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# MIDWINTER 2016 DIGITAL AND SOCIAL MEDIA SURVEY

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## The onset of digital transformation within Australian financial advice

The rapid evolution of digital, mobile and social technology has propelled the financial advice industry into an era of transformative agility and adaptability. Australian financial planning businesses are seeing the need to implement an ongoing digital strategy to take their businesses 'online' to engage with an increasingly tech savvy clientele.

Digital transformation can include engaging and delivering advice to their clients using digital devices and ideally should complement the planner's existing advice processes.

As the digital transformation within financial advice takes place, we have asked planners to share their opinions so we can reveal insights into the way the industry engages with each other and their clients online.

Over the space of two weeks, we surveyed 153 Australian financial planners asking a series of questions in relation to digital strategy and social media. We believe this to be the most comprehensive survey into digital transformation occurring in Australian financial planning industry, and the results of the survey can be seen below.

### What is the overall attitude towards the digital transformation occurring within financial services from planners?

The majority of the financial advice industry appears to be embracing digital transformation with 66.4% saying they were excited about the prospect and only 4.7% expressing concern. When breaking the responses down into type of adviser, the least worried segment appeared to be bank/institutional planners – whose lack of concern could perhaps be attributed to their confidence in the institution they are employed by to be across the digital market.

When the attitudes towards digital transformation are broken down by the type of advice provided, those who provided risk-only advice appeared to show zero concern, and in fact the highest proportion of excitement. However, those who provided only scaled advice expressed the least excitement – which could perhaps be attributed to apprehension towards some of the automated scaled advice models (robo-advice) being developed because of the digital transformation within financial services, making them fear their value proposition would be in less demand.

Other reasoning behind this sentiment could be that 'risk only' advisers may be more psychologically prepared for the advent of digital advice compared to their full or scaled advice counterparts. Online insurance comparison reports have made large in-roads to the insurance market – and perhaps because of this, insurance based advisers have been contemplating the onset of digital for longer than non-insurance based advisers.

Insurance products also have a need for immediacy. This high level of immediacy leads to a strong 'call to action' which is highly compatible with digital advice models and this may also have been behind the enthusiasm of 'insurance only' advisers.

### Do you/does your licensee have a digital strategy in place?

A digital strategy will mean different things to different advice businesses, but it is about using a range of digital initiatives to add value to clients and increase your business value. A good digital strategy assists licensees in navigating digital transformation and should address questions such as "What are your value propositions and business objectives? What are the best digital platforms for your client base? And what sort of digital content should advice businesses be providing for their clients?"

A surprisingly large majority of licensees (68.3%) have no digital strategy or are unsure if they have a digital strategy in place. These

results may reflect the difficulty of implementing a digital strategy and licensee's recognising the importance to do so; it will only succeed if it is championed from the licensee senior management.

Boutiques and IFAs appear to be the least organised when it comes to implementing a digital strategy within their business with only 32.4% saying they have undertaken a digital strategy. This contrasts with 60% of aligned advisers and 66.7% of licensees saying they have undertaken a digital strategy.

The above disparity could be attributed the assumption that aligned advisers and licensees are better placed to have the resources to hire someone specifically for this role (to implement a digital strategy) than IFAs and boutiques.

This could potentially be an opportunity for third party consultants to target the IFA market in order to assist them in implementing a digital strategy.

It's evident that advisers providing scaled advice are at a higher probability of having a digital strategy. This could be attributed the fact that to scaled advice by nature is more likely to be delivered over a digital platform. Scaled advice topics tend to be simpler, modular and advisers must only identify the client's relevant circumstances regarding the subject matter being advised on. Interestingly, while insurance advisers are the most excited by digital transformation, their licensees appear to be lagging when it comes to providing digital strategy support.

### Which online channels do advisers use most?

We asked respondents to select from a range of options when asked which online channels they employed in a business capacity. They included website, email marketing, social media, video, SMS/texting, and other.

In each of the categories, what has stood out is the high correlation between having a digital strategy in place and the use of each of the online channels. This confirms our belief that having a digital strategy in place tends to drive the use of online communication channels.

### Why is a high uptake of online channels a good thing?

It's no secret that the world is increasingly moving online. As consumers continue to engage with products and services digitally, it is important to ensure advisers are meeting them in the 'places' they are more likely to be – i.e. on their smart phones and other digital devices.

The financial services industry has a reputation of lagging when it comes to the adoption of technology, so high uptake is a good thing, because it means that advisers are embracing the digitalisation of their industry and meeting their clients and potential clients in the places where they are increasingly choosing to spend time – i.e. social media/online.

### Adviser websites

Websites have been in use by advisers since the late 90s, and with the onset of WordPress and Drupal-style content management systems (CMS), the complexity and sophistication of adviser websites have increased. Now modern adviser websites can include calculators and strategy illustrators and can be integrated with their planning software and help drive client engagement and advice take up.

### If advisers had a digital strategy in place what would be the likelihood of having a website?

It appears that having a website is the most utilised digital marketing tool for financial advisers, with 87.9% of those surveyed saying 'yes' to having one. Pleasingly, advisers appear to be aware of the importance of having websites that are easily accessed and navigated on a smart phone or tablet with 70.8% of those who answered yes to having a website confirming that it is mobile responsive.

### How many adviser's websites are mobile responsive?

A responsive website automatically changes to fit the device you're reading it on. Typically, there have been four general screen sizes that responsive design has been aimed at: the widescreen desktop monitor, the smaller desktop (or laptop), the tablet and the mobile phone.

Mobile responsive websites have clear benefits to advisers. Primarily, mobile responsive sites increase the adviser's websites ranking with Google – increasing the visibility of the adviser to potential clients. Furthermore, tablet and mobile users would be re-directed to a device specific mobile site, but responsive design means one site can be implemented across devices decreasing ongoing website costs.

### Social media

#### What is social media?

Social media encompasses a broad range of computer-mediated tools that allow people, companies and other organisations to create, share, or exchange information, career interests, ideas, and pictures/videos in virtual communities and networks.

In the Midwinter 2016 Digital and Social Media Survey we asked advisers questions relating to the following social media platforms –

- LinkedIn
- Facebook
- Twitter
- YouTube
- Instagram
- Periscope

### If advisers had a digital strategy in place what was the likelihood of using social media?

63.1% of planners surveyed said they employ the use of social media. Having a digital strategy in place seems to



#### The quote

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drastically affect the use of social media. The majority of advisers with a digital strategy are using social media (73.8%) versus only 44.7% of advisers without a digital strategy using social media.

It seems the uncertainty of not having digital strategy also has a marked impact on planners. When planners are unsure about the status of their digital strategy their probability of usage of social media drops from 67.6% to 32.4%.

#### **Which social media platforms do advisers believe are the most successful for engaging with CLIENTS?**

When advisers want to engage with their clients, the “big two” social platforms were Facebook (34.3%) and LinkedIn (28.3%). Twitter and YouTube were in the second tier with 12.4% and 14.5% respectively. Instagram received minimal traction at 4.2%.

#### **Which social media platforms do advisers believe are the most successful for engaging with PEERS?**

When it came to connecting with peers, the “big two” dropped down to the “chosen one”. LinkedIn took in a commanding 44.2% of all planners who see this platform as the ultimate channel for communicating with peers online. Facebook dropped to the second tier when it came to connecting with peers, marginally ahead of Twitter. Interestingly, Instagram has failed to take any traction when it comes to connecting with peers within the financial advice industry. This could perhaps be attributed to the emphasis this platform places on imagery/photography rather than text.

We note that Periscope has yet to gain a foothold with Australian advisers. This is most likely due to its lack of popularity in general when it comes to the Australian market.

### **Email marketing**

#### **What is email marketing?**

Email or content marketing has become a very popular method of engaging with clients, not only within financial services but across various industries. As people spend more and more of their time behind their desks or their smartphone screens, individuals and companies are seeing the value of sending out targeted content via email; whether it's straight from their own inboxes or via email marketing software such as InfusionSoft or MailChimp.

#### **If advisers had a digital strategy in place what would be the likelihood of using email marketing?**

Email marketing appears to be a stock standard with 67.8% of planners surveyed saying they employed its use in their business. The proportion of those advisers surveyed who used email marketing was substantially higher if they had a digital marketing strategy in place.

Again, it is the uncertainty around a digital strategy that really has a huge impact. Having a digital strategy in place likely leads to a planner using email marketing to double their reach.

#### **How often do you employ the use of email marketing?**

Advisers who employ the use of email marketing seem to do so sporadically; with the highest proportion of those surveyed saying their use of it is random. Only 4.8% of advisers use email for marketing purposes daily.

#### **How are advisers sourcing the content for email marketing?**

Just over a quarter of advisers surveyed are solely using their own content as part of their email marketing strategy, however 61% expressed that they use a combination of their own and exterior content.

We still believe that this 25.8% is quite a large number (of advisers creating their own content). With only 12.1% completely outsourcing their content, advisers appear to be rejecting the “cookie-cutter” approach to generating content, favouring tailored information that is valuable specifically to their client base instead. We expect the percentage of advisers creating their own content to increase even further in the future as the advice industry aims to increase digital engagement with clients and potential clients via content marketing.

### **SMS/text messaging**

Text messages can take a variety of forms from appointment reminders to market updates. The cost of sending messages has dropped considerably in recent times allowing it to become a cost effective touch point between service providers and their clients. Many CRMs and planning software providers offer text/SMS services from within the systems themselves. The benefit of this is that the client's response to the text message can be tracked and logged for compliance purposes.

#### **If advisers had a digital strategy in place what would be the likelihood of using text messaging?**

The use of SMS/text messaging evidently was not as popular amongst planners as other channels, with only 38.3% of those surveyed confirming they used it as part of their digital strategy. The likelihood of using SMS was however heightened by having a digital strategy in place.

### **Video**

Many video platforms such as YouTube, Facebook Live and Snapchat have joined the mainstream. There have even been applications developed specifically for advisers such as SuiteBox, but how have they been embraced by planners?



#### **The quote**

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#### **If advisers had a digital strategy in place, what would be the likelihood of using video?**

Planners appear to still be new to the concept of using video with only 31.5% of those surveyed saying they used it within their business. Interestingly and similarly to results from other channels, the use of video appears to be highly elastic to the implementation of a digital strategy.

#### **Through what channels do advisers employ the use of video?**

Of those who do use video as part of their digital strategy, 'website' emerged as the most popular springboard to launch this from, with social media following closely behind.

#### **Social media policies**

A social media policy is a corporate code of conduct that provides guidelines for employees who post content on the Internet either as an employee or as a private person.

Many companies across various industries are now implementing social media policies to ensure that their employees adhere to the broader ideals and guidelines of the company they belong to, whilst interacting on social media as a representative of that company.

#### **Does having a social media policy in place increase the likelihood of an adviser using social media?**

53.7% of the financial advisers surveyed answered yes to having a social media policy in place – over half of the total respondents. This can be seen as a positive result when coupled with the question which preceded it, as it became clear having a social media policy in place seems to make planners feel more comfortable about using social media within their businesses. 67.5% of those with a policy in place are employing the use of social media channels, versus only 57.5% of those without, meaning that planners appear to be looking for guidelines in terms of how to post and interact on social media when representing their business or dealer group. Fear of interacting on social media incorrectly or in a way that misrepresents their business or dealer group may have an effect on planners' desire to use social media. This is evident with 42.5% of those surveyed without set guidelines in place not participating in social media.

#### **How much time do planners spend marketing their business? Is there a correct amount?**

Time is a contributing factor when it comes to advisers being able to market their services adequately. In the Midwinter 2016 Digital and Social Media Survey we sought to gauge how much time advisers were actually allocating to marketing their businesses online and whether we believe this to be enough.

#### **How much time do planners allocate each week to marketing and promoting their businesses online i.e. through various digital channels including social media?**

When asked how long advisers are spending marketing their businesses online, it was clear that the majority aren't allocating enough time with 47% spending under an hour a week, and collectively 92.6% spending under five hours a week.

Those spending under one-hour marketing and promoting their business online are only allocating 2.5% of their working week to this aspect of their business – a mere 12 minutes a day. We see this as a significant problem, as so much of the future of financial advice will be based on digital tools and technology. Those who see little value in investing time in this will ultimately be left behind as their current and potential clients will be looking to be engaged digitally and will eventually go elsewhere in order to have this demand met.

When breaking down the survey responses to this question via the type of adviser, those surveyed who identified as being non-aligned, appear to be investing the most time in promoting their business online. We see this as giving them a significant comparative advantage over the longer term as their return on investment in terms of client prospecting, client engagement, client serving and client intelligence will be higher than their counterparts.

We also see a noticeable "fat tail" of 11.1% of licensees who are spending over 10 hours a week (that's 25% of the working week) investing time in digital marketing. Identifying who these licensees are will give us some idea of the digital leaders of the future.

#### **For those planners who do use social media what is their primary reason for doing so in a business capacity?**

Advisers use social media for a variety of reasons. Many claim to gain referrals from it, others have branded it as the best way for them to interact and provide information for their clients on a regular basis. We wanted to find out what the primary reason for using social media by planners was and the results we obtained were split.

The highest proportion of planners surveyed said the primary reason they used social media was to increase their brand awareness, with 'engaging with clients' being another popular motivation.

This result is pleasing as securing your business' brand online has been proven to be one of the most effective methods of engaging with your target market by establishing trust in consumers and standing out in today's competitive marketplace.

#### **What have planners done to educate themselves in the way of digital and social media?**

The digitalisation of financial services is happening rapidly and can be complicated to navigate – especially if

you are a one-man band. Advisers have expressed confusion as to where to turn in order to educate themselves in this area, and keep up with the pace. We asked our survey respondents where they were getting their knowledge from.

Attending events such as seminars and conferences were the most popular way for planners to educate themselves on digital and social media, with 60% of those surveyed saying they rely on this as the primary source of information and education.

18% of those surveyed admitted to doing nothing to educate themselves on digital and social media, meaning almost a staggering fifth of advisers haven't put aside any time at all to acquire knowledge in this area.

Around 25% of advisers have outsourced this part of their business strategy to a dedicated person who specialises in digital and social media, considerably higher than those who employed someone of similar experience and expertise internally. This could quite possibly be due to advisers 'getting their head around digital and social media' putting it into the 'too hard' basket or perhaps not feeling confident enough to take the full plunge into having an internal resource yet. Outsourcing to a consultant to aid in this part of the business could be perceived as an adviser's first step toward embracing digital transformation.

#### Do advisers think licensees are providing adequate education and support in this area?

Perhaps unsurprisingly, the highest proportion of those surveyed believed licensees were not doing enough to provide education on digital and social media, with only 12.8% of advisers believing their licensee was providing adequate education on the topics. Non-aligned advisers appear to have held this view most strongly, with only 7.3% of those surveyed satisfied with the amount of education they were receiving from their licensee on digital and social media.

#### How can licensees be providing more adequate support when it comes to the education of digital and social media?

First and foremost, we think that there needs to be recognition of licensees that digital and social media has become important and integral to the Australian financial advice landscape. Licensees may have previously been under the impression that digital and social media is of minor importance to the financial advice industry, it is becoming increasingly difficult to ignore that they are now essential to ongoing client engagement.

Once this shift in mindset has taken place (and it has already begun to) we believe that licensees will increase the amount of time, resources and funds dedicated to the education of the planners under their AFSL, in social and digital media.

Ways in which these resources could be directed include -

- Sending out educative content on digital and social media on a regular basis to their advisers
- Holding seminars and events on these topics for their advisers
- Including content on digital and social media in their Professional Development days
- Encouraging their advisers to interact in digital and social media on a regular basis and providing them with guidelines on how to do so effectively

#### Are advisers regularly contributing on their social media platforms?

Many advisers have been motivated enough to create social media profiles across various channels for themselves and their businesses, however, regular contributions on these have been harder to maintain.

Within the Midwinter 2016 Digital and Media Survey we asked our respondents how consistent their use of social media was.

Pleasingly, the majority (69.1%) of advisers either contribute randomly or consistently to social media.

But how is an advisers' propensity to contribute to social media impacted by licensee support? Below we compare the probability of different types of advisers contributing to social media against their licensee support for social media, and the results are notable.

#### Ranked, support from licensee vs. likelihood of contributing to social media

	Boutique / IFA	Licensee / Head office	Non-aligned adviser	Aligned advisers	All advisers
Yes – enough support from Licensee	15.9%	17.6%	7.3%	11.1%	12.8%
<b>RANK</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>4</b>	<b>3</b>
Yes – regular contribute to social media	36.8%	44.4%	34.1%	35.0%	36.2%
<b>RANK</b>	<b>2</b>	<b>1</b>	<b>5</b>	<b>4</b>	<b>3</b>

Notice how the rankings of both metrics are the same, i.e. the higher the support from the licensee (by adviser type), the higher the probability that adviser will regularly contribute to social media. This leads to the clear conclusion that, if licensees would like advisers to regularly contribute to social media, they will need to support them in doing so.

#### Social media contributions levels cross referenced against having a social media policy

Although the highest proportion of those surveyed said they do contribute regularly to their social media platforms, advisers appear to be split when it comes to this as there was no clear majority in the results.

Interestingly, when the responses were broken down into type of adviser, it appears that licensees/head offices are most likely to regularly contribute on social media, with 44.4% answering 'yes' to this question.

Those with a social media policy in place are also the most likely to regularly engage on social media with 46.3% of those with a policy in place regularly making social media contributions. It could be argued that this result reveals that providing planners with an official guideline encourages them to use social media, versus not having or not being aware of a social media policy.

#### Do advisers really believe there is reputational risk involved in actively engaging in social media?

Both past and present, advisers have expressed fear of engaging in social media due to the potential of tarnishing their reputation. This anxiety can quite easily be rationalised when selected examples of ad-



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viser social media faux-pas have been dragged through the industry and mainstream media. However, we believe for the most part that this risk has been overstated at times. If advisers keep their posts and interactions professional, non-derogatory and avoid being highly controversial, they shouldn't live in constant fear of damaging their professional reputation.

We also believe that reputation risk factors within advisory practices can be mitigated by practice owners having a strategy in place whereby for example, there is an appointed person responsible for social and reputation activities within the organisation.

The majority of planners surveyed believed there to be some degree of reputational risk involved in engaging on social media, with 87.3% of respondents saying the risk existed in some form (limited or not). But interestingly when broken down into the type of adviser, licensees and aligned advisers appeared the least convinced of this risk of all the segments surveyed.

#### **Has the fear of reputational risk prevented advisers from engaging in social media?**

The fear of reputational risk has seemingly not scared off most advisers from engaging in social media, with only 18.9% of those surveyed saying it has prevented them from participation. Of those advisers who be-

lieved there to be at least some degree of reputational risk involved in engaging in social media, over half expressed that the fear of this has not prevented them from doing so.

#### **How an adviser's understanding of RG234 impacts the probability of their licensee having a social media policy in play**

RG234 is ASIC's guidance for promoting financial products and advice services, and this also applies to digital marketing.

Within the Midwinter 2016 Digital and Social Media survey not only did we gauge how familiar advisers were with RG234, but we also sought to ascertain if having a social media policy affected adviser's awareness of RG234.

The correlation between having a social media policy in place and being aware of RG234 was prevalent, with 72% of those who were aware of RG234 indicating they had a social media policy.

Awareness of RG234 appeared to be a key driver of the probability of the licensee having a social media policy in place, meaning that those who are educated in ASIC's guidelines in relation to digital marketing are more likely to set guidelines for their advisers when it comes to social media. **FS**