

# The Role of Social Media Campaigns in Referral Programs

When acquiring new prospects, social media strategies provide necessary support.



Nearly three in four advisors use social media for professional purposes, including as part of an overall digital marketing strategy aimed at new client prospects. And while social media may not be the most effective way to acquire new clients, it plays an important role supporting their overall marketing efforts, including activities such as referral programs. This is just one of the important takeaways from a recent WealthManagement.com survey of more than 200 advisors and financial professionals.

## The survey's five key takeaways include:

- Part 1:** Social media is a common—and important—marketing tool. Firms say social media campaigns are one of the most crucial tools in their digital marketing toolbox.
- Part 2:** Referral programs are the most effective method of prospecting. When it comes to acquiring client prospects, advisors say referral programs are more powerful than social media.
- Part 3:** Social media supports referral programs and other marketing methods. Firms appear to use social media to maintain visibility with clients and prospects, and to establish themselves as thought leaders.
- Part 4:** Firms turn to third-party support for social media campaigns. Advisors have limited time to devote to marketing, and many turn to help from marketing technology vendors to produce social media content.
- Part 5:** Advisors see big benefits from social media marketing. Nearly half of firms believe social media has helped them bring in new clients, and most expect their reliance on social media will grow over the next two years.

## Part 1: Social media is a common and important marketing tool.

Advisors rank social media near the top of their list of most important marketing methods. Among survey respondents, 43% have used or plan to use a social media campaign, second only to email campaigns (48%) and followed by in-house referral programs (38%). Fewer advisors used webinars, client appreciation events and websites featuring custom content or other prospecting tools.

When asked which marketing methods were most important for prospecting, referral programs developed personally by the advisor are ranked ahead of social media. While three in four advisors say social media is an important marketing tool for prospecting, 81% rank in-house referral programs as the number one method for uncovering prospective new clients.



### The percentage of advisors who use or plan to use the following marketing methods:

	All Advisors
Email Campaigns	48%
Social Media Channels	43%
Referral Programs Developed by the Advisor	38%
Webinars	37%
Client Appreciation Events	36%
Website Featuring Custom Content, Prospecting Tools, etc.	32%
Conference Calls	26%
Seminars	25%
Direct Mail	22%
Blogs	18%
Podcasts	15%
Commercially Available Referral Programs	9%

## Part 2: Referral programs are the most effective method of prospecting.

It should come as no surprise that so many advisors rank referral programs as the most important marketing method. After all, advisors say it is the most effective way to acquire new clients. Those programs may focus on seeking referrals from top clients or from trusted professionals such as estate planning attorneys and accountants. Nearly eight in 10 (79%) identify referrals as a very effective method of acquiring new clients, while 19% say it is somewhat effective and only 2% say it's not effective.

Surprisingly, when it comes to effectiveness in acquiring new prospects, advisors rank referrals above social media by a wide margin. Only 13% of respondents say social media is a very effective way to acquire clients, 56% contend it is somewhat effective, and 31% say it's not effective at all. Work with local charities and community groups and giving seminars are both ranked more effective in acquiring prospects than social media.



### Effectiveness of marketing methods for acquiring new clients:

	Very Effective	Somewhat Effective	Not Effective
Referrals	79%	19%	2%
Local Charities/Community Groups	16%	54%	30%
Seminars	15%	57%	28%
Social Media	13%	56%	31%
Commercially Available Referral Programs	4%	36%	60%
Cold calling	3%	30%	66%

### Part 3: Social media supports referral programs and other marketing strategies.

If social media is a relatively ineffective tool for acquiring new clients and prospects directly, why do so many advisors rank it as a top marketing tool? The answer appears to be that advisors use it to support their efforts to work with new and current clients.

In this light, what does a good social media strategy look like? “In social media, you are what you post,” says Leslie Walstrom, Vice President, Head of North America Marketing at Columbia Threadneedle Investments. “So a good strategy starts with posting regularly—both thought leadership and more personal content—to build trust in your expertise and to show your authenticity.”

Most advisors appear to agree. Respondents were most likely to use social media to ensure they are visible when prospects are researching them (58%). Meanwhile, nearly half (48%) say they use it to enhance or strengthen relationships with current clients, and 43% say they use it to help establish themselves as thought leaders.



#### Means of leveraging social media for marketing:

	All Advisors
Ensure I am visible when prospects are researching me	58%
Enhance/strengthen relationships with current clients	48%
Establish myself as a thought leader and an influencer	43%
Research prospects	35%
Reach out to prospects	35%
Other	14%

## Part 4: Firms turn to third-party support for social media campaigns.

On average, advisors report spending 15% of their time at work prospecting for new clients. They spend the bulk of their time (31%) managing clients and 17% of their time on financial planning activities. The rest of their time is spent on practice management and investment management activities such as compliance and trading.

Under these time constraints, advisors may have little time left in their schedule to make the most of their social media strategies. As a result, some turn to marketing technology vendors for help, most frequently to produce social media content. In fact, nearly 45% of advisors rely somewhat or heavily on outside experts to help them craft compelling social media content that can help raise their profile with existing and prospective clients.

Most advisors do not yet rely on third-party vendors to help them with their social media strategies. Yet 60% said they would benefit from working more with marketing technology firms to expand their social media capabilities.



### Reliance on Marketing Technology Vendors

	Heavily	Somewhat	Not at all
Creating/posting social media content	14%	30%	56%
Developing social media strategy	7%	32%	61%
Lead development/nurturing	5%	30%	65%

## Part 5: Advisors perceive benefits of social media marketing.

Nearly half (46%) of respondents believe that social media marketing has helped them bring in new clients, while few (14%) don't see any benefit at all. However, advisors likely realize the increasing importance of social media, as 68% of respondents say they are likely to increase their reliance on social media over the next two years. By contrast, just 29% say they expect no change to their social media habits.

For advisors, success in social media marketing may come down to being sure you are engaged where your customers are active. "It's not surprising to see that most advisors say they'll increase their use of social media over the next two years," says Walstrom. "Advisors need to be where their clients and prospects are."



### Anticipated Change in Reliance on Social Media in the Next 2 Years

	All Advisors
Increase Significantly	26%
Increase Somewhat	42%
No Change	29%
Decrease Somewhat	<1%
Decrease Significantly	1%