

2024 Consumer Insights Study

Digital Marketing in Wealth Management

The referral cliff is coming.

The current generation of retirees is the last to view referrals as necessary in their selection of a financial advisor. In 5-10 years, referrals will matter far less to ideal prospects than effective digital marketing.

Even now, in the “nearing retirement” demographic of 45-60 years old, the vast majority don’t consider a referral necessary.

The problem? Most advisory firms haven’t invested the time or capital to build digital marketing ecosystems that consumers will respond to, and they’re still relying solely on referrals as a core source of organic growth. As consumer preferences and marketing technology continue to evolve, the advantage will go to those firms that thought ahead and built early enough to optimize their multi-channel digital marketing capabilities before the referral cliff.

Referrals will always be an important lead source. But for advisors who rely solely on referrals to drive organic growth, this study must serve as a wake-up call. What drove growth in the past won’t be able to drive growth on its own in the very near future.

Takeaways

- ➔ Referrals will still be an important lead source, but can not be the only lead source.
- ➔ Social proof in the form of online reviews and testimonials replaces the need for referrals for many consumers.
- ➔ No one marketing tactic alone wins the lead gen game. An integrated, multi-tactic strategy is a requirement.
- ➔ Across multiple channels, an aligned message that connects with people matters more than ever.



Referrals are no longer required.

While most advisors say that the majority of their new clients come from referrals, demographic shifts in the population are rendering referrals less valuable than they've ever been. Of those surveyed who hired a financial advisor, only 29% say they require a referral.

When you break this down by age groups, you see a clear trend emerging. When asking clients over the age of 60, a full 60% say they will only hire an advisor based on referral. But that's the last age cohort in which the majority requires a referral. For advisors targeting the "nearing retirement" audience, within the next 5 years, they'll be dealing with a new age cohort — where only 29% say they require a referral to hire an advisor...and 45% hired their advisor based on digital marketing.

When you look at the under-44 audience, there's an even more dramatic shift. Of those who have hired a financial advisor, only 17% say they required a referral. 57% hired based on digital marketing.

Only
29%

of financial advice
buyers say they
need a referral

Only
17%

of financial advice
buyers under 44
need a referral

Only
31%

of financial advice
buyers with incomes
over \$150k/year
need a referral





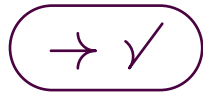
Online reviews are the new referral

Over the course of the next 5-10 years, the importance of referrals to organic growth won't just decrease...it'll plummet. As these cohorts age, their habits won't change. They've built their service purchasing habits in a digital era and are quite comfortable hiring based on digital marketing and getting their social proof from online reviews. In fact, 49% of consumers trust online reviews as much as recommendations from friends and family ([BrightLocal Research, Local Consumer Review Study, 2024](#)).

As the referral cliff approaches, advisors have been given the opportunity to engage in other forms of social proof, but at the date of publication, few advisors are making use of online client reviews, even after the SEC has explicitly created guidelines for doing so.

During this critical window, advisors have a right-on-time opportunity to build up their online social proof using a number of tools that make it easy for you and your clients, and compliant for the SEC. All advisory firms who do this now will be among the very few who are giving consumers the kind of social proof they rely on to make decisions.





Digital marketing *is* converting.

As referrals wane in importance to consumers, digital marketing is steadily becoming the difference maker. The frustration for advisory firms, in many cases, is they're not seeing the same conversion rate from their digital efforts as they have from traditional referrals. If 45% of financial advice buyers are hiring their advisors based on digital marketing, why aren't advisory firms seeing that reflected in their marketing metrics?

The answer may be as simple (and complicated) as how those firms are measuring.

From our experience with financial advisory firms, most measure digital marketing effectiveness using last-touch attribution. For instance, if a firm runs an online ad campaign, it credits the lead to the most recent click. This approach overlooks other consumer touchpoints with the digital brand before conversion, such as podcasts, unclicked ads, the website, YouTube videos, and media articles.

As a result, most firms don't have a full understanding of the journey consumers are taking to become a lead. They only know the door that lead decides to enter through after being presented with several. Advisory firms are usually looking at an incomplete picture.

45%

of all financial
advice buyers
hired based on
digital marketing

57%

of <44 year olds
hired their advisor
based on digital
marketing

20%

of 60+ consumers
hired their advisor
based on digital
marketing

If a significant number of clients are hiring advisors based on digital marketing, how they come through the door is only one data point...and it may be less important than how they first heard about you, what piqued their interest to start exploring your brand, or what tipped the scales to get you onto their consideration list.





A multi-channel digital marketing strategy is required.

Surprisingly, the study showed that there was no one tactic that outshone another. What emerged, however, is that 64% of effective marketing tactics were digital, and that a minimum of 2 digital interactions were required before the consumer took action — with the ideal number of interactions being 5+.

This is evidence that not only should digital marketing dominate your marketing plan and spend, but you need to be intentionally showing up across multiple channels to convert the prospects who are going to buy based on digital marketing. And over the next 5-10 years, that will be most prospects.

29%	Referral Only.
18%	I searched Google.
16%	I searched Google reviews.
15%	I visited their website.
13%	I attended a free seminar they conducted.
13%	I searched for "top advisor" lists in my area.
12%	I signed up for their free financial planning software.
11%	I used their financial calculators.
11%	I searched YouTube.
11%	I searched an industry organization website and asked to be connected.
10%	I saw them on social media.
9%	I downloaded a free report from their website.
9%	I clicked on a social media advertisement.
9%	I clicked on a Google advertisement.
9%	I subscribed to their blog.
9%	I received an advertisement in the mail.
9%	I signed up for a webinar they conducted.
8%	I read an article they were quoted in.
8%	They sponsored a philanthropic event I attended.
8%	I saw an ad in a newspaper or magazine.
7%	I heard an ad on the radio.

So it's not about the individual tactic. It's about the strategy. And financial advisors and wealth management enterprises can no longer grow without a clear, multi-channel digital marketing strategy.



Already, financial advisory firms are seeing that it's not enough to run a campaign at the bottom of the funnel to drive new leads. These lead generation tactics need to be augmented with upper-funnel digital brand building and mid-funnel content offers in order to be more effective. Speaking to prospects across multiple digital channels so they can experience you before taking action creates a warmer lead who knows more about you and has a higher intent to become a client.

Centralized lead generation isn't the only answer

This message is especially germane for wealth management platforms who are acting as aggregators and integrators. Many of the large platforms have invested millions into building centralized lead generation capabilities — the ability to use digital ads to generate and qualify leads for the many advisors that they're serving. What they've discovered along the way is that this method of generating leads is more expensive than they expected...and is getting more expensive as more wealth management enterprises get into the game.

What many of these platforms often overlook, however, is one of their most powerful avenues to generate leads digitally...their advisors. Modern consumer preferences indicate that people buy from people, not from brands. If firms were able to arm their advisors with the right tools and guardrails to organically generate leads via their own individual digital presence, imagine what a powerful boost to lead generation the whole enterprise would realize.

When every advisor has a clear understanding of how to align their personal story with broader brand messaging, the ability to tell that story in a clear way, and the discipline and support to consistently create digital content, everyone wins. The consumer gets more of the critical digital touchpoints they need to make a decision about an advisor. Individual advisors get more control over the volume and quality of leads that are coming in. And larger wealth management platforms get to reap the benefit of organic growth with a lower client acquisition cost than centralized lead generation.

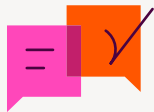


5 things to start doing



1 | Online reviews and testimonials

This is a powerful form of social proof that consumers rely on to make decisions, often in place of a referral. Consumers expect to have easy access to multiple opinions about the experience you provide from those you've worked with. While advisors have been slow to adopt client reviews, within a few years, this will be the norm and those who don't adapt will fall behind.



2 | Mastering the message

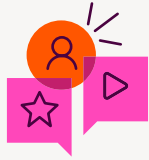
Because your ideal prospect needs to have multiple digital interactions with your brand across multiple channels before taking action, it's more important ever that your message is aligned, consistent, and — most of all — compelling. Not only should prospects be walking away from every interaction with a clear understanding of who you are, what makes you different, and how you can help them...they should also feel connected with you on an emotional level. Keeping your message human and relatable, and showing prospects how you help them live a better life makes a major difference in whether someone books a first call with an advisor. Learn more about developing an [Aligned Brand Story](#).



3 | Multi-channel digital marketing strategy

Aligning your marketing strategy across multiple digital channels will allow you to capture interest from clients. Do you need to be using EVERY channel? No, but variety is key to ensuring that you're able to serve up 2-5 digital touchpoints to your ideal client, so you can drive new prospects into your lead funnel. If you need help creating a multi-channel strategy, [start here](#).





4 | Arm your advisors as brand ambassadors

Ensure your advisors have the coaching, resources, content creation frameworks, and accountability to consistently show up online in a way that is aligned to your brand. This is one of the most powerful, least expensive ways to create powerful digital touchpoints for consumers who are looking for a new advisor. Looking at Ficomm's [Advisor Accelerator](#) is a great place to start.



5 | Measure what matters

We know that prospects won't engage with you after their first digital touch point. So looking at the performance of any one tactic might not be telling you what you need to know. Layering on tactics one at a time is a helpful way to understand their combined effect. Take baseline measurement of how your digital leads are converting and continue to measure that as you layer on other digital brand-building and content tactics. You should see your conversion rate go up program-wide, no matter which door your lead decides to come through.



1,107 consumers participated in the study. The sample is representative of the general population, balanced across gender, age and income.



According to the US Census Bureau in September 2023, 79% of US consumers make less than \$149K annually, and 21% make over \$150K in annual income. While annual income may feel low to financial advisory firms, the study was consistent with US based consumer data.

