



MEDIA PUFF *or* REAL STUFF?

Social Media Insights (Based on Real Data!)
for the Financial Professional



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SOCIAL MEDIA, MEET FINANCE

You know you need it. You don't really want to deal with it. Yet it continues to beckon. And it's not going away. We're talking about social media. And for most consumer industries, this means running toward Facebook, LinkedIn and Twitter with open marketing arms. At best, their video goes viral. At worst, no one visits their page.

But doing the social media mambo in the financial industry is risky business. By definition, social networks violate the very values—security, privacy, 1:1 communication—that advisors, agents, institutions and clients hold dear. In addition, because social media is so new and lacks the structure, rules and foundation of traditional communication vehicles, public information is often biased or anecdotal.

FINANCE, MEET SOCIAL MEDIA

Fifty years ago, Al Granum's research produced the predictable relationship of 10-3-1 (10 qualified suspects will generate 3 prospects, which will lead to 1 new client). At that

time, marketing relied upon phone calls, snail mail and face-to-face interactions. Today, there's a new vehicle on the information superhighway. Ninety percent of financial institutions are using social media and 77% had social media marketing initiatives in 2012¹. But what about at the advisor level?

Can social media build referrals?

Do clients shop for advisors in the social media marketplace? Should it be a top marketing strategy? If so, where should you start?

90% OF FINANCIAL INSTITUTIONS ARE USING SOCIAL MEDIA AND 77% HAD SOCIAL MEDIA MARKETING INITIATIVES IN 2012.

RESEARCH OVERVIEW

The Granum Center for Financial Security conducted a study of both advisors and consumers to help financial professionals

understand how to use social media credibly, safely and effectively—if at all. Not sponsored by a consulting group or social media company, this study was committed to asking the right questions to a diverse and relevant population to achieve meaningful and objective results.

RESEARCH SPECIFICS

CONSUMER SURVEY

PURPOSE: Understand how consumers feel about financial professionals using social media for business purposes

PARTICIPANTS: 1,101 consumers, age 25-65, \$50K minimum income, participate in household financial decision-making

SELECTION: Selected from among ResearchNow's online research panel. Quota ensured that half of respondents reported working with a financial professional, such as a financial advisor, investment broker, or insurance agent for advice on savings, investment and insurance needs.

METHOD: 12-minute online survey

ADVISOR SURVEY

PURPOSE: Understand social media use by advisors and their perceptions of what clients want

PARTICIPANTS: 125 life insurance agents, 90 independent financial advisors, 75 advisors, in business at least three years, earning at least \$75K annually, focused on the individual market

SELECTION: Selected at random from lists provided by Financial Media Group (FMG), which maintains the industry's most comprehensive database of licensed life insurance professionals and FINRA and SEC licensed professionals in the US. Study parameters included a minimum percentage of advisors who were active on social media.

METHOD: 15-minute survey, first contacted by phone with option to respond via phone or email

SOCIAL MEDIA 411

CONSUMERS ARE ON SOCIAL MEDIA, ADVISORS NOT SO MUCH

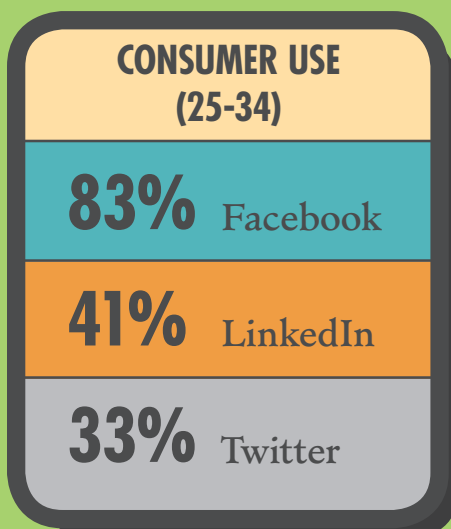
| | Facebook | LinkedIn | Twitter |
|-------------------------|----------|----------|---------|
| CONSUMER USE (25-65) | 68% | 31% | 18% |
| ADVISOR USE | 15% | 36% | 3% |

LINKEDIN LOOKING GOOD

When it comes to social media, advisors trail consumers considerably. Only 11% have truly incorporated a comprehensive social media strategy into their business. And many don't use social media

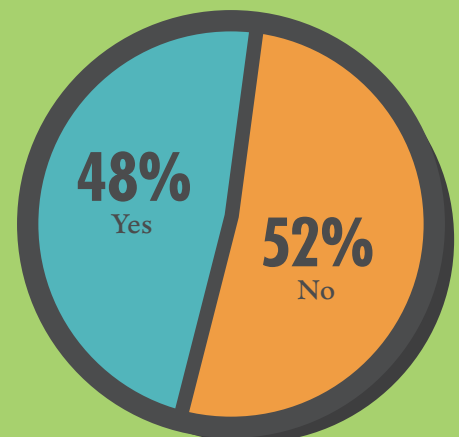
at all. However, both audiences find common ground on LinkedIn, which boasts more than 225 million members (77 million in the US) and adds more than two members per second¹.

ADVISORS NEED TO CATCH UP



It's no surprise that as age goes down, participation goes up. To accommodate changing consumer preferences and expectations, advisors, at a minimum, need to establish a website, create a LinkedIn profile and get comfortable online. It's your first impression and it counts.

ADVISORS WITH A PROFESSIONAL WEBSITE



MAKING CONNECTIONS WITH CARE

YOUNGER CONSUMERS LIKE TO CONNECT, BUT...

AGE 35-65:

17%

are connected with
their advisor or agent
on LinkedIn

12%

via Facebook

11%

via Twitter

AGE 25-34:

47%

are connected with
their advisor or agent
on LinkedIn

36%

via Facebook

35%

via Twitter

TWEET TWEET.

Twitter is the fastest growing social network². Be aware of this trend but don't just start tweeting. One step forward could result in two steps back.

KNOW THE WHY

Just because you're connected doesn't mean you have a strong relationship. Only 35% of consumers say they connected because their advisor or agent was already a good friend; 13% say it just made communication easier and 13% simply responded to a request.

ONLY 35% OF CONSUMERS SAY THEY CONNECTED BECAUSE THEIR ADVISOR OR AGENT WAS ALREADY A GOOD FRIEND.

KNOW THE BOUNDARIES

Access isn't permission. Unless you're already friends with a client, asking them to "like" your page is as far as you should go. And don't overshare. Eighty-one percent of consumers have a negative reaction to advisors sharing personal thoughts such as a recommendation of a favorite restaurant or vacation spot.

AND CONSIDER THE CONSEQUENCES

Not everyone is ready for social media. While younger consumers are far less concerned about privacy, more than one-third of consumers would consider ending the financial advisor relationship if they tried to contact them through a social networking site. To be safe, simply give prospects and clients a heads-up before inviting them to connect.

YOUNGER CONSUMERS ARE FAR LESS CONCERNED ABOUT PRIVACY.

LET'S TALK PRIVACY

PROCEED WITH CAUTION

93%
OF CONSUMERS



are very cautious about revealing too much financial information on a social network



60%
OF ADVISORS

don't use social networking because clients want traditional communication channels

KEEPING MUM ABOUT MONEY

Fewer than one in eight consumers are open to communicating with advisors via social media and a significant number of advisors prefer more direct communication (or know that their clients do). It's not prudent to contact clients directly through social media about their retirement nest egg—or anything else.

**BOTH CONSUMERS
AND ADVISORS
PREFER MORE
TRADITIONAL
COMMUNICATION.**

SOCIAL MEDIA NOT RIGHT FOR 1:1

The financial services business is about building relationships, one client at a time, via a private conversation. Social media is about building community, via group posting, in a public forum. Social networks don't replace traditional relationship-building. But that doesn't mean they can't enhance trust, sharpen education and fortify an existing relationship. If you use social media correctly, privacy doesn't have to be a problem.

THE WAY SOCIAL MEDIA WORKS BEST

MOST CONSUMERS NOT SEEKING FINANCIAL PROFESSIONALS ONLINE...

Fifty-one percent of consumers are seeking the perfect handyman or realtor, while only 32% are seeking a financial professional. Of those who met

their financial advisor through a referral from a friend, relative or co-worker, only 1% were introduced via a social networking site.

BUT THEY WANT FREE ADVICE...

Consumers are open to relevant, **free** content. No appointment required. But they don't want it from just anyone. They want it from **you**--their trusted advisor.

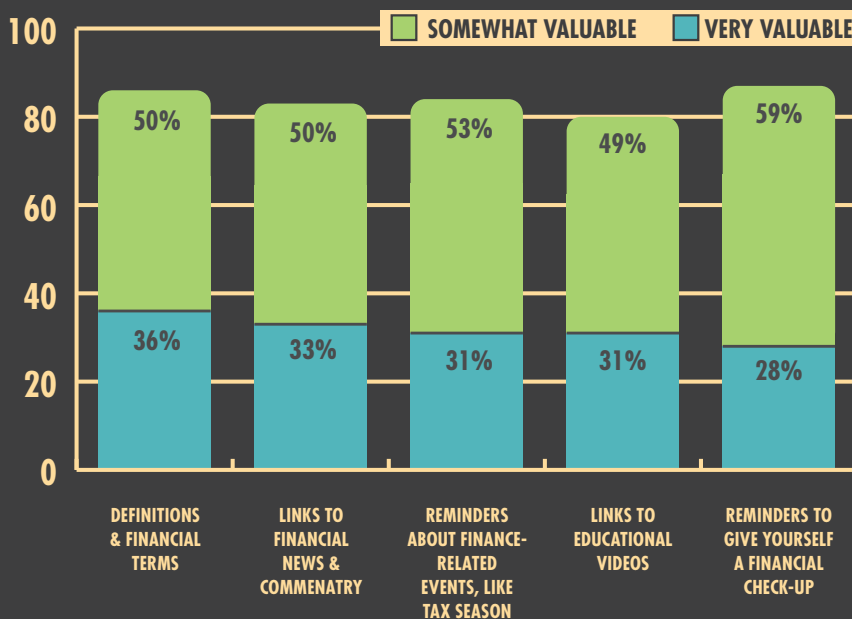
Furthermore, 57% specifically say they would like getting financial news via LinkedIn. The most popular topics?

- Saving and investing tips (how much should I put in my 401K?)
- Term and concept definition (what's an IRA?)
- Market commentary (where should I put all my eggs?)

91%
OF CONSUMERS

would value tips on saving and investing posted by their advisors on social media websites.

WHAT DO CONSUMERS WANT?



MISSED OPPORTUNITY

Just 23% of advisors use LinkedIn messaging capabilities, when nearly half of LinkedIn users would react favorably to it.

...AS LONG AS NO STRINGS ARE ATTACHED

Be careful. Seventy-five percent of consumers don't want to be redirected to a blog and 76% don't want to be sold a product. Remember: Your focus is to add value and enrich the relationships so that when needs arise, you're the one they trust.

REFERRALS & THE RULES

SOCIAL MEDIA NOT SUITABLE FOR REFERRALS. YET.

Forty-nine percent of consumers have an unfavorable view of LinkedIn being used to ask for referrals. And 63% of consumers have an unfavorable reaction to being asked for referrals via Facebook. Social media simply isn't there yet. Consumers are happy to refer a mechanic or hairdresser via social media, but referral requests for a financial advisor don't happen online. No matter the social network, the arena is just too private.

GUESS WHAT?
83%
OF CONSUMERS are likely to recommend their advisor through traditional methods. Just ask!

MIND YOUR MANNERS WHILE YOU MINE YOUR NETWORK

67%
OF CONSUMERS

have a negative reaction to the idea of an advisor reviewing their network to seek referrals. Nobody likes being used. And this is how it feels to customers.

CONSUMERS SAYING YES TO REVIEWS...JUST DON'T FORGET THE RULES

40%
OF CONSUMERS

reacted favorably to a request for a LinkedIn review.

THE BAD NEWS.

The SEC and FINRA limit and in some cases prohibit recommendations and/or endorsements. And even though the rules have recently softened a bit, many larger companies continue to enforce a "no fly zone" in this space. Always consult your company's compliance department to ensure you're playing by the rules.

THE GOOD NEWS.

Don't worry. Even if official recommendations are off limits, you can easily leverage a client's favorable opinion by shifting the conversation to referrals with traditional prospecting language.

BREAKING DOWN THE BARRIERS

ADVISORS SEE THE TREND COMING

Seventy-nine percent of advisors feel restricted by compliance or legal issues, and 79% worry about privacy and security. Despite these concerns, financial professionals can see social media's potential and seem open-minded about the future. Over half have spoken with colleagues about social media marketing potential and 55% think it can be a critical business tool.

But they're not taking action yet. Only 21% have hired a consultant and just 11% are making social media outreach part of an employee's job.

...AND ARE SEEKING PRE-APPROVED CONTENT & TRAINING

OF ADVISORS NOT USING SOCIAL MEDIA:

57%

would be motivated with ready-to-use, pre-approved social media content

90%

agree that it's a good idea for companies to provide legally-approved social media content

Although only 23% of advisors have a social media strategy, and only 50% report that their company currently provides this content, a significant group thinks that pre-approved messaging, workshops, webinars and online content tools would help them engage effectively in social media as well as alleviate security, privacy and legal concerns.

74%
OF ADVISORS

say social media marketing will replace other forms of communication

FINANCIAL COMPANIES: HOW TO ARM ADVISORS FOR SOCIAL MEDIA SUCCESS

For financial institutions, a social media strategy has become mandatory. It boosts brand awareness and builds community and goodwill. Advisors and agents are (and should be) moving more slowly. But they can only be effective, safe and credible with stellar support.

TOP 5 WAYS COMPANIES CAN SUPPORT ADVISORS

1. Establish rules for appropriate use
2. Help advisors define a strategy, a plan and metrics
3. Consider a plug-and-play advisor website solution
4. Provide convenient, compliant, pre-approved messaging
5. Host trainings on how to use social media effectively

FINANCIAL PROFESSIONALS: SHOULD YOU DO THE SOCIAL MEDIA DANCE?

It's mandatory to break the technology barrier with a few marketing must-haves, but social media remains an unproven strategy. There are **no guarantees and no proven direct link to productivity**. Let a social media strategy complement, rather than replace your marketing plan.



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THE TRADITIONAL

No website, no LinkedIn profile
and no social media activity.
You're behind.

BASELINE

HOW DO I CATCH UP?

GET A WEBSITE.

Establish instant credibility and
make a great first impression.

CREATE A LINKEDIN PROFILE.

It's your online business card.

COZY UP TO TECHNOLOGY.

Get comfortable online.
Your clients already are.



HOW DO I UP MY GAME?

DELIVER.

Educate clients via LinkedIn;
they want to learn from YOU.

LEARN.

Attend credible social media courses.
Learn to navigate wisely.

BE INTENTIONAL.

Create a plan.
Analyze results.



THE DABBLER

You've got a website, an outdated
blog and you participate in social
media based on hip-shots & hope.

VALUE-ADD



THE PIONEER

You blog, post and discuss,
with just a few referrals
to show.

UNPROVEN

HOW DO I MAKE IT COUNT?

GET ANALYTICAL.

Monitor metrics, adjust strategy,
review your goals.

LEVERAGE EXPERTISE.

Ask your company for advice,
benefits and costs.

DELEGATE TASKS.

Stay in front of your client,
not in front of YouTube.

SOCIAL MEDIA DON'Ts

DON'T surprise a client. Give them a heads-up
before making a connection.

DON'T request Facebook friendship unless the
client's a personal friend.

DON'T assume connection leads to conversation.

DON'T use social media to push a product or blog.

DON'T reveal anything about your client. Period.

DON'T share personal thoughts (restaurants,
vacations, etc).

DON'T overstep. Read company rules. Stay in
compliance.

DON'T abuse your connections.

CONCLUSION

PART MEDIA PUFF, PART REAL STUFF

Social media is making a slow but steady crawl toward the financial world. Consumers show high participation. Advisors are cautious, but curious. LinkedIn is a safe and promising space—perfect for building credibility and community. But social media hasn't been around long enough to prove itself as a primary marketing strategy. Fewer than half of consumers in any age group are socially connected with their advisors. Seventy-nine percent of advisors feel restricted by compliance or legal issues. Both consumers and advisors have significant privacy concerns. And most people aren't looking for financial professionals online, but they're not opposed to educational, online content from advisors.

SOCIAL MEDIA HASN'T BEEN AROUND LONG ENOUGH TO PROVE ITSELF AS A PRIMARY MARKETING STRATEGY.

That means advisors should move cautiously toward compliant and appropriate participation, keeping in mind that a misstep could be costly. They must leverage social media less for connections and 1:1 communication and more for reach and education, building trust with relevant content and using reviews or recommendations as door-openers to referrals. Finally, regardless of social media engagement, financial professionals must continue moving toward technology. There's a minimum acceptable standard and the next generation of clients—if you want their business—will insist you meet it.

ADVISORS MUST LEVERAGE SOCIAL MEDIA LESS FOR CONNECTIONS AND 1:1 COMMUNICATION AND MORE FOR REACH AND EDUCATION.



¹ Social Media & Financial Services, "Research Report," 2011, LLGlobal/LIMRA

² Global Web Index, 2013

ABOUT

NORTHWESTERN MUTUAL GRANUM CENTER FOR FINANCIAL SECURITY

The Northwestern Mutual Granum Center for Financial Security was launched in 2012 as both a center of influence and a place of inquiry for the financial security industry. Through original research, thought-provoking forums and relevant tools, the Center strives to strengthen the financial security profession. Visit Granum.TheAmericanCollege.edu to learn more.



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The American College of Financial Services is the nation's largest non-profit educational institution devoted to the study of personal finance. Holding the highest level of academic accreditation, and with a faculty of industry thought leaders, the College has served as a valued business partner to banks, brokerage firms, insurance companies and others for over 85 years. Visit TheAmericanCollege.edu to learn more.

ABOUT

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