

To tweet or not to tweet

Investing in social media for wealth managers





Other papers in this series:

- ▶ *Advice goes virtual* – April 2015
- ▶ *It got so late so soon: Wealth and asset managers awake to the new digital age* – September 2015

Future topics to be released in late 2015 and early 2016 include:

- ▶ The rise of robo-advisor acquisitions
- ▶ The role of the chief digital officer
- ▶ Digital immaturity
- ▶ Emotional design

Social media: this thing may be catching on

One of the most memorable scenes from the film *The Social Network* (2010) is when Jesse Eisenberg, as Mark Zuckerberg, corrects an attorney with the information that his Facebook predecessor site “Facemash” received 22,000 hits in the first two hours (not 2,200), which was surprising as Harvard did not even have that many students! Fast forward to the current day where Facebook regularly receives 100 billion hits a day, and the mainstream adoption of social media is easy to recognize. On a broader scale, there are now more than 3 billion global internet users accessing over 500 billion active websites, and they spend more time on social media sites than on any other, according to Nielsen.

Those numbers include the well-to-do segments of the population. Pew finds that 78% of people making more than \$75,000 a year use social media on a regular basis, and, not surprisingly, wealth advisors have taken notice. Smarsh cites that 75% of wealth management advisors actively use social media, concentrating on sites such as LinkedIn, Facebook and Twitter. Just four years ago, only 39% of advisors were using LinkedIn, and even fewer were using Facebook and Twitter.

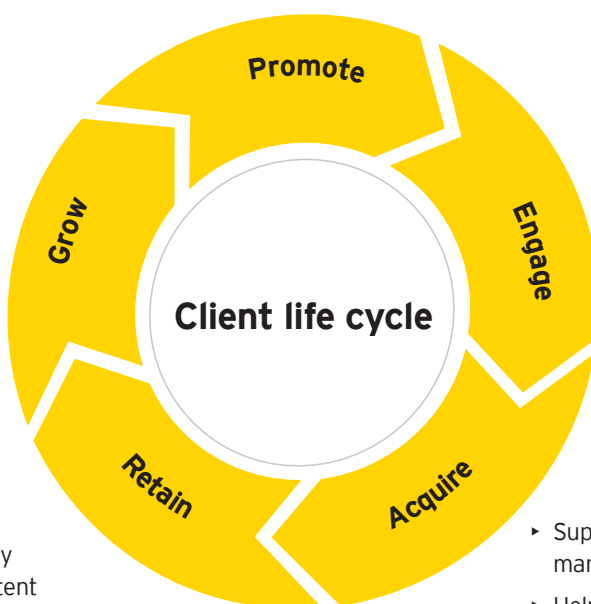
To the users go the spoils

For advisors, the benefits of participating in social media would seem to be broad and multifaceted. The potential applications from using this technology are strong for enhancing reputation, building intimacy with clients, boosting retention and supporting meaningful, two-way interactions between the advisor and client across the life cycle.

Figure 1: The value social media adds for wealth managers

- ▶ “Listening” for activities and trends
- ▶ Financial advisors (FAs) can gauge social trends (analytics)
- ▶ Wealth managers (WMs) can publish content to increase profit and build brand awareness and perception
- ▶ WMs can monitor and respond to published content

- ▶ Understand and gain insight into additional interests
- ▶ Help cross-sell into adjacent products and series



- ▶ Firms can generate new leads from social media presence
- ▶ FAs can research prospects and learn more about them
- ▶ Help inform customer relationship management (CRM) entries and knowledge

- ▶ WMs can add additional value by publishing thought-leading content
- ▶ Build stronger relationships and trust
- ▶ Respond to queries on published content

- ▶ Support existing sales and marketing channels
- ▶ Help FA win the clients' business, with better tracking
- ▶ Use meaningful analytics to expand upon the success



Social media is valued, but investment is lagging

Although individual advisors appear to recognize the value of social media and are using it to an increasing degree, their employers at the institutional level don't seem to be investing in it. A recent EY survey of wealth managers reveals that even as overall IT spending in wealth management is increasing 4% a year, with a strong focus on business development and front-office investments, only 4% of respondents stated that investing in social media is a high priority. Social media is relatively new and continues to quickly evolve. It's fair to say that the wealth management sector is only beginning to understand what a powerful tool social media can be and what the different areas of investment would be at the institutional level. These investments require hard and soft dollars in several capability areas to realize the value from social media:

Figure 2: Social media investment areas

Area of investment	Nature of investment	
Monitoring and management platform	Social media tools provide end-to-end services, such as listening, analytics, reporting and publishing engines.	Social listening tools can range from the very basic, with monthly subscriptions under \$1,000, to more expanded functionality and services such as monitoring, measuring, analytics and profiling, which are more expensive.
Integration with existing sales and marketing channels	Key triggers identified through social media analytics can automatically be fed into CRM tools as leads. Integration between social media and sales channels can facilitate effective tracking and quick turnaround.	Social CRM insights platforms that integrate CRM with social media monitoring and measurement are subscription-based platforms or tools. Soft-dollar expenditures in the form of project-type work are also required.



Is the juice worth the squeeze? How to measure the value

Implementing a leading-edge social management strategy requires both hard and soft dollars and can easily constitute a multimillion-dollar investment. Is it worth it? The challenge for many would-be advocates is simply how to quantify the ROI from such investments and understand the true impact to the bottom line. The reality is that success must be measured at each turn of the client life cycle to assess the value and success of social media.

Figure 3: Measuring the value of social media

Life cycle stage	Objectives	Metrics
Promote	Maximize amount of buzz associated with brand; do it economically	<ul style="list-style-type: none"> ▶ Brand awareness (e.g., Klout Score¹) ▶ Website traffic ▶ Fans, followers, friends ▶ Likes and favorites ▶ Changes in search engine rankings ▶ Reduced sales and marketing costs
Engage	Generate new leads and prospects	<ul style="list-style-type: none"> ▶ User-initiated views ▶ Demographics of target audience engaged ▶ Geography of participating prospects and clients ▶ Interaction or engagement rate ▶ New leads generated
Acquire	Convert prospects to clients	<ul style="list-style-type: none"> ▶ Conversion rate ▶ Impact on online sales (digital channel) ▶ Impact on offline sales (advisor)
Retain	Keep clients from leaving	<ul style="list-style-type: none"> ▶ Clients assisted ▶ Queries on published content ▶ Client retention rate ▶ Client satisfaction index
Grow	Upsell into additional products and services	<ul style="list-style-type: none"> ▶ Media impact on products per client ▶ Media impact on client lifetime value

¹ Klout is a website and mobile app that uses social media analytics to rank its users according to online social influence via the “Klout Score,” which is a numerical value between 1 and 100. In determining the user score, Klout measures the size of a user’s social media network and correlates the content created to measure how other users interact with that content. Klout launched in 2008.

How do you get started? Define a vision and multigeneration plan

Once you've recognized the importance and value of investing in social media, building a solid, goals-based vision and then understanding the resulting multigeneration approach to delivering are critical steps.

Figure 4: An illustrative multigeneration plan



Building a vision starts with the organization defining its goals and how those align and are enabled by social media, creating a shared view for how social media will enable strategy and guide subsequent investments. As with any multiyear capital investment, the measurement approach and business case should be clearly outlined to capture ROI and sustain support. Wealth managers must successfully plan and manage the use of social media in their firms or risk missing a valuable opportunity to gain clients.

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