

Most Professional Firm Marketing is a Waste

Martin James



The manner in which advertising, and marketing in general, is undertaken amongst different sectors... cars, FMCG, financial products and so on... clearly differs, category by category. But these differences are by and large fairly minor. Irrespective of the sector, advertising must gain attention, it must brand the product and it must generate a propensity amongst consumers to behave in some fashion. Distribution networks must be optimised and catered to. Product pricing is assessed through consumer feedback and the open market.

But one segment's marketing activity does, or should differ; the professional services market. Little public research appears to have been done in this area, despite the fact that these firms accountants and lawyers, architects and advertising agencies, real estate agencies and pet carers.... account for 70 percent of Australia's GDP(CIA 2004), four out of every five jobs, around one-fifth of our exports and imports and almost two-thirds of new private investment. Further, the growth of this segment appears to have continued unabated since the 1960s.

Taking legal services as an example; at the end of June 2008, there were 15,000 businesses and organisations engaged in the provision of legal services. These businesses and organisations employ 100,000 people and generate income of more than \$20 billion annually. This industry alone adds more than \$10 billion to the Australian economy.

Or real estate. Australia's real estate services generated \$7.5 billion in income in 2002-03, according to the Australian Bureau of Statistics. This was equivalent to 0.6% of Gross Domestic Product. There were 10,000 real estate services employing 77,000 people.

Professional service firms face unique marketing challenges. Their services are often entirely intangible. Their 'product' is the result of many years of specialised study and training and clients have difficulty evaluating these 'products'. Their services are complex and there is often little standardisation in the offerings of many professional services. These factors lead to increased client insecurity, and decisions are often difficult to make.

Hence the importance of marketing. But as these firms typically have little budget for marketing expertise, and resultantly a large proportion of the little they do allocate to marketing is wasted.

By and large the biggest mistake made by professional services when ramping up their marketing programme is to attempt to broadcast a general message to a wide audience. Twenty years ago, David Maister wrote a book titled, "Managing the Professional Service

Firm". This Harvard academic studied the best practices of service firms and came to the conclusion that when professional service firms rely upon publicity and brochures, large seminars and mass marketing, they are 'clutching at straws'. Networking and newsletters are, he concludes, only marginally better.

And the most effective strategies? Small-scale, industry specific seminars, speeches at industry meetings and conferences, articles in the trade-press and the release of proprietary research. These avenues serve to differentiate the business and reflect the promise of individual, personal service which will be provided to prospective clients, as opposed to a 'blanket approach' those clients tend to avoid in favour of an agency with an intimate understanding of their business needs.

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