

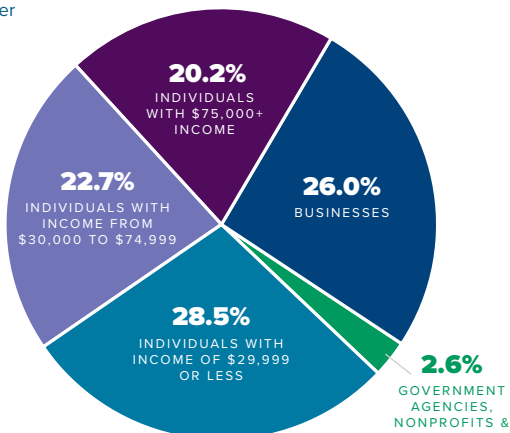
INDUSTRY WISE Tax Preparation Services

KNOW YOUR INDUSTRY

The tax preparation industry has gained complexity over the last five years with the addition of lower cost and feature-rich online tax filing products and software. While this growth has posed a threat to traditional tax preparation service providers, it has presented opportunity for the industry as a whole. Companies that are adaptable and design their services to the specific needs of their target market will be armed for growth. Industry Wise presents this snapshot of the size, scope, strengths, and weaknesses of the tax preparation business from a 2021 perspective. This data gives you the insight to devise effective strategies for capitalizing on opportunities, overcoming threats, and anticipating trends.

The following information was drawn from IBISWorld research and BBB® exclusive data analysis specifically for the tax preparation services industry in the U.S.

Tax Prep Customer Demographics



• STATISTIC SNAPSHOT •



\$10.8 Billion
Revenue (2021)



\$3.2 Billion Wages



1.9% Annual Growth
(2021-2026)



115,000 Tax
Preparation Service
Businesses (2021)

EXTERNAL DRIVERS

- + Corporate Profit
- + Per Capita Disposable Income
- + S&P 500
- + Percentage of Services Conducted Online

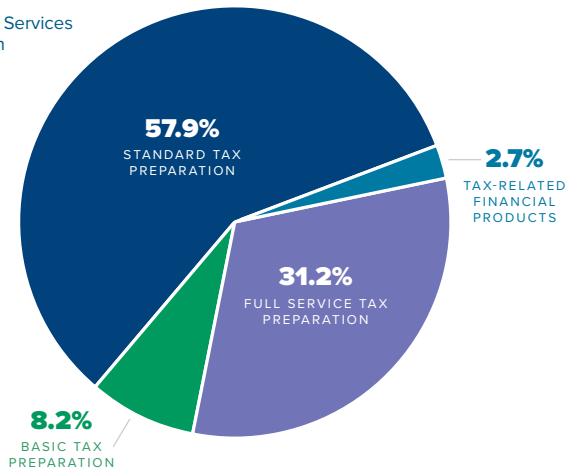
SIX KEY SUCCESS FACTORS

- 1 Experienced Workforce
- 2 Part of a Franchise System
- 3 Provision of Personalized Service
- 4 Compliance with Government Regulations
- 5 Loyal Customer Base
- 6 Level of Security

KEY TRENDS

- + Consumers are increasingly using online services
- + Tax preparers rely on high volume and quick turnaround to increase revenue
- + Businesses need to focus on strategies to best integrate online and offline service offerings
- + Major players in the industry will continue to monitor how consumers choose between in-person tax preparation services and digital solutions
- + Simplifications made to the tax code may empower citizens to file taxes on their own
- + The industry has posted solid growth as the unemployment rate has fallen

Products and Services Segmentation



THREAT

While one of the biggest threats to traditional tax preparers is the availability of online tax preparation services and electronic filing, the real threat for brick and mortar companies is the inability to adjust and adapt to changing conditions.

OPPORTUNITY

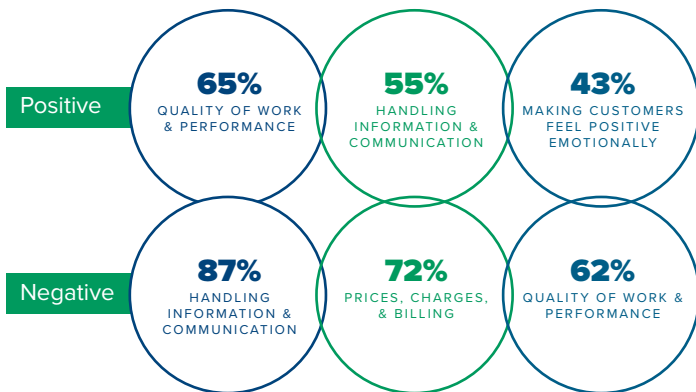
Every delivery channel for tax preparation services needs to put a stake in the ground and showcase what sets it apart and how specific needs of its target markets are met. Despite the impact from economic and environmental influences, tax preparation companies and software developers can capture market share by focusing message and tactics.

KNOW YOUR CUSTOMERS

Understanding what customers expect from their tax preparation provider will help you exceed expectations and create loyalty. Building a positive customer experience, delivering quality work, and providing solid billing practices drive satisfaction and are key to repeat business and an ongoing supply of referrals.

The following insights were compiled from thousands of BBB customer reviews.

Top Insights from BBB Customer Reviews



"[The company] is very knowledgeable, experienced, easy to work with and reasonably priced. He documents things so thoroughly that I am not likely to have issues with the IRS. Communication is easy. He answers questions promptly and turn-around is pretty fast. He takes care of everything— very professional."

KEY CUSTOMER INSIGHTS

Expectation 1: Accuracy & Timeliness

- + Build trust in accuracy and timeliness primarily based on:
 - Forms completed per deadline.*
 - No letters/audits from the IRS.*
 - Accuracy vs. timeliness: Consumers know that quality work takes time.*
 - No mistakes.*

Expectation 2: Expertise

- + Some consumers have complex tax situations
 - The average cost for a top online tax preparation software is \$40. The average cost for professional tax planners is \$300. Consumers therefore expect their tax preparers to have specialized knowledge.*

Expectation 3: Communications

- + Consumers expect tax preparers to ask pertinent questions.
- + Consumers expect accurate information from their tax preparers; otherwise, tax preparers are seen as disorganized.
- + Regular communication updates generally improve consumer satisfaction.

Expectation 4: Time

- + While consumers of professional tax preparation services appreciate speedy results, they don't demand them. They understand that complex work, especially if it is to be completed carefully and properly, can take time.
- + Consumers are typically satisfied as long as tax returns are filed on time.



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To get a free listing go to:
BBB.ORG/GET-LISTED



MARKETING WISE

Tax Preparation Services

BUILD YOUR BRAND

In business, you are affected by a long list of variables you can't control, both at the local and the global level. Whether it's growing competition from online tax filing services or ever-changing government regulations, a strong, relevant brand will help you overcome any of these challenges.

The most important thing you can do to build your business is to promote it consistently across a variety of platforms. And the closer your brand messages align with customer needs and expectations, the more your services will resonate with your target customers. Consumers value honesty, credibility, and reliability. Is your business BBB Accredited? If not, you should consider the advantages of co-branding your business with the symbol of trust. Learn more at BBB.org/get-accredited.

WAYS TO GAIN A COMPETITIVE EDGE

- 1 Provide **excellent customer service**.
- 2 **Be professional**. Customers expect tax preparers to be competent first and foremost.
- 3 **Don't overbook**. Allow enough time to make your customers feel like you are committed to them.
- 4 **Never miss official deadlines**.
- 5 **Reassure your customers** by displaying the BBB Accredited Business Seal on your website, in your ads, and at your place of business.
- 6 **Communicate** often and **be responsive**.
- 7 Build a **friendly rapport**.
- 8 Highlight professional credentials to **showcase specialized knowledge and expertise**.
- 9 Ask relevant questions, use **clear language**, produce **accurate work**, and don't make mistakes.
- 10 Provide a **clear and organized customer experience**.


ADDITIONAL WAYS TO GAIN A COMPETITIVE EDGE

Build your messaging with traits that are most important to consumers. And explore a variety of mediums—traditional and digital—to get your message out. The right mix of marketing mediums is determined by your target market, so it's important to understand your customers and your prospects (and their needs) as much as possible.

TRAIT

65%
QUALITY OF YOUR WORK AND MEETING EXPECTATIONS

MEDIUM



Consumers are drawn to stories and hearing what others have to say. Share positive stories from customers on how your business or service helps solve problems. A direct mail postcard campaign is a great way to deliver this message.


MESSAGE

We take our responsibility seriously. We know how important accuracy and honesty are to you at tax filing time. Our expertise spans 20 years. We have a firm grasp of tax law and we've never missed a deadline.

TRAIT

55%
A TRUSTED RESOURCE FOR INFORMATION AND COMMUNICATION

MEDIUM



Email marketing is a cost-effective approach to communicate with your audience. It is immediate and timely and is a perfect resource for keeping your customers informed about the status of their work. It's also a great tool to ask questions and gather more information, when needed.

MESSAGE

It's your income. Your money. You worked hard for it and we'll work just as hard to file your taxes with the accuracy and expertise you deserve. We know what questions to ask. We speak in a language you'll understand. We break down tax laws simply, outline the process and time requirements, and always provide pricing prior to starting work. And we keep you updated on our progress.

TRAIT

43%
DELIVERING A POSITIVE CUSTOMER EXPERIENCE

MEDIUM



Consumers often share the universal stress surrounding income tax preparation. Engage your target audience with a series of digital ads showing that you understand, reassuring your target customers that you can alleviate apprehensions and are a valuable resource during a stressful time.

MESSAGE

We understand how stressful this time of year can be. Relax. We're here for you, providing accurate information, on-time delivery, and a personalized approach.