

RAB Instant Background - Accountants/Tax Services

Consumer Insights

Who Buys

Profiling adults 18+ who used any online tax preparation service, an on-site tax preparation service or computer software program for their taxes in the past year:

	Used any internet/online tax preparation program or service	Used other tax preparation service, on-site	Used computer software program
Male	49.0%	46.4%	52.4%
Female	51.0%	53.6%	47.6%
18-24	12.8%	7.3%	11.8%
25-34	24.4%	13.9%	21.0%
35-44	19.6%	15.4%	18.4%
45-54	17.1%	18.1%	16.7%
55-64	13.0%	19.9%	15.6%
65+	13.2%	25.3%	16.6%
Household Income: \$100K+	37.5%	46.3%	40.8%
Household Income: \$75,000-\$99,999	14.1%	14.9%	14.9%
Household Income: \$60,000-\$74,999	10.3%	9.3%	10.3%
Household Income: \$50,000-\$59,999	8.1%	6.7%	7.5%
Household Income: \$40,000-\$49,999	7.6%	6.6%	7.0%
Household Income: \$30,000-\$39,999	8.5%	5.8%	7.1%
Household Income: 20000-29999 Dollars	6.1%	5.4%	5.8%
Household Income: Under \$20,000	14.0%	10.5%	12.3%
Race: White	70.8%	79.4%	72.1%
Race: Black/African American	13.6%	8.5%	12.5%
Race: Other Race/Multiple Classifications	15.7%	12.1%	15.4%
Hispanic, Latino or Spanish Origin	16.3%	13.5%	15.6%
Census Region: North East	16.2%	19.9%	16.7%
Census Region: South	40.2%	34.4%	39.4%
Census Region: Midwest	20.7%	22.4%	20.1%
Census Region: West	23.0%	23.3%	23.8%
Single	33.2%	21.4%	30.5%
Married	50.4%	61.7%	53.5%
Divorced/Separated/Widowed	16.5%	16.9%	16.0%
Total Radio Weekly Dayparts Cume: Monday - Sunday 24- Hour	87.4%	86.7%	86.4%

(Source: MRI-Simmons Spring Doublebase, 2021)

Major market segmentation for accounting services in the US: Finance sector, 23.1%; manufacturing and industrial sector, 19.3%; retail sector, 15.9%; individuals, 14.3% other businesses, 8.9%; public sector, 7.8%; utilities and mining sector, 6.7% an nonprofits, 4.0%.

(Source: IBISWorld, 2019)

Individuals account for nearly one-fifth of revenue for this industry because a large spectrum of private citizens seeks out assistance from industry operators for tax preparation and general accounting services.

(Source: IBISWorld, 2019)

The number of businesses in the US positively impacts the accounting services industry. An increase in the number of employing businesses precipitates increased demand for accounting services, as firms require assistance preparing tax statements and presenting financial information. The number of businesses is expected to increase in 2019.

(Source: IBISWorld, 2019)

According to IBISWorld research, the market segmentation of tax preparation services in 2019: Individuals with incomes of \$29,999 or less, 38.1%; individuals with incomes from \$30,000 to \$74,999, 27.7%; individuals with incomes of \$75,000 or more, 22.8%; businesses, 10.6%; government agencies, non-profits and others, 0.8%.

(Source: IBISWorld, 2019)

How consumers expect this year's refund to compare with last year's (among those who expect a refund in 2019): 22% expect it to be less, 48% expect it to be the same and 29% expect it to be higher.

(Source: National Retail Federation, 2019)

2019's annual tax return survey conducted by the NRF and Prosper Insights & Analytics found that nearly two-thirds (65%) of consumers expect to get a refund.

(Source: National Retail Federation, 2019)

What They Buy

Based on a 2019 National Retail Federation Tax Return Study, the planned use of tax refunds by American consumers who expect a refund (65% of US consumers expected a refund in 2019): (more than one answer possible): Put the money into savings, 50%; pay down debt, 34%; use it for everyday expenses, 22%; spend it on a vacation, 12%; home improvement, 10%; a major purchase (TV, furniture, car, etc.), 9%; "splurge" purchase (dining out, apparel, salon/spa, etc.), 9% and other 3%.

(Source: National Retail Federation, 2019)

Operators in the tax preparation services industry assist individuals and businesses with filing their tax returns but do not provide accounting, bookkeeping, billing or payroll process services.

(Source: IBISWorld, 2019)

Based on IBISWorld research, the products and services segmentation of tax preparers in 2019: Standard tax preparation services, 55.4%; basic tax preparation services, 23.1%; full-service tax preparation services, 13.8%; tax-related financial products, 7.7%.

(Source: IBISWorld, 2019)

Firms in accounting services industry are certified to audit the accounting records of public and private organizations and to demonstrate compliance to generally accepted accounting practices. Certified public accountants (CPAs), included in this industry, provide a variety of accounting services, including auditing accounting records, designing accounting systems, preparing financial statements, developing budgets and providing advice on matters related to accounting.

(Source: IBISWorld, 2019)

Major market segmentation for accounting firms in 2019: Finance sector, 23.1%; manufacturing sector, 19.3%; retail sector, 15.9%; individuals, 14.3%; public sector, 7.8%; utilities and mining sector, 6.7%; non-profit organizations, 4.0% and other businesses, 8.9%.

(Source: IBISWorld, 2019)

Product and services segmentation for accounting firms in 2019: Financial and auditing services, 30.2%; corporate tax preparation and representative services, 16.8%; individual tax preparation and representative services, 11.2%; tax planning and consulting services, 8.1%; general accounting services, 5.7%; financial statement review services, 3.2%; other financial assurance services, 2.9%; other services, 21.9%.

(Source: IBISWorld, 2019)

According to the 2019 Tax Professional Fee Study from the National Association of Tax Professionals, more than one out of three respondents raise fees every year and 32% raise them every two years. The average charge for an individual federal return is \$216.31.

(Source: National Association of Tax Professionals, 2019)

Under the Sarbanes-Oxley Act, passed in 2002, accounting firms may not provide audit and various consulting services to the same clients. Audit and tax preparation are the basic services of many accounting firms, but consulting services are often more profitable.

(Source: Hoover's, 2020)

When They Buy

The IRS confirmed that the nation's tax season will start for individual tax return filers on Monday, January 27, 2020, when the tax agency will begin accepting and processing 2019 tax year returns. The deadline to file 2019 tax returns and pay any tax owed is Wednesday, April 15, 2020. More than 150 million individual tax returns for the 2019 tax year are expected to be filed, with the vast majority of those coming before the traditional April tax deadline.

(Source: Internal Revenue Service, 2020)

With the rate of unemployment falling over the past five years, the number of tax-returns filed has increased, supporting stronger demand for tax-preparation services. Nevertheless, tax preparation demand is generally very seasonal. Although filing for an extension is possible, the filing deadline for most individuals is April 15. While some firms operate only on a seasonal basis, large players typically operate at a loss between May and December.

(Source: IBISWorld, 2019)

Where They Buy

H&R Block is one of the largest tax return preparers in the US, where it boasts some 11,600 company-owned and franchised retail locations. The company offers customers the options of filing taxes online or in person and doing their own taxes or having them done by an H&R Block professional. H&R Block collects revenue from service and product fees, software sales, and franchise royalties.

(Source: Hoover's, 2020)

Jackson Hewitt Inc., ranked second in the US behind H&R Block, prepares tax returns for primarily low- and middle-income customers. Jackson Hewitt provides full-service individual federal and state income tax preparation through about 6,400 primarily franchised offices, including more than 3,200 locations within Wal-Mart and Sears stores in the US and Puerto Rico. The firm's tax preparers use its proprietary Profiler decision-tree software to file millions of returns annually. It also offers online tax preparation at JacksonHewittOnline.com.

(Source: Hoover's, 2020)

Liberty Tax Service is the third largest of the tax preparation chains. Liberty Tax provides computerized tax preparation services through about 4,200 offices throughout the US and in Canada. More than 98% of the offices are operated by franchises and are easily recognized by the costumed Uncle Sams or Lady Libertys waving out front. The company's eSmart Tax product allows customers to file their taxes online. Liberty Tax also offers tax-preparation courses, refund loans, audit assistance, and related programs and services. CEO John Hewitt founded the company in 1997

(Source: Hoover's, 2020)

Intuit is a leading developer of software used for small business accounting (QuickBooks), and consumer tax preparation (TurboTax). It also helps manage personal finances and budgeting with its online Mint service. Professional accountants boot up Intuit's Lacerte, ProSeries, and ProConnect Tax Online products. More than 70% of revenue comes from products hosted on Intuit's servers, what the company calls connected services. Intuit claims more than 50 million users for its products and services. About half of annual revenue comes in the quarter that includes April 15.

(Source: Hoover's, 2020)

PricewaterhouseCoopers, one of the Big Four accounting firms, provides auditing and human resources, tax-related, and other advisory services. The company's target industries include the automotive, banking & capital markets, communications, energy & mining, entertainment & media, financial services, and health services industries. PricewaterhouseCoopers also has a practice geared specifically to private companies. It has about 80 offices in about 35 states.

(Source: Hoover's, 2020)

Another of the Big Four accounting organizations is Deloitte & Touche. Deloitte & Touche LLP offers audit and enterprise risk services. As part of its business, the firm provides clients with audits and financial statement reviews. Other services include financial reporting, regulatory updates, employee benefit audits, and venture capital services. Deloitte & Touche LLP has operations in about 90 US cities. Deloitte LLP also manages other US subsidiaries that offer tax, consulting, and financial advisory services.

(Source: Hoover's, 2020)

Ernst & Young is one of the Big Four accounting firms. E&Y provides assurance, tax, auditing, advisory, enterprise risk management, and technology and security risk services to public and private companies in the automotive, energy, chemicals, financial, health, real estate, retail, consumer, and entertainment industries in the US. The company also provides employee benefit plan and entrepreneurial services. The company serves more than 200,000 clients in 150 countries, from start-ups to multinationals.

(Source: Hoover's, 2020)

With about 35,000 employees, the US-centric business of Big Four accounting member KPMG provides audit, tax, and advisory services through approximately 90 offices located nationwide. KPMG mostly serves a diverse client base across industries including investment and financial services, energy and natural resources, healthcare and life sciences, industrial manufacturing, retail, media, manufacturing, and the government and public sectors.

(Source: Hoover's, 2020)

In 2019, IBISWorld expects the accounting industry's four largest players to collectively generate just over 32.0% of revenue. However, despite moderate concentration, the national industry is pyramid-shaped in terms of market structure. The vast majority of accounting service establishments are small, local partnerships with a few employees, or sole proprietors without a payroll. An estimated 85.2% of industry establishments employ fewer than 10 workers. These firms generally serve small businesses and individuals, rather than high-value corporate clients. These countervailing factors have led to a moderate level of concentration.

(Source: IBISWorld, 2019)

BDO Global is the fifth-largest accounting network in the world. The company comprises a professional services network of public accountancy firms in 154 countries and employs more than 70,000 staff. BDO Global operates through three main service lines: audit and accounting, tax services and advisory services. BDO Global operates in this industry through its subsidiary, BDO USA.

(Source: IBISWorld, 2019)

Automatic Data Processing (ADP) is one of the largest payroll and tax filing processors in the world, serving about 740,000 clients. Employer services (payroll processing, tax and benefits administration services) account for the majority of the company's sales, and its PEO (Professional Employer Organization) services are provided through ADP TotalSource. Other offerings include accounting, auto collision estimates for insurers, employment background checks, and business development training services. The US accounts for more than 85% of the company's revenue.

(Source: Hoover's, 2020)

How They Buy

Filing electronically flags common errors and prompts taxpayers for missing information. Taxpayers can also get free help preparing and filing taxes through IRS Free File online or free tax help from trained volunteers at community sites around the country.

(Source: Internal Revenue Service, 2019)

The fastest way to get your tax refund is the method already used by most taxpayers: filing electronically and selecting direct deposit as the method for receiving your refund.

(Source: Internal Revenue Service, 2019)

Popular online tax services like TurboTax and H&R Block are easy to use, even for tax novices. If you plan to visit an accountant, make an appointment early to avoid the rush.

(Source: Business Insider, 2019)

Of 154,297,000 total returns, about 137,866,000 million tax returns, 92%, were filed electronically for Tax Year 2018. There has been a steady increase in the number of tax returns that are filed this way each year.

(Source: Internal Revenue Service, 2019)

80% of taxpayers get their refunds by using direct deposit.

(Source: Internal Revenue Service, 2019)

The industry landscape has evolved during the current period, creating more options for consumers to prepare their tax returns using electronic filing systems. Consumer preferences are increasingly trending toward online services, such as e-filing and the US Internal Revenue Service's Free File. Major industry players have adapted to this digital environment by changing their price structure and business model. Many companies now offer their own price-competitive electronic options to attract customers while offering integrated advice and value-added services for additional fees.

(Source: IBISWorld, 2019)

Why They Buy

Increases in per capita disposable income suggest that employment is on the rise and that, potentially, more individuals will require services to file their taxes. In 2019 per capita disposable income is expected to increase.

(Source: IBISWorld, 2019)

Business Information

The accounting services industry is expected to continue to experience strong demand over the five years to 2024, as overall business activity improves. An increasing number of businesses, coupled with rising corporate profit will cause aggregate private investment to increase and generate higher demand for traditional accounting services, such as auditing and corporate tax assistance.

(Source: IBISWorld, 2019)

A late October 2019 survey of more than 800 accounting firms of all sizes asked respondents the biggest challenges for small accounting firms. The answers were: the Tax Cuts and Jobs Act, 54%; acquiring and retaining new clients, 33%; keeping up with regulatory change, 33%; keeping up with new technology, 29%; data and IT security, 27% and remaining relevant to clients, 22%.

(Source: Accounting Today, 2019)

The Accounting Today 2019 Year Ahead Survey of more than 800 accounting firms of all sizes asked respondents the biggest challenges for midsized accounting firms. The answers were: the Tax Cuts and Jobs Act, 52%; recruiting/retaining good employees, 38%; keeping up with regulatory change, 31%; acquiring and retaining new clients, 31%; keeping up with new technology, 28% and data and IT security, 27%.

(Source: Accounting Today, 2019)

A late October 2019 survey of more than 800 accounting firms of all sizes asked respondents the biggest challenges for large accounting firms. The answers were: Recruiting/retaining good employees, 62%; the Tax Cuts and Jobs Act, 40%; acquiring and retaining new clients, 32%; keeping up with new technology, 24%; succession planning, 23% and a tie for keeping up with regulatory change and data and IT security, both at 22%

(Source: Accounting Today, 2019)

The Accounting Today 2019 Year Ahead Survey asked "How do you think this tax season will be compared to last?" The answers were: Better, 42%; worse, 24% and better, 34%. These answers were more pessimistic when compared to the same question in 2018, which was: Better, 43%; worse, 12% and better, 45%.

(Source: Accounting Today, 2019)

Accounting Today surveyed 200 accountants in December 2019 about how many clients they expect to put on extension this tax season: More than last year, 12%; same as last year, 73% and fewer than last year, 15%.

(Source: Accounting Today, 2019)

At present, only seven states regulate tax preparation services: California, Connecticut, Illinois, Maryland, Nevada, Oregon and New York.

(Source: IBISWorld, 2019)

Why Radio

Radio has established itself as an excellent vehicle for advertisers to deliver their messages to an increasing number of potential buyers. Each week, radio reaches 90% of persons ages 18+, and 63% of these consumers on a daily basis. In all, more than 227 million Americans ages 18-and-older listen to radio every week.

(Source: Nielsen Audio, 2019)

Radio's weekly reach includes 89.4% of adults 18+ who utilized any online tax preparation service, 84.3% who used on-site tax preparation service and 87.3% of consumers who have used a CPA or other tax professional in the previous year.

(Source: GRF MRI Doublebase, 2019)

The Tax Cuts and Jobs Act (passed in 2017) has trimmed down individual income tax rates across the board. Though the IRS data suggests that things aren't all that different for individual taxpayers year over year, CPAs said that clients had plenty of surprises when they filed.

(Source: CNBC, 2019)

At present, only seven states regulate tax preparation services: California, Connecticut, Illinois, Maryland, Nevada, Oregon and New York.

(Source: IBISWorld, 2019)

Relevant Links

National Retail Federation:
www.nrf.com

Internal Revenue Service:
www.irs.gov

National Society of Accountants:
www.nsacct.org

Accounting Today:
www.accountingtoday.com

(Source: RAB, 2020)