

# Financial Advisors' Use of Social Media Moves from Early Adoption to Mainstream

Advisors use a variety of social networks overall – but when it comes to driving business, the overwhelming majority turn to LinkedIn

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In order to better understand the role of social media and networks in the financial services sector, LinkedIn partnered with FTI Consulting to conduct a comprehensive survey of financial advisors in the United States. The study has revealed new insights into how financial advisors are leveraging social media to drive business, often under restrictive policies. Findings from the research also show a number of best practices for successful use of LinkedIn to support ongoing business needs.

## Introduction

**In a mere handful of years, social media has fundamentally changed how individuals and businesses communicate.** Marketing communications have shifted from one-way conversations to dynamic social communities — thus transforming social media from a tangential element of business strategies to a decisive game-changer.

**Among financial advisors in particular, social media has quickly become a critical business tool.** With a business that is fueled principally by networking, advisors are increasingly integrating social media as a core element of their marketing efforts. This comes as no surprise, given the adoption rates of their prospective clients: According to Forrester Research, two-thirds of U.S. online adults with an investment account now have social network profiles.

**Facing a competitive disadvantage of being left behind by early-adopter peers, advisors are inclined to improve their understanding of how best to leverage social networks for business.** However, with obstacles like securities regulations and company compliance policies, financial advisors arguably have more barriers to adoption than professionals in other industries. Despite these challenges, advisors are finding ways to effectively work within the parameters of compliance.

**For financial advisors who use social media, LinkedIn's platform is key — particularly due to its professional context and growing audience of valuable financial consumers.** Perhaps more significant, however, is that advisors are able to leverage the LinkedIn platform in a way that parallels and enhances their traditional business cycle. Simple opportunities, such as utilizing one's full extended network for possible leads, provide advisors with now imperative resources to be more efficient and effective.

# 7 IN 10

FINANCIAL ADVISORS ARE ALREADY USING SOCIAL NETWORKS FOR BUSINESS PURPOSES



# 9 IN 10

FINANCIAL ADVISORS WHO USE SOCIAL NETWORKS FOR BUSINESS TURN TO LINKEDIN



With continued empowerment and education, advisors will be better equipped to contend with the leading marketing strategies of their peers and succeed in a highly competitive marketplace. Whether part of a wirehouse, brokerage firm, or working independently, advisors have expressed unequivocally that their adoption of social media is here to stay. With this firmly established, advisors will undoubtedly be looking to make the most of the opportunities ahead.

## Key Findings

**Seven in 10 financial advisors are already using social networks for business purposes:**

- Adoption rates will only continue to grow, as more than half of financial advisors expect social media to play a significant role in their marketing efforts in 2013 — this represents an 80% increase year-over-year.

**While most advisors report that their social media use is restricted, company compliance policies have not substantially deterred overall adoption of social media:**

- Company policies are far more restrictive for wirehouse advisors than for either broker-dealers or registered investment advisors (RIAs), which is to be expected given the greater sensitivity to regulatory implications among the larger financial institutions.

**When using social networks for business purposes, nine in 10 financial advisors turn to LinkedIn:**

- Among advisors who have used at least one social network for business in the past year, 91% have used LinkedIn, compared with less than a third each for Facebook, Twitter and Google+.
- Contributing to this preference are features and tools unique to the LinkedIn platform that effectively complement and amplify advisors' traditional efforts to grow their book of business.

**More than three in five advisors who use LinkedIn for business have increased their business usage of the site over the past year:**

- Key factors contributing to this increase include an improved understanding of how best to leverage LinkedIn for business and the presence of valuable target audiences on the site.

**Financial advisors leverage LinkedIn for client prospecting efforts with highly successful results:**

- In the past year, more than three in five financial advisors who used LinkedIn for client prospecting successfully gained new clients as a result — with nearly a third of these generating \$1 million or more in assets under management.

**Successful financial advisors have proactively utilized LinkedIn throughout their acquisition process, particularly through the use of networking tools:**

- Financial advisors who have successfully gained clients on LinkedIn are three times as likely to have leveraged the site's search tools to find clients or to have requested introductions to new leads.

**Though advisors generally do not report social media activity outside the parameters of their policies, they would like to use LinkedIn for a greater number of business purposes than they have been able to in the past:**

- Advisors are especially interested in leveraging the platform more for knowledge-sharing activities, highlighting the trust factor associated with LinkedIn.
- Half would choose LinkedIn over Facebook, Twitter or Google+ to cascade thought leadership if policies were not an obstacle, but only one in five has been able to do so.

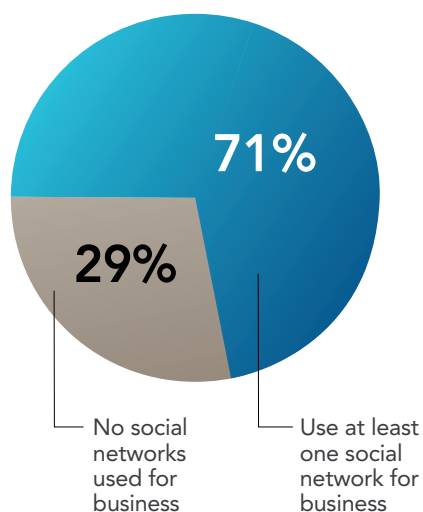
*“Social media allows more opportunities for connection. That is a financial advisor's bread and butter.”*

Broker-Dealer

Figure 1

## Overall Business Use of Social Networks

Among all financial advisors



*“I believe [social media] is becoming a more accepted way of driving new business and referrals. The financial services industry is starting to realize the benefits [of social media] and will eventually allow more access to it.”*

Wirehouse advisor

## Financial advisors report high adoption levels of social media for business

### Client relationships move to social networks

It is no surprise that a large majority of financial advisors are using social media to advance their business prospects. Hundreds of millions of people around the world already use sites like LinkedIn, Facebook and Twitter, making social networking an increasingly vital element for building and interacting with communities of potential clients. With a projected 19.2% increase of global social media users in 2012, this universe will only get bigger: At the current growth rates, 25.8% of the world's population will use a social network at least once a month by 2014.<sup>1</sup>

Social media presents a dynamic and multi-faceted channel for financial advisors, whose business relies on networks and referrals to win and retain clients. By centralizing existing client contacts, social networks offer a cost-effective way to leverage this otherwise stagnant information. Through simple actions such as conducting keyword searches or checking connections in common, advisors can grow and capitalize on their network to generate leads and referrals.

Financial advisors can also demonstrate expertise in discussion forums or through membership in industry groups on social networks, in addition to sharing their credentials and differentiating their business. In an industry where the size and quality of relationships are crucial and where traditional sources of information can quickly become stale, a growing number of advisors are drawn to the value of social networks.

### Social media will drive most advisors' marketing efforts

A majority of financial advisors already use social media: Nearly three out of four have used at least one social network for business in the past year (Figure 1).<sup>2</sup>

Currently, about a third of advisors report that social media plays a significant role in their marketing efforts (29%), but this is poised for a substantial increase in the near future: More than half expect social media to play a significant role in their marketing one year from now (52%). At this rate, significant business adoption will quickly become mainstream among financial advisors.

The growth potential for social media in the financial services industry undoubtedly is encouraged by these existing adoption rates among financial advisors. As awareness and understanding of social networking strategies continue to grow, more financial professionals will incorporate these tools into their business and, in turn, expand the reach of their networks.

<sup>1</sup> eMarketer, "Worldwide Social Network Usage: Market Size and Growth Forecast," March 15, 2012

<sup>2</sup> Among all respondents established as qualified financial advisors, including those later screened out for lack of business social media use

## LinkedIn is the preferred social platform among financial advisors

If advisors are using at least one social network for business, they are, on average, more than three times as likely to use LinkedIn compared with any other social network (Figure 2). For personal use, it is clear that Facebook remains dominant, as 71% of advisors who use the site report strictly personal usage. Overall, however, LinkedIn is the most widely utilized social network among financial advisors, with 78% using the site, just edging out the 75% who use Facebook (Figure 3).

Figure 2  
**Social Networks  
Used for Business**

Among financial advisors who  
use at least one for business

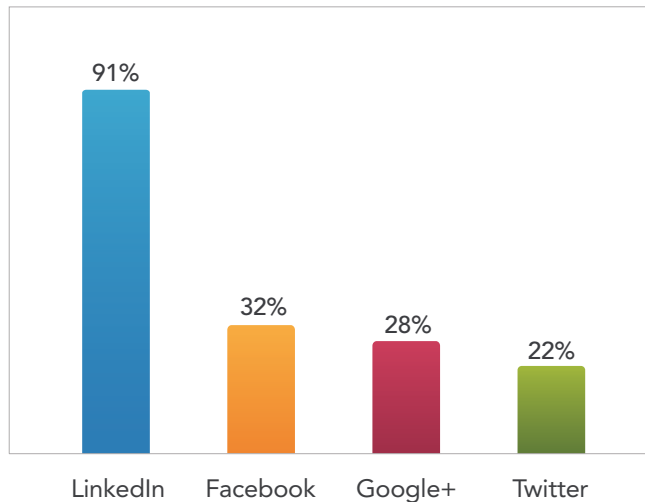
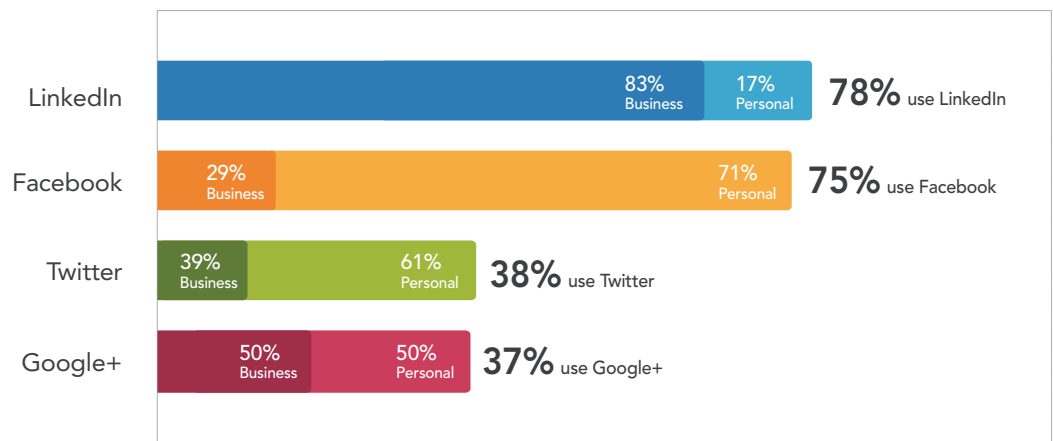


Figure 3  
**Overall Social Network  
Usage for Business/  
Personal Purposes**

Among all financial advisors



*“I have had prospects look at my LinkedIn page during their research for a financial professional. LinkedIn has created a forum where I have been able to differentiate my business and for prospective clients to see how I am different from the run of the mill financial service providers.”*

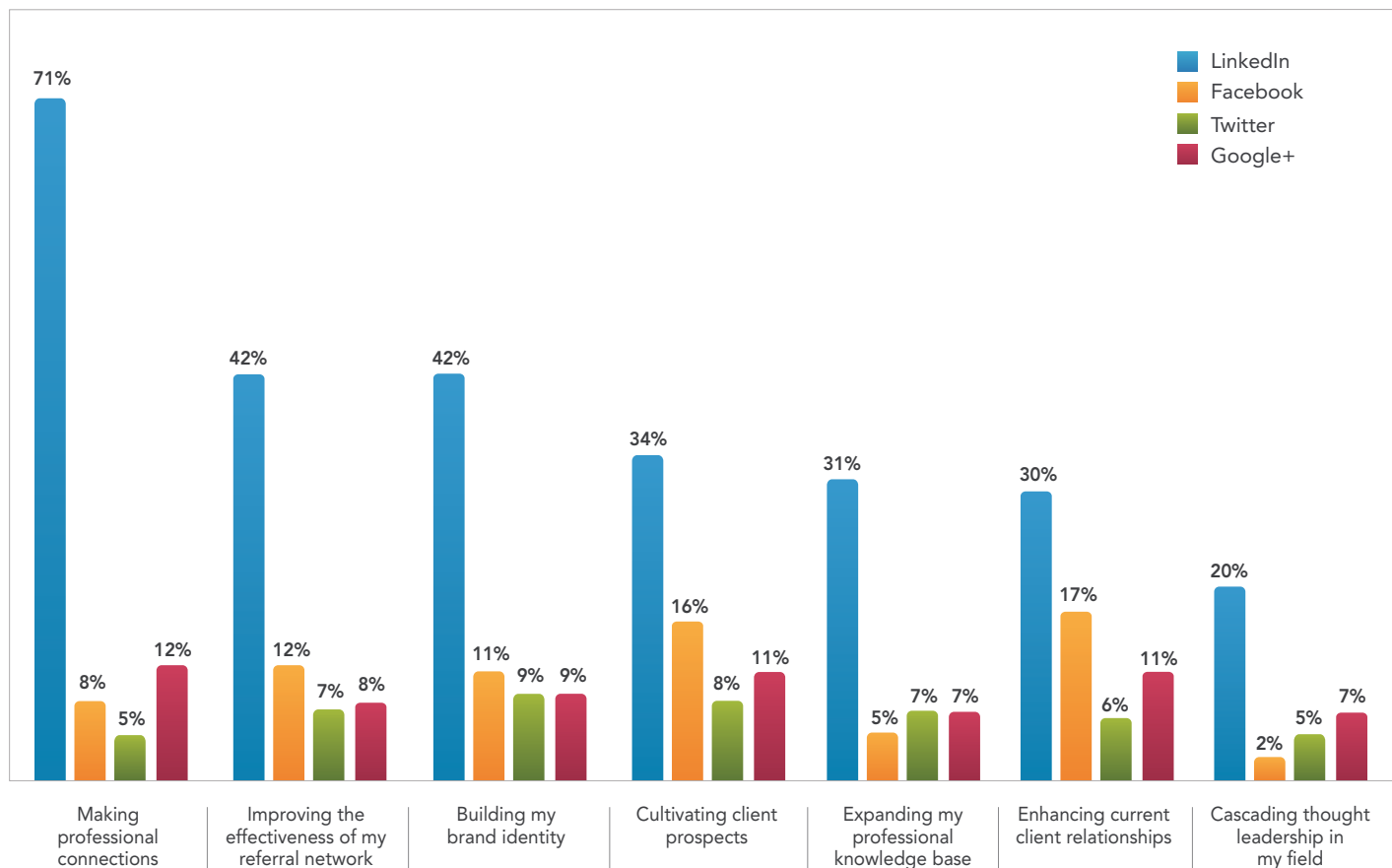
Broker-Dealer

A leading reason for advisors’ overwhelming business network preference is that LinkedIn complements and enhances the way financial advisors grow their book of business. Traditionally, financial advisors depend on referral networks and cold calling to gain new clients; they also rely on frequent interactions with existing clients to deepen current relationships. Especially for newer advisors, it often can take years to build an effective network. By leveraging LinkedIn, advisors can streamline and amplify these efforts, using a single platform both to gain new clients and to deepen existing relationships.

Figure 4

## Social Network Use by Business Purpose

How many have used each network for each business purpose? (Among financial advisors who use at least one social network for business)



### Not just for connecting: Advisors leverage LinkedIn throughout their business process

Financial advisors who use at least one social network for business are not only more likely to use LinkedIn overall, they are also more likely to use it for each of their specific business needs. Advisors are especially likely to use LinkedIn to make professional connections, improve their referral network and build their brand identity — more so than Facebook, Twitter and Google+ combined (Figure 4). Given the site's professional context, advisors have also used LinkedIn as a forum for trusted information sharing, both to expand their professional knowledge and to cascade thought leadership.

Since actions involving content creation have a greater potential for compliance issues, advisors seem to be exercising caution in these areas. However, as social media continues to drive marketing efforts, advisors will benefit from company tactics that minimize the effects of restrictive policies, such as the implementation of a middleware system.

### Usage of LinkedIn varies by type of advisor

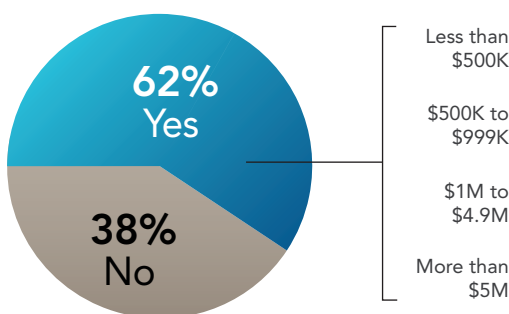
When looking at LinkedIn usage across different types of financial advisors, those from wirehouse firms are comparatively more likely to have utilized search or communications tools to prospect or seek referrals to new clients. This could be because such networking tools have been effective in helping advisors gain new clients, especially as wirehouse advisors look to offset losses from the shift to independent advisors in recent years.

*“Through referrals and making connections [on LinkedIn] I have been able to acquire various new clients, both locally and in other markets. [Using LinkedIn] allows for expanded brand knowledge without the necessary travel and store level marketing.”*

Registered investment advisor

Figure 5  
**New Clients Gained Through LinkedIn**

Has your use of LinkedIn for prospecting helped you gain new clients?

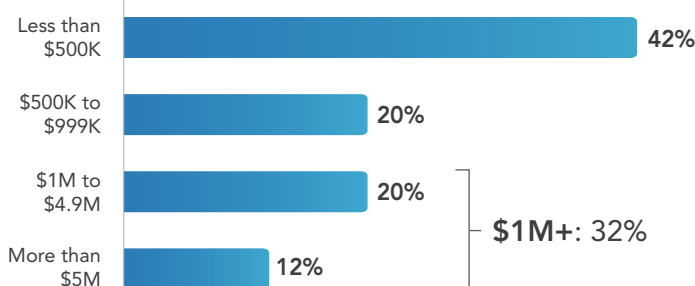


RIAs, on the other hand, are more likely than other types of financial advisors to use LinkedIn to expand their professional knowledge or post information. Though RIAs generally benefit from less restrictive compliance policies, they are less likely to have access to proprietary research or similar business support that other advisors might receive from their firm. Additionally, RIAs often do not benefit from the brand name of a larger firm and are more reliant on individual brand building efforts. As such, these advisors are keen to leverage the full reach of their network on LinkedIn to effectively differentiate themselves from competition and to stay up to date on industry insights that support their business efforts.

### New client acquisition is likely for advisors who prospect on LinkedIn

- **More than three in five financial advisors who have leveraged LinkedIn to cultivate client prospects in the past year have successfully gained new clients as a result** (Figure 5).
- **Those who are gaining clients on LinkedIn are bringing in big business:** Nearly a third have gained \$1 million or more in assets under management, while 12% have gained \$5 million or more (Figure 5).

### Corresponding gain in assets under management from new clients



### Advisors use LinkedIn more frequently for business

Further solidifying LinkedIn's dominant position in the sector, financial advisors who use LinkedIn for business are doing so much more frequently than users of other networks. While three-quarters of LinkedIn's business users are at least monthly users, fewer than half of Facebook's business users are using Facebook for business purposes at least once a month – and fewer still among Twitter and Google+ users on their respective networks.

Additionally, more than half of those who use LinkedIn for business do so weekly, compared with less than a third of those who use Twitter or Facebook for business (Figure 6). Interestingly, though Facebook is nearly twice as popular as Twitter and Google+ in overall usage (Figure 2), Facebook is used least frequently for business purposes.

*“I had been calling a prospective client without any success over a two-year window. After connecting [with] him on LinkedIn, he picked up the phone of his own accord and said he wanted to meet with me. After that meeting, he became a client.”*

Wirehouse advisor

Figure 6

## Frequency of Social Network Usage

Among financial advisors who use each social network, how frequently do they use for business?

■ LinkedIn  
■ Google+  
■ Twitter  
■ Facebook

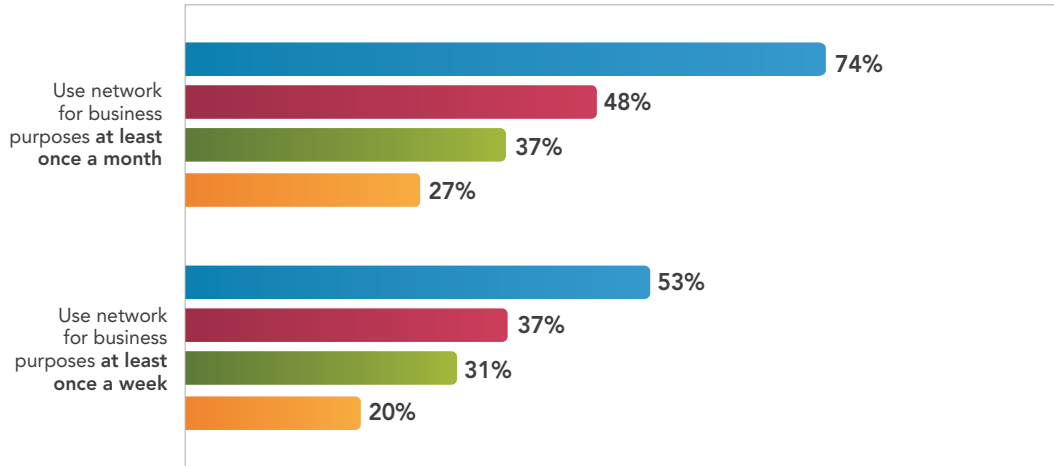
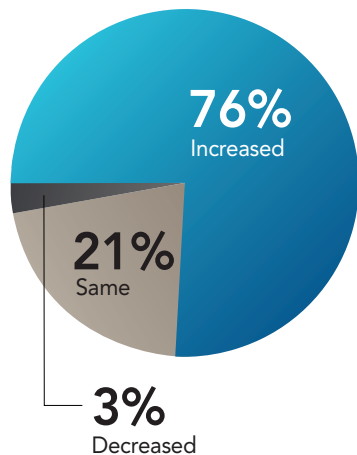


Figure 7

## Usage of LinkedIn

Among financial advisors who have gained clients & increased use

Has your business use of LinkedIn increased over the past year?



## Top reasons for increased business use of LinkedIn

**AUDIENCE**  
**71%** SAY TARGET CLIENTS ARE ACTIVE ON LINKEDIN

**EDUCATION**  
**66%** GAINED BETTER UNDERSTANDING OF LINKEDIN

**PLATFORM**  
**55%** FIND LINKEDIN'S PLATFORM SUPERIOR FOR BUSINESS

## Most business users of LinkedIn report increased usage year-over-year

Across all advisors who have used LinkedIn for business purposes, 62% report an increase in their business usage of the site over the past year, while only 4% report a decrease in usage.

When asked why they have increased their usage of LinkedIn over the past year, financial advisors most often cite an active target audience on the site and their own improved understanding of the LinkedIn platform:

- Three in five have increased their business usage of LinkedIn because the people they are trying to reach are active on the site (61%).
- Nearly as many have increased their usage because they now have a better understanding of how best to leverage LinkedIn for business purposes (57%).

It is possible that these trends reflect broader improvements in the job market, or perhaps the increased adoption of company compliance solutions such as middleware software. Additionally, educational resources such as company or site-sponsored workshops likely have contributed to the increase in understanding.

**The presence of high-value prospects on social networks such as LinkedIn is a notable driver of increased usage among advisors, especially as many investors seek financial advice on these networks:**

- According to Forrester Research, two-thirds of U.S. online adults with an investment account now have social network profiles.
- In addition to having a presence on social networks, these investors are seeking help: Forrester notes that the percentage of investors who want advice from experts grew in the last decade, while the percentage of investors who make all their own investment decisions fell by 30%.
- Coupled with the fact that 40% of U.S. consumers who opened a full-service brokerage account last year researched their choices online, it is clear that there is a strong audience-based motivation for advisors.

Usage trends among successful advisors reflect factors similar to those driving use of LinkedIn overall. In addition to citing client activity and better understanding of LinkedIn tools, advisors also consider LinkedIn to be generally preferable for their needs compared with other social networks (Figure 7).



## Successful advisors proactively leverage LinkedIn

Advisors who have gained new clients through the use of LinkedIn are more often using the site with the intent of establishing and growing a network of clients and referrals.

For example, successful advisors are twice as likely to have used the site to improve their referral network and more than twice as likely to have used LinkedIn to enhance client relationships (Figure 8). This demonstration of return on investment emphasizes the value of LinkedIn as a cost-effective and dynamic alternative to traditional lead generation tools such as mailing lists and advertising.

**Generally, advisors who have had success gaining clients on LinkedIn have been more active in leveraging the platform during the initial stages of the acquisition cycle.** In terms of specific actions taken, more than three times as many successful advisors have used search tools to find clients, request connections or get introduced to new leads compared to those who haven't gained new clients. Additionally, more than twice as many have requested referral introductions or managed referral contact information through LinkedIn.

Figure 8

### Reasons for Using LinkedIn

For which of the following business purposes have you utilized LinkedIn?

- Gained clients from LinkedIn
- Have not gained clients from LinkedIn

Improving the effectiveness of my referral network



Cultivating client prospects



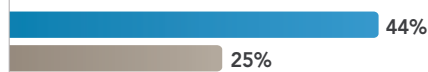
Building my brand identity



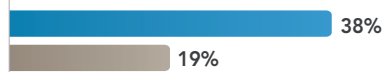
Enhancing current client relationships



Expanding my professional knowledge base



Cascading thought leadership in my field



While it is clear that financial advisors who have successfully gained clients from LinkedIn have been more active on the site, can their success be traced back to their actual goal for using the platform? Advisors who have leveraged the site to cultivate client prospects are three times more successful when it comes to gaining new clients versus those who have not leveraged LinkedIn to cultivate client prospects.

*“I use [LinkedIn] to make ‘cold’ introductions ‘warm’.”*

Wirehouse advisor



# 89%

OF ADVISORS SAY THEIR COMPANY HAS A SOCIAL MEDIA POLICY. AMONG THESE,

# 9 IN 10

KNOW THIS POLICY

*“I see many professionals beginning to realize the opportunities that may be missed if they do not use these platforms. I am becoming more familiar with what our policy allows or does not allow so that I can increase my use of social media platforms to increase exposure and client interest.”*

Broker-Dealer

## Company compliance policies impact certain uses of LinkedIn

While company compliance policies do not appear to deter overall social media adoption among advisors, the policies do affect how advisors can specifically leverage social networks for business. For the most part, companies have restricted social media actions that may fall within existing guidelines or regulations governing communications to and suitability for individual investors. Because of these restrictions, fewer advisors are able to perform certain actions on LinkedIn such as requesting or writing recommendations, posting to groups or pages, or sending InMail.

It also is probable that these restrictions result in missed opportunities by limiting the ways that advisors can connect with potential clients. Some of the key activities tied to advisor success, such as requesting connections or referrals, often require use of InMail. Similarly, many companies limit active participation in discussion groups, which would otherwise provide advisors with valuable opportunities for brand building or demonstration of expertise.

Nonetheless, most advisors are permitted to access LinkedIn at work (79%). The majority are allowed to list their company on their LinkedIn profile (90%) and accept or request connections on the site (83% and 81%, respectively).

### Restrictions vary by advisor type

Likely due to a greater overall sensitivity to the regulatory environment among the larger financial institutions, company compliance policies are far more restrictive for wirehouse advisors, compared with both broker-dealers and RIAs.

Even for more benign actions such as listing one's company on a LinkedIn profile or requesting connections, advisors from wirehouse firms have more restrictive policies. Interestingly, nearly half of wirehouse advisors who have increased their business use of LinkedIn attribute this to a decrease in company compliance policies or securities regulations.

## Evolving social media policies will contribute to advisors' future success

It is clear that advisors are factoring social media into their long-term business strategies in a significant way as they turn the corner toward mainstream adoption. As more financial advisors integrate social media into their business practices and companies realize the marketing potential of these platforms, it is expected that compliance policies will evolve, particularly as they relate to the more business-oriented platforms like LinkedIn.

Though many advisors are successfully leveraging LinkedIn for their business needs already, there is ample room for opportunity. Advisors would ideally like to leverage social networks – specifically, LinkedIn – for more business purposes than they have been able to in the past. For example, while half of advisors who use social networks for business would ideally use LinkedIn to cascade thought leadership, just one-fifth have been able to leverage LinkedIn for this purpose.

Together with the benefits of evolving policies, empowerment and education will help advisors to optimally leverage LinkedIn and to understand how best to work within the parameters of compliance. Even for independent advisors who do not benefit from company support, increased familiarity with social platforms and capabilities will help lead advisors to the tools and features that are most valuable for their business needs.

To learn more about how LinkedIn Marketing Solutions can help you reach financial advisors, visit [marketing.linkedin.com](http://marketing.linkedin.com).

## About the Authors



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Emily Friedman is a researcher at LinkedIn, where she leads primary studies for the Marketing Solutions business. With a focus on audience and industry research, Emily drives insights that help marketers make more informed decisions and create better strategies. Her experience includes extensive primary research, quantitative analysis and media measurement for clients across a range of industries.



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As managing director for FTI Consulting, Neil Benedict oversees the company's research capabilities for the financial services sector. He has over 20 years of experience in senior marketing and general management positions at companies such as Ameritrade, AC Nielsen, Citibank and Unilever. Neil is the founder of Affluent Dynamics, LLC, a leading custom market research firm that was acquired by FTI Consulting in 2007.

## Methodology

This report is based on a February 2012 online survey of 463 total financial advisors in the United States, including 203 advisors on the FTI Consulting Affluent Dynamics panel and 260 advisors on LinkedIn. Across all qualified respondents, there were 139 financial advisors from wirehouse firms, 209 from broker-dealers, and 115 registered investment advisors.

Selection of qualified respondents was based on self-identification of job function, products/services sold or recommended, and compensation structure, in line with commonly accepted definitions. Qualified respondents also were required to have used at least one social network for business in the past year.

Though not counted toward the total qualified respondents, those who were found to be qualified financial advisors but did not qualify based on social media use still were used to determine overall usage proportions.

## About LinkedIn

Founded in 2003, LinkedIn connects the world's professionals to make them more productive and successful. With more than 150 million members worldwide, including executives from every Fortune 500 company, LinkedIn is the world's largest professional network on the Internet. The company has a diversified business model with revenues coming from member subscriptions, marketing solutions and hiring solutions. Headquartered in Silicon Valley, LinkedIn has offices across the globe.

## About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organizations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management, strategic communications and restructuring. The company generated \$1.56 billion in revenues during fiscal year 2011.