.

Section 4. How Buyers Decide to Hire Professional Services Providers

Importance of Factors in Buyer’s Decision to Ultimately Hire a Provider

When we asked buyers to rank the factors most important in their company’s decision to choose a service provider, nearly all (90%) said that the overall value the provider can deliver is “extremely” or “very important” in their hiring decision, followed by industry-relevant or need-specific experience, overall costs or fees, and the reputation of individual consultants.

Figure 4.1
Importance of Factors in Hiring Decision
Extremely / Very Important



N=208

Note: Some respondents answered "Don't Know" and are not represented in this chart.

Tiers of Factors Influential to Buyers in the Decision to Hire Providers

Top Tier: Value

We added this factor—overall value the provider can deliver—to the options in this year’s survey, and 90% of respondents reported it being at “very important” or “extremely important” to them when making their ultimate service provider hiring decision.

Tier 2: Factors that are “very” or “extremely important” for 80-88% of respondents

- Experience in the specific area of need
- Overall costs or fees
- Experience in the industry or business
- Reputation of individual consultants

Tier 3: Factors that are “very” or “extremely important” for 70-75% of respondents

- Hourly or daily rates
- Variety of services offered by the provider
- Written proposal
- Reputation / brand name of provider

Tier 4: Factors that are “very” or “extremely important” for 60-68% of respondents

- Personalities of individual consultants
- Prior experience with the provider
- Recommendation of others
- Provider is an “approved vendor” for my company

Tier 5: Factors that are “very” or “extremely important” for 45-49% of respondents

- Provider’s client list
- Proximity of provider to my location

Tier 6: Factors that are “very” or “extremely important” for 35-39% of respondents

- Provider’s website
- Size of provider’s firm

What Buyers Say:

“Articulate a clear understanding of my needs and the demonstrated ability to meet them. The provider must do their homework prior to our meeting or discussion.”

“Focus on our firm, find out what we’re about, and where we’re going, ask the ‘right’ questions.”

“Provide samples of outputs from other assignments as well as references, make efforts to meet me during trade shows and other industry events, make innovative presentations at industry events, and provide written proposals that demonstrate value added from your services.”

“Show me how you will deliver results to my business and the ways in which you can provide value to me. I want to know the specifics.”

“Bring testimonials, samples of previous work, have presentation prepared and be able to answer questions when asked.”

Ranking Factors in the Hiring Decision

When asked to prioritize the decision factors by ranking them from 1 (most important) to 17 (least important), buyers most commonly prioritized the **provider's experience**, both in the buyer's industry or type of business, and in the specific area of need for the buyer.

Based on how commonly buyers ranked each factor among their top influences, here's the **Top 5 list**:

1. Experience in my industry / business (75%)
2. Overall costs or fees (74%)
3. Experience in the specific area where I have needs (68%)
4. Overall value the provider can deliver (59%)
5. Variety of services offered by the provider (47%)

Decision Factors: Significant Differences 2008 vs. 2005

Buyers in late 2008 tend to place *more importance* than those in 2005 did on several decision factors:

- **Written proposal:** "Extremely important" to 36% in 2008 vs. 24% in 2005
- **Overall costs or fees:** "Extremely important" to 51% in 2008 vs. 41% in 2005
- **Proximity of the provider to my work location:** "Extremely important" to 25% in 2008 vs. 15% in 2005
- **Provider's website:** "Extremely important" to 21% in 2008 vs. 15% in 2005

Decision Factors More Important to Satisfied Buyers

The "very satisfied" buyers tend to place *more importance* on nearly all decision factors surveyed, vs. those who were "neutral" or "dissatisfied." This is true for all factors except overall costs or fees, and hourly or daily rates.

Discerning Buyers

Very satisfied buyers are more discerning. They care about everything more, except for the overall fees or the rate structure upon which those fees are built.

Industry Differences

Buyers from **Retail / Wholesale companies** are even less likely than others to find important the size of the provider's firm (23% "extremely / very important" vs. 42-47% of other industries).

Buyers from **Manufacturing firms and Professional Services and Consulting firms** are particularly likely to value the provider's client list (64-66% "extremely / very important" vs. 40-45% of other industries).

Buyers from **Professional Services and Consulting** firms are particularly likely to value the reputation of individual consultants (91% "extremely / very important") and the personalities of individual consultants (88% "extremely / very important").

Important Decision Factors by Service Area

The lists below highlight the decision factors that are more important to buyers of certain services. Note that there were no significant differences in the importance of decision factors for buyers of Accounting & Finance Consulting, Legal Services, and Marketing, Advertising, & PR. These industries mirror Figure 4.1 (p. 38).

Buyers of **Management Consulting** assigned more importance to:

- Written proposal
- Reputation / Brand name of the provider
- Reputation of individual consultants
- Recommendation of others
- Status as an approved vendor
- Client list

Buyers of **Architecture / Engineering / Construction** assigned more importance to:

- Written proposal
- Overall costs or fees
- Reputation / Brand name of the provider
- Size of the provider's firm
- Proximity of the provider to my work location
- Recommendation of others

Buyers of **HR Consulting** assigned more importance to:

- Written proposal
- Reputation / Brand name of the provider
- Personalities of individual consultants

Buyers of **IT Consulting or Services** assigned more importance to:

- Written proposal
- Recommendation of others

Buyers of **Training** assigned more importance to:

- Experience in the specific area where they have needs

The Most Compelling Ways to Build Initial Trust with Buyers

We asked buyers:

When you are considering working with a service provider with whom you have never worked before, what are the most compelling ways for the service provider to develop trust with you in order for you to feel comfortable engaging his / her services?

The responses to this open-ended question provide a view of how decision makers view the elements of trust in the selling relationship. We found that communication, experience, and personal characteristics top the list of ways to build trust with buyers.

Figure 4.2
Ways to Build Trust With Potential Buyers



N=206

Top 4 Ways to Build Trust

Buyers say the top ways for you to initially build trust with them is through:

- Communication
- Experience
- Referrals
- Personal characteristics

What Buyers Say:

“I develop trust by how they react to my questions in person. If I feel they aren't being completely truthful I disregard them as a possible service provider.”

“There is no single defining moment in which the new service provider can immediately gain trust, but the initial first impression I have based upon the provider's conduct, personality, and professionalism will be a heavy factor.”

Problems Buyers Encounter When Selecting a Provider and the Impact of Improvement

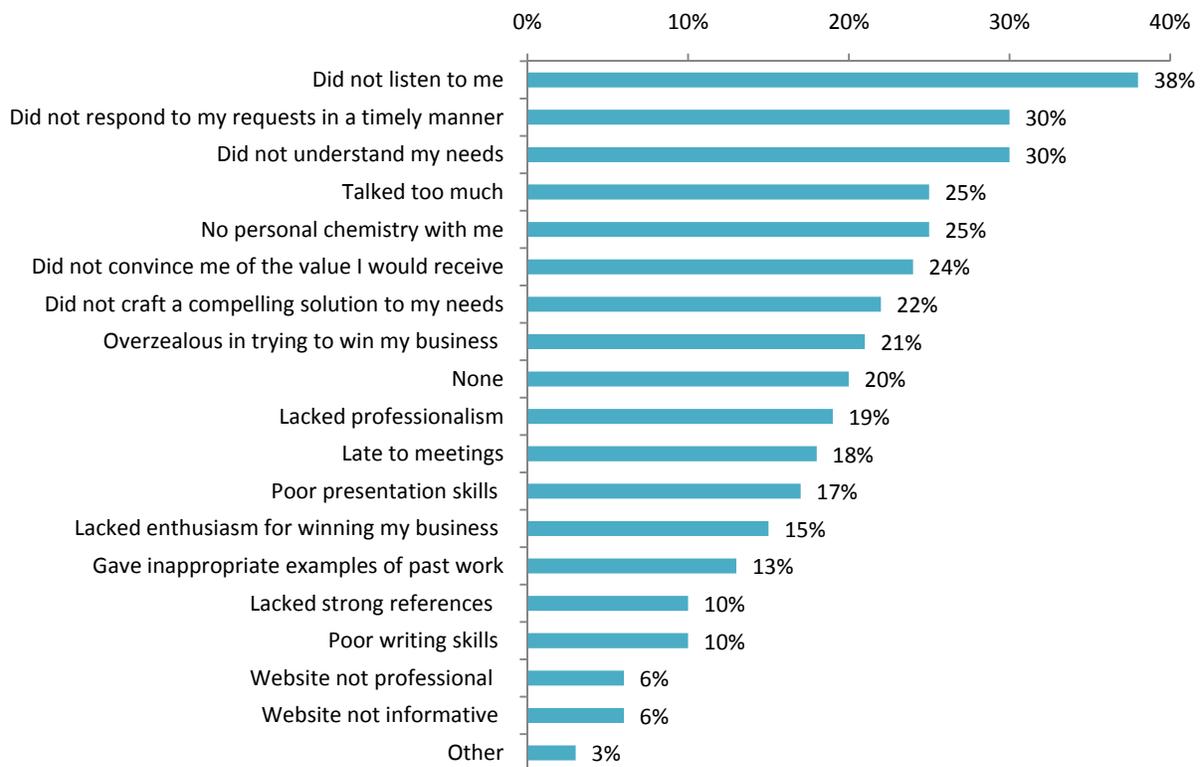
Taking a look at the service purchase process from the buyer’s perspective offers invaluable insight that providers would be wise to consider in their selling process. To that end, we asked buyers:

- *Thinking of the last few times you selected a provider, which of the following problems did you encounter during the process?*

- *If the provider had been better in this area, how would it have impacted the likelihood that you would have considered purchasing their services?*

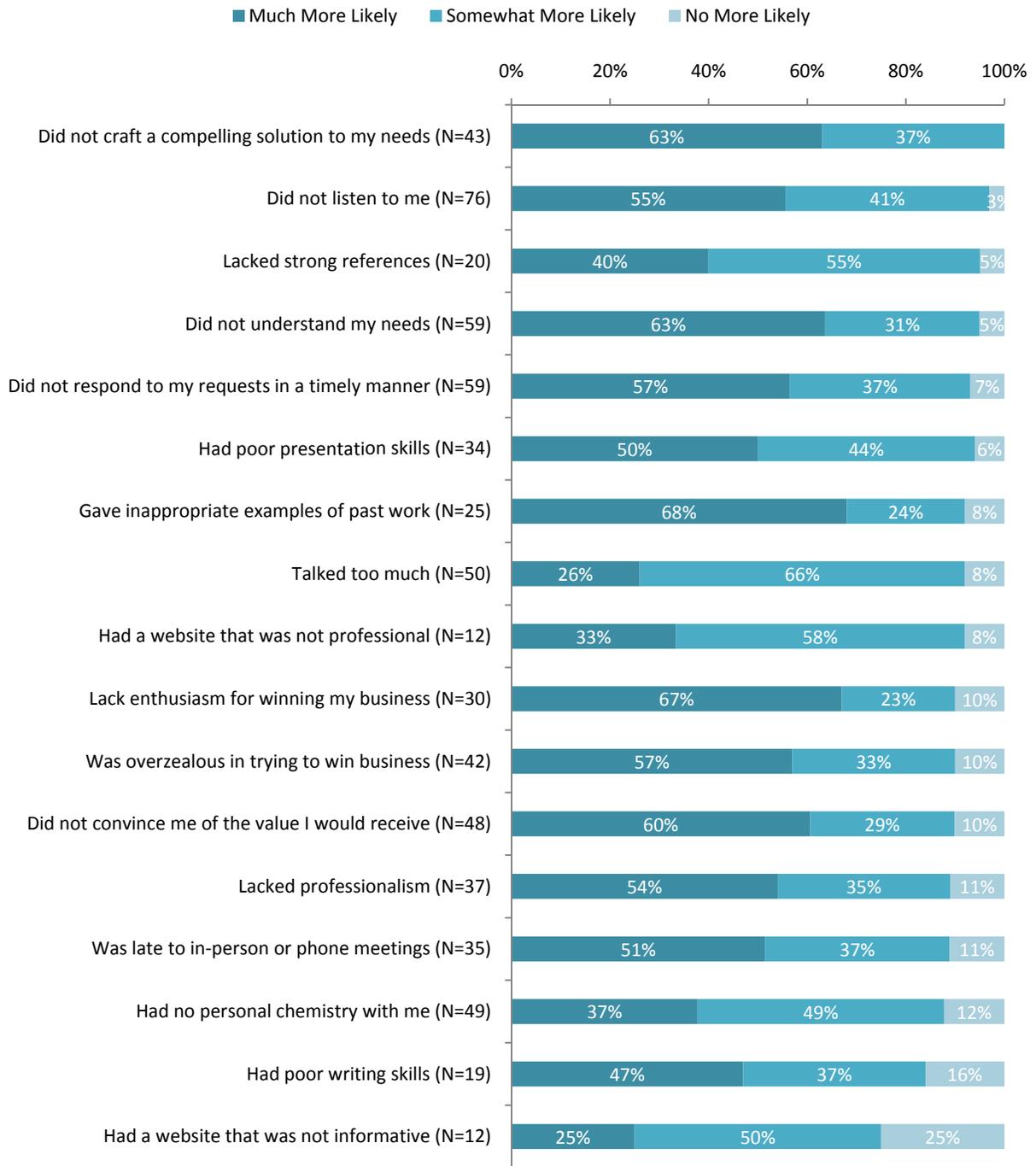
There are many areas in which sellers of professional services can improve, including: listening better, promptly responding to requests, and understanding the prospects needs.

Figure 4.3
Problems Buyers Encountered During the Services Purchase Process



N=200

Figure 4.4
**Likelihood of Buyer to Consider Purchasing Services,
 If Provider Improves Specific Problem Areas During the Hiring Process**



Note: Some respondents answered "Don't Know" and are not represented in this chart.

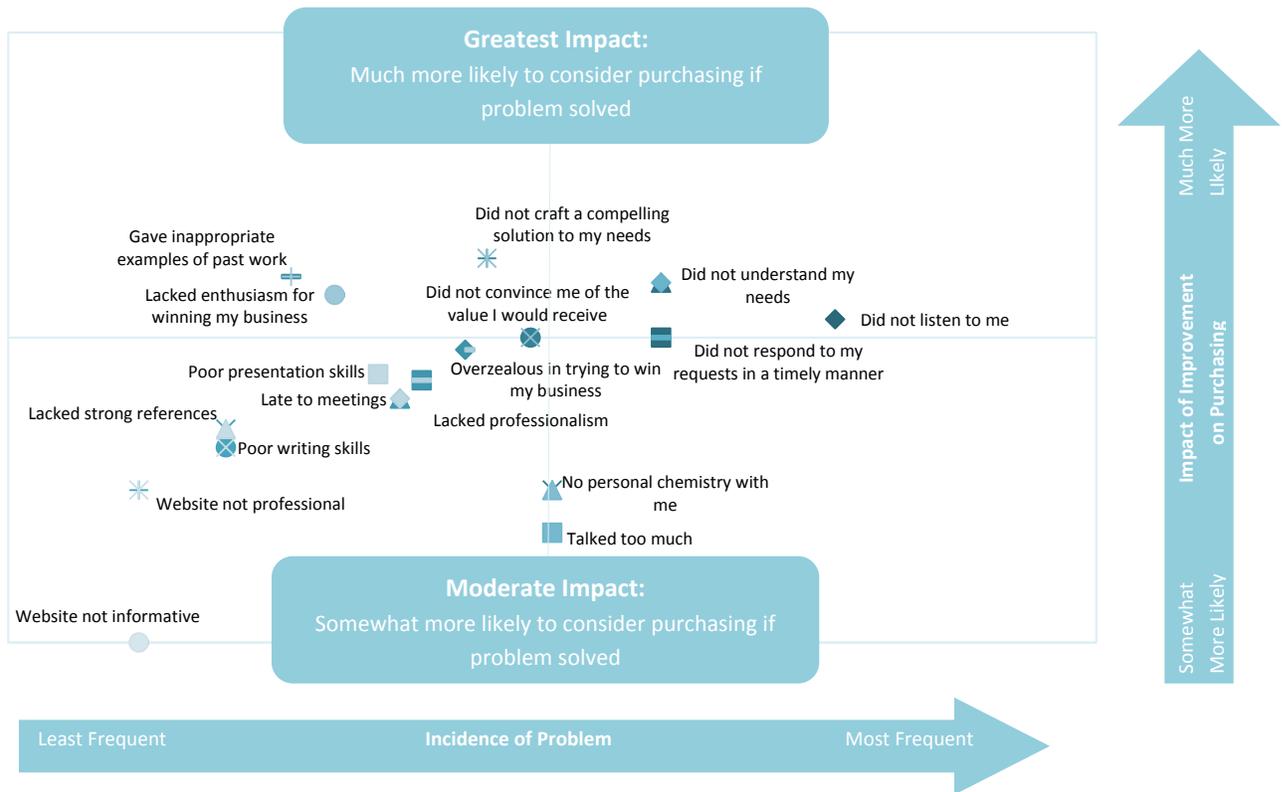
Incidence of Problems Experienced by Buyers

The most commonly experienced problems by buyers were that service providers did not listen to them (identified by nearly 4 in 10 buyers), did not respond to requests and correspondences in a timely manner, and did not understand their needs (both identified by 3 in 10 buyers).

One-quarter of buyers also found that providers talked too much, or just did not have personal chemistry with them, and nearly one-quarter said providers did not convince them of the value they'd receive by hiring them.

Figure 4.5

Problems Experienced in Hiring Process vs. Impact on Purchase Likelihood If Improved



How Providers Have Improved: Significant Differences 2008 vs. 2005

Incidence of Problems: Buyers in 2008 were *less likely* than those in the 2005 study to have experienced several problems, including:

- Seemed to lack enthusiasm for winning my business (only 15% in 2008 vs. 24% in 2005)
- Poor writing skills (only 10% in 2008 vs. 18% in 2005)
- Did not understand my needs (only 30% in 2008 vs. 40% in 2005)
- Did not craft a compelling solution to my needs (only 22% in 2008 vs. 32% in 2005)
- Examples of past work were inappropriate for my needs (only 13% in 2008 vs. 20% in 2005)

Section 5. Demographics & Participant Profile

We surveyed 231 decision makers (with 200 completing the entire survey) about their purchases of professional services and analyzed their responses based on demographic categories including: service purchasing area, company size, industry sector, age of company, number of employees, and annual revenue.

Services Purchased

Figure 5.1
Respondents by Services Purchased



N=231

Professional Services Engaged

Figure 5.2
Services Engaged in Past Two Years, Currently, and Next Two Years

	Engaged in Past 2 Years	Currently Engage	Likely to Engage in Next 2 Years
<i>N</i> =	231	231	231
IT Consulting or Services	44%	41%	42%
Accounting / Financial Consulting	41%	39%	39%
Training	40%	36%	39%
Management Consulting	29%	26%	29%
Marketing / Advertising / Public Relations	28%	24%	27%
Legal Services	25%	22%	25%
HR Consulting	25%	22%	24%
Architecture / Engineering / Construction	14%	13%	14%
Other	11%	11%	12%
None	7%	9%	8%

Purchasing Responsibilities

Respondents generally had purchasing responsibility for multiple services.

Figure 5.3
Overlap of Purchasing Responsibilities

At least 50% of respondents who purchase these services	Also are responsible for purchasing services
Architecture / Engineering / Construction	<ul style="list-style-type: none"> All areas
Accounting / Financial Consulting	<ul style="list-style-type: none"> All areas except Architecture / Engineering / Construction
Management Consulting	<ul style="list-style-type: none"> All areas except Architecture / Engineering / Construction
Marketing / Advertising / Public Relations	<ul style="list-style-type: none"> All areas except Architecture / Engineering / Construction
Legal Services	<ul style="list-style-type: none"> All areas except Architecture / Engineering / Construction
HR Consulting	<ul style="list-style-type: none"> All areas except Architecture / Engineering / Construction
IT Consulting or Services	<ul style="list-style-type: none"> Accounting / Financial Consulting Management Consulting Training
Training	<ul style="list-style-type: none"> Accounting / Financial Consulting Management Consulting IT Consulting / Services

Demographics: Respondent Company Profile

Figure 5.4
Length of Time Companies Have Been in Operation

	% of Total
1 to 5 years	11%
6 to 10 years	7%
11 to 15 years	10%
16 to 20 years	9%
21 to 25 years	15%
26 to 30 years	8%
31 to 35 years	7%
36 to 40 years	3%
41 to 45 years	4%
46 to 50 years	2%
More than 50 years	20%
Don't Know	5%

N=199

Figure 5.5
Type of Business

	% of Total
Finance / Insurance / Real Estate	20%
Manufacturing	17%
Professional / Consulting Services	16%
Retail	10%
Healthcare / Pharmaceutical	8%
Wholesale	6%
Construction	6%
Government	6%
Agribusiness	1%
Other	12%

N=199

Figure 5.6
Number of Full-Time Employees in Company

	% of Total
Less than 100	30%
100 to 199	8%
200 to 499	12%
500 to 999	10%
1,000 to 4,999	19%
5,000 or more	22%

N=199

Revenue for Most Recent Fiscal Year

Most participant firms (86%) achieved at least \$1 million revenue in their most recent fiscal year, and nearly one-quarter of the firms had revenue of \$1 billion or more.

Figure 5.7
Gross Annual Revenue for Most Recent Fiscal Year

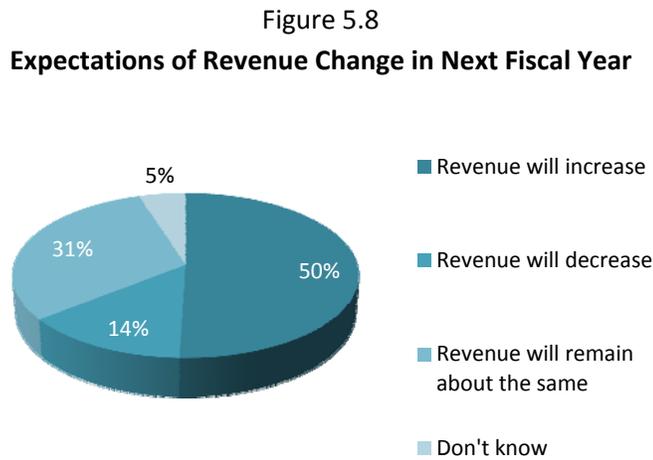
	% of Total
\$1 Billion or greater	23%
\$100 Million to less than \$1 Billion	16%
\$10 Million to less than \$100 Million	26%
\$1 Million to less than \$10 Million	22%
Less than \$1 Million	12%
Don't Know	2%

N=199

Future Revenue Expectations

When asked to predict their firm’s revenue for the next fiscal year, just over half of respondents expected revenue to increase, while 31% expected revenue to remain stable. Nearly 15% anticipated a decrease in revenue.

Fewer in 2008 Expect Revenue Increase than in 2005: While 73% of respondents in 2005 said they expected their revenue to increase in their next fiscal year, only 51% expected an increase in 2008. The 2008 respondents were more likely to expect their revenue to decrease (14% in 2008 vs. 5% in 2005) or to remain the same (31% in 2008 vs. 19% in 2005).



N=199

Professional Services Expenditures, Past vs. Future

In total, respondent companies in the study purchased more than \$1.7 billion in professional services during their most recent fiscal year. However, within most of the spending areas, at least half of the respondent companies expect to *decrease* their spending in the next fiscal year.

HR Consulting and Architecture / Engineering / Construction were the most commonly mentioned areas expected to see a future *decrease* in spending.

IT Consulting / Services emerged with the most optimistic outlook, with nearly half (49%) of respondents expecting to *increase* their spending in this category in the next two years.

Figure 5.9
Expected Change in Expenditures on Professional Services in 2009-2010

	In Next Two Years*		
	Expect to Increase	Expect to Decrease	Expect to Remain Same
Architecture / Engineering / Construction	23%	60%	9%
IT Consulting or Services	49%	40%	8%
Management Consulting	28%	55%	13%
Legal Services	35%	43%	17%
Training	34%	49%	11%
Accounting / Financial Consulting	38%	50%	9%
Marketing / Advertising / PR	32%	51%	8%
HR Consulting	24%	62%	10%
Other	39%	39%	14%

* NOTE: Those who indicated they "Don't Know" are not shown in this table.

Section 6. Methodology

Data Collection

Between October 1-3, 2008, RainToday.com surveyed 231 buyers of professional services including: Accounting & Financial consulting, Architecture, Engineering, & Construction Services, Human Resources Consulting, IT Consulting & Services, Legal Services, Management Consulting, Marketing, Advertising, PR, and Training Services. Respondents were decision makers in industries including: Finance / Insurance / Real Estate, Manufacturing, Professional / Consulting Services, Retail, Healthcare / Pharmaceutical, Wholesale, Construction, Government, and Agribusiness. The results of that survey are analyzed in this report, *How Clients Buy: 2009 Benchmark Report on Professional Services Marketing and Selling from the Client Perspective*.

The online survey instrument was created by the Wellesley Hills Group and RainToday.com and administered to an online panel of survey respondents provided by Survey Sampling International. A total of 231 buyers of professional services began the survey, with 200 respondents completing all survey questions.

Analysis

In addition to analysis of the new data, data from the first *How Clients Buy* benchmark research study (2005) was compared to the 2009 report results for significant differences. Differences were reported where analysts determined they were relevant.

Respondent group results were tested at 5% risk levels, for 95% confidence of significant differences. Most observations within the study refer to significant differences in the data tested between groups defined by specific demographic information or other information gathered in the survey. Only respondent groups consisting of 30 or more responses were tested for significance, and the majority of groups consisted of 50 or more responses for a greater degree of reliability in the data. The base number of respondents for particular questions is notated with "N=_" in corresponding charts and data tables. When results are discussed from base groups with fewer than 30 responses, they are referred to as trends or otherwise indicated in the discussion.

Analysis and commentary are provided by Mike Schultz, Publisher, RainToday.com, John Doerr, President, Wellesley Hills Group, and the RainToday.com and Wellesley Hills Group research teams.

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Wellesley Hills Group is a management consulting, marketing, and lead generation firm dedicated to helping professional services companies generate leads and increase revenue, prices, and profits. Wellesley Hills Group helps client in three core areas:

- **Strategy and Brand Development:** Service firms are often at a loss for how to grow. They don't know what strategies or tactics will work, and when they do, they often don't know how to make them most effective. We understand the distinct challenges of growing, branding, and managing a service business. Our core strategy and brand development services include helping our clients develop strategies for growth, craft marketing and business development plans, and research their clients and their markets.
- **Marketing and Lead Generation:** Lead generation for business to business services is different than most other industries. We understand the unique dynamics of service businesses and know what tactics will be most effective to help you generate the leads, the revenue, the relationships, and the brand you need to grow. Our core services include helping our clients generate and nurture leads with our *Services in DemandSM* program, craft and execute brands and core marketing messages, build and execute website and Internet marketing strategies, and become thought leaders through thought leadership development, marketing, and PR.
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To learn more about Wellesley Hills Group visit <http://www.whillsgroup.com>.

About the Authors

Mike Schultz, Publisher, RainToday.com



As Publisher of RainToday.com, Mike is responsible for leading the world's foremost content publication on growth strategy, marketing, and selling for professional services firms. Mike is also Co-President of the Wellesley Hills Group and consults with professional services firms worldwide. He has written over 100 articles, case studies, research reports, and other publications in the areas of marketing and selling for professional services.

Co-author of the book *Professional Services Marketing* (Wiley, July 2009), Mike is an engaging and thought-provoking speaker, delivering dozens of keynotes each year in-house for clients and at leading industry conferences.

An avid fly-fisherman, golfer, and skier, Mike holds an MBA in Marketing and Entrepreneurship from Babson College. Mike also actively teaches Seirinkai karate and jujitsu, holding the ranks of third degree black belt and sensei.

John Doerr, President, Wellesley Hills Group



John Doerr's extensive career in professional services has included senior executive management, business development and marketing, and product and service development. As Co-President of the Wellesley Hills Group, John works closely with clients to develop marketing and growth strategies that produce measureable and sustainable results.

Co-author of the book *Professional Services Marketing* (Wiley, July 2009), John also provides executive and business development coaching for lawyers, accountants, and consultants. John speaks on the subject of professional development marketing and selling for clients and conferences throughout the world.

John's international experience includes a stint in Brussels, Belgium, where he was President of Management Centre Europe, the largest pan-European management development and training services firm in Europe. In addition, he has consulted and spoken at numerous events in Europe including a three year run as chair of Management Center Turkiye's Human Resources Conferences in Istanbul.

John holds a MBA, magna cum laude, from the Graduate School of Management at Boston University, and an AB, summa cum laude, Phi Beta Kappa, from Boston College.