



THE POWER OF WORD-OF-MOUTH INFLUENCE

2017 FINANCIAL ADVISOR RESEARCH REPORT

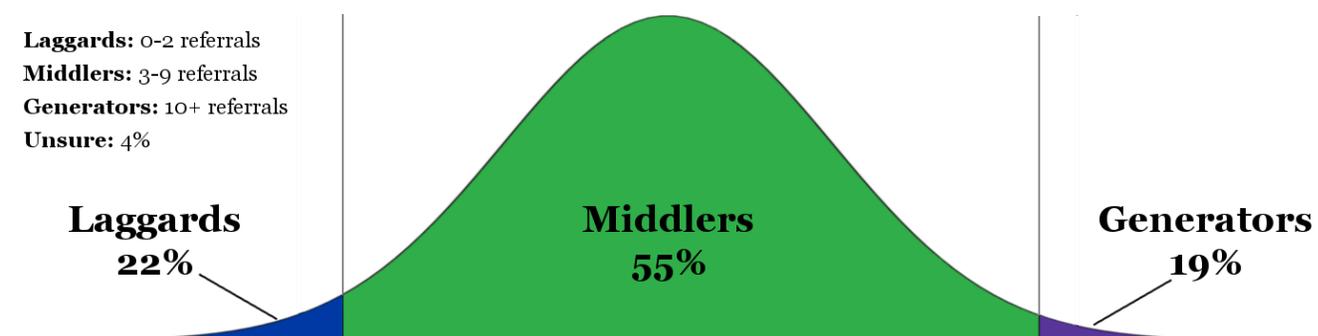
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THE POWER OF WORD-OF-MOUTH INFLUENCE

Word-of-mouth influence (WOMI) continues to be a dominating trend in affluent marketing. 92% discovered their advisor through WOMI. 60% report that the main reason they decided to select their financial advisor was because of WOMI.

This is what prompted us to focus our 2017 Advisor Research on WOMI. Our objective was to determine the extent to which financial advisors were capitalizing on WOMI, identify the high-achievers, and provide a roadmap for financial advisors.

When it comes to measuring WOMI, we used a simple, yet powerful metric: the number of referrals an advisor received in the past 12 months. In this report referrals represent unsolicited referrals, personal introductions, and business coming from referral alliance partners. Our studies have shown how financial advisors have segmented themselves in their ability to generate WOMI.



ABOUT THIS STUDY

For the purposes of this study, we wanted to focus on a cross section of financial professionals and distribution channels. 30% of our respondents were Wirehouse, 26% Independent, 17% Regional, 15% RIA, 6% Bank, 3% Insurance, 3% Other. This research was fielded in March 2017 on 404 financial professionals. Basic univariate results have been presented directly. Reported statements of significance are based on the results of common statistical methods for the type of survey data and reflect the use of a 5% margin of error as a standard for measuring significance. After analysis of missing values, skewness, kurtosis, and outliers, some participants were excluded from the results.

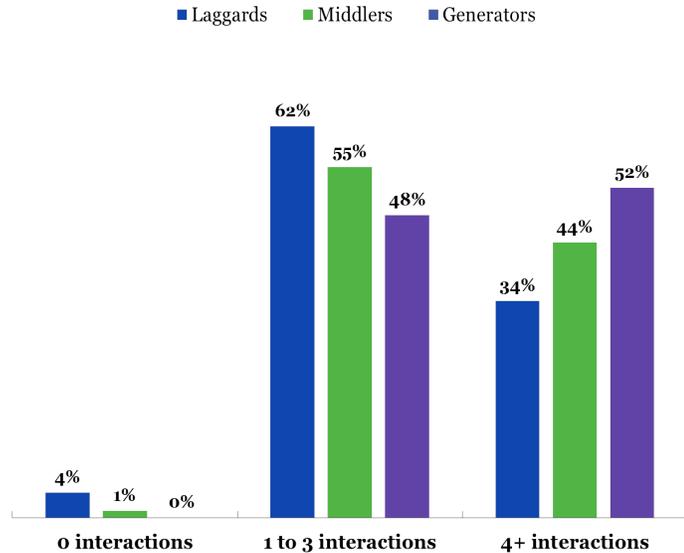
WORD-OF-MOUTH INFLUENCE DRIVERS

Generators spend more time with their top clients than both *Middlers* and *Laggards*. 52% see clients four or more times a year. *Middlers* are not far behind at 44%, but at 34% *Laggards* are not spending as much face-time with their top clients.

How many times do you see your top clients face-to-face per year?

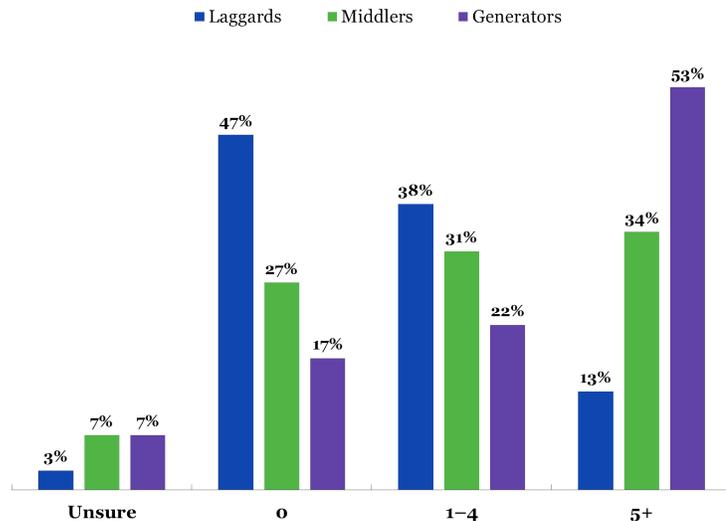
Our studies on affluent investors prove that face-time is positively correlated with referring their financial advisor to friends and family. The more time an advisor spends face-to-face with their affluent clients, the more likely they are to be top-of-mind.

It appears that *Middlers* need to make a slight adjustment to equal *Generators* in this area, whereas *Laggards* need to drastically ramp up their interaction with top clients.



How many times did you proactively ask a client for an introduction in the past 12 months?

One of our key findings in this report was the extent to which being proactive impacts referral flow. Being “proactive” in this case means identifying people in your client’s spheres-of-influence that you would like to meet and asking for a personal introduction.



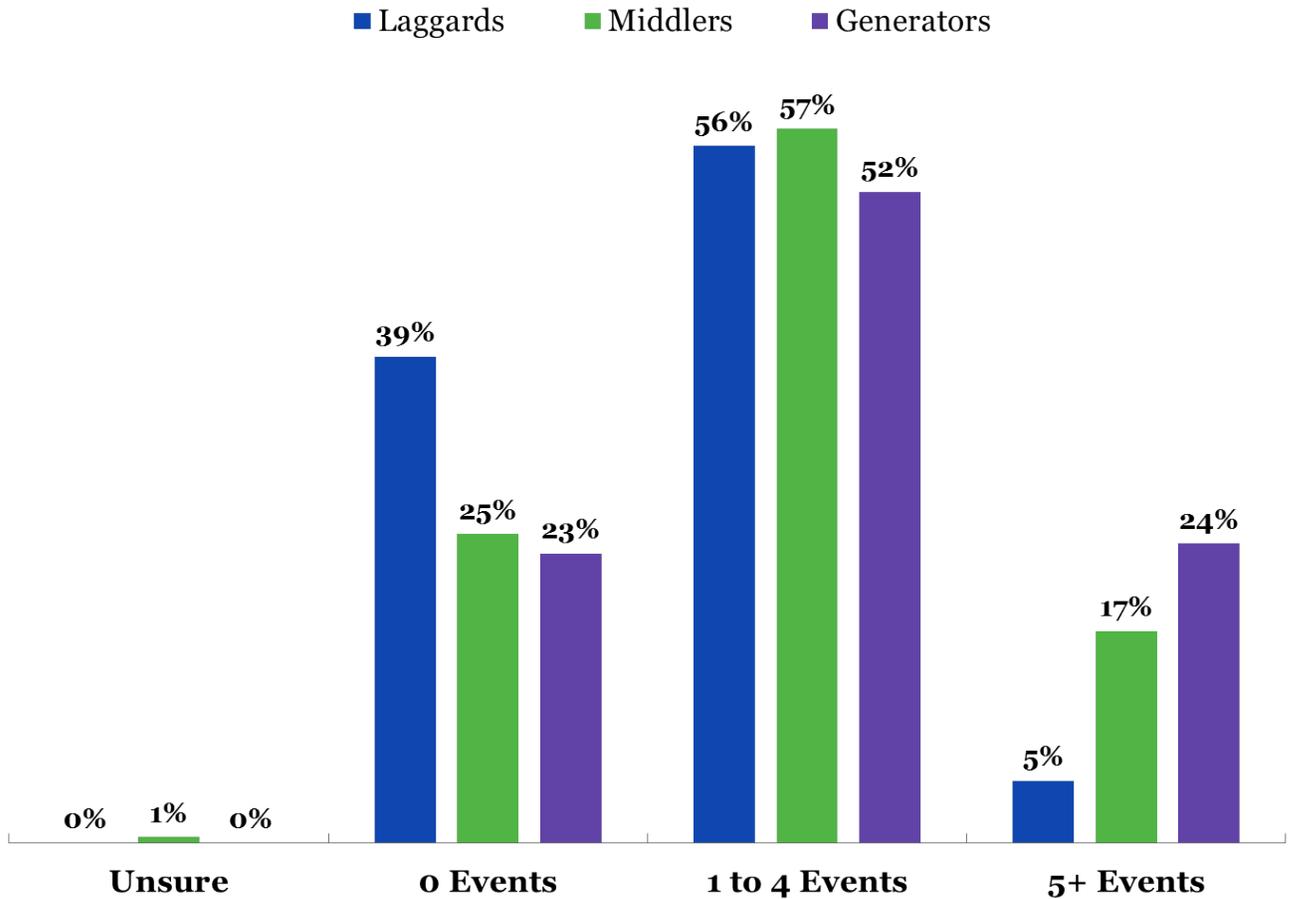
In this area, *Generators* tend to distance themselves from the *Middlers* and *Laggards*. The fact that the personal introduction is one of the primary methods by which today’s affluent initially discover their financial advisor makes this discrepancy between segments significant (2017 Affluent Consumer Research).

The proactive nature of asking for introductions indicates that *Generators* are probably more focused on client acquisition than their counterparts.

How many client events did you host in the past 12 months?

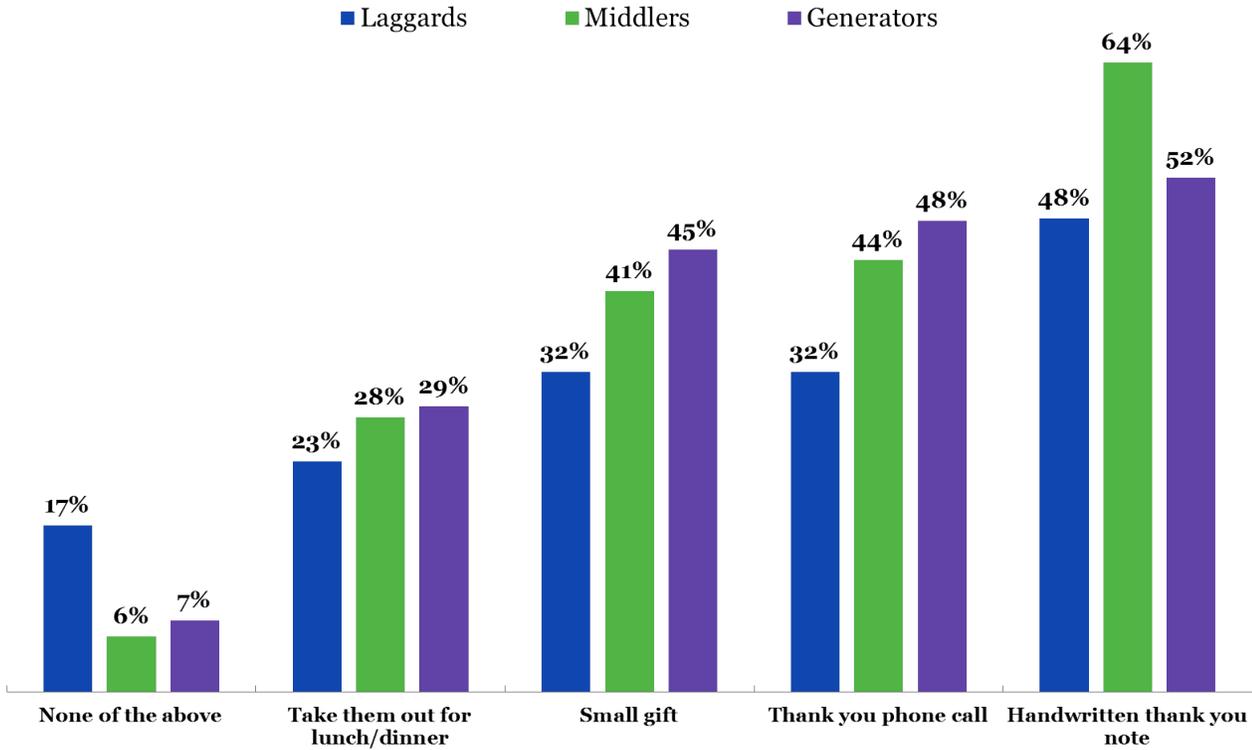
For the past decade, intimate events have ranked as a high-impact marketing activity. These are advisor-hosted small social events that serve a dual purpose; social face-time with top clients and a non-threatening environment for personal introductions.

Nearly one quarter of *Generators* report hosting five or more events over the past year; a frequency that speaks to their commitment to this strategy.



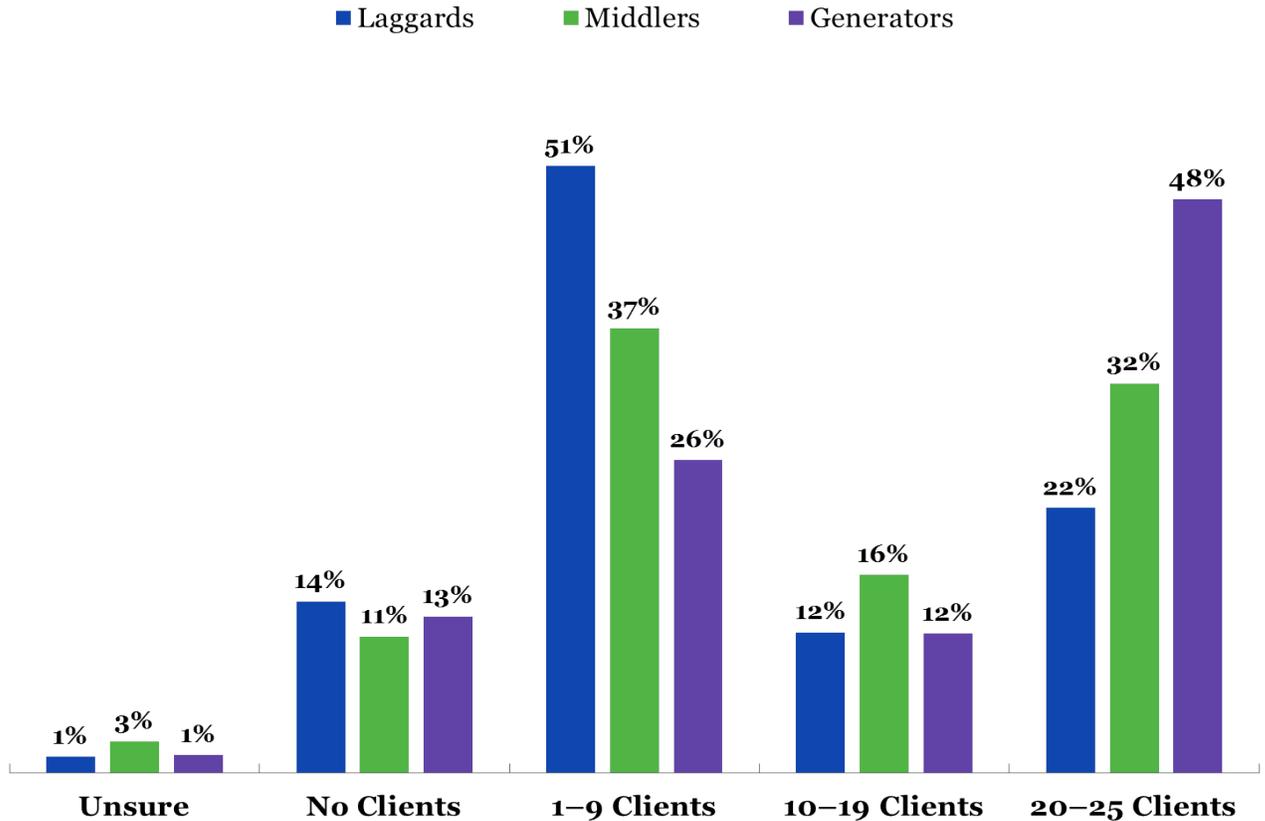
How do you thank your clients for referrals or introductions?

This is an area where there is not much difference between the WOMI advisor segments. *Middlers* send more handwritten thank you notes, *Generators* make more thank you phone calls and give more small gifts. It is interesting to note that *Laggards* are trailing in every category.



How many of your top 25 clients do you have saved in your cell phone?

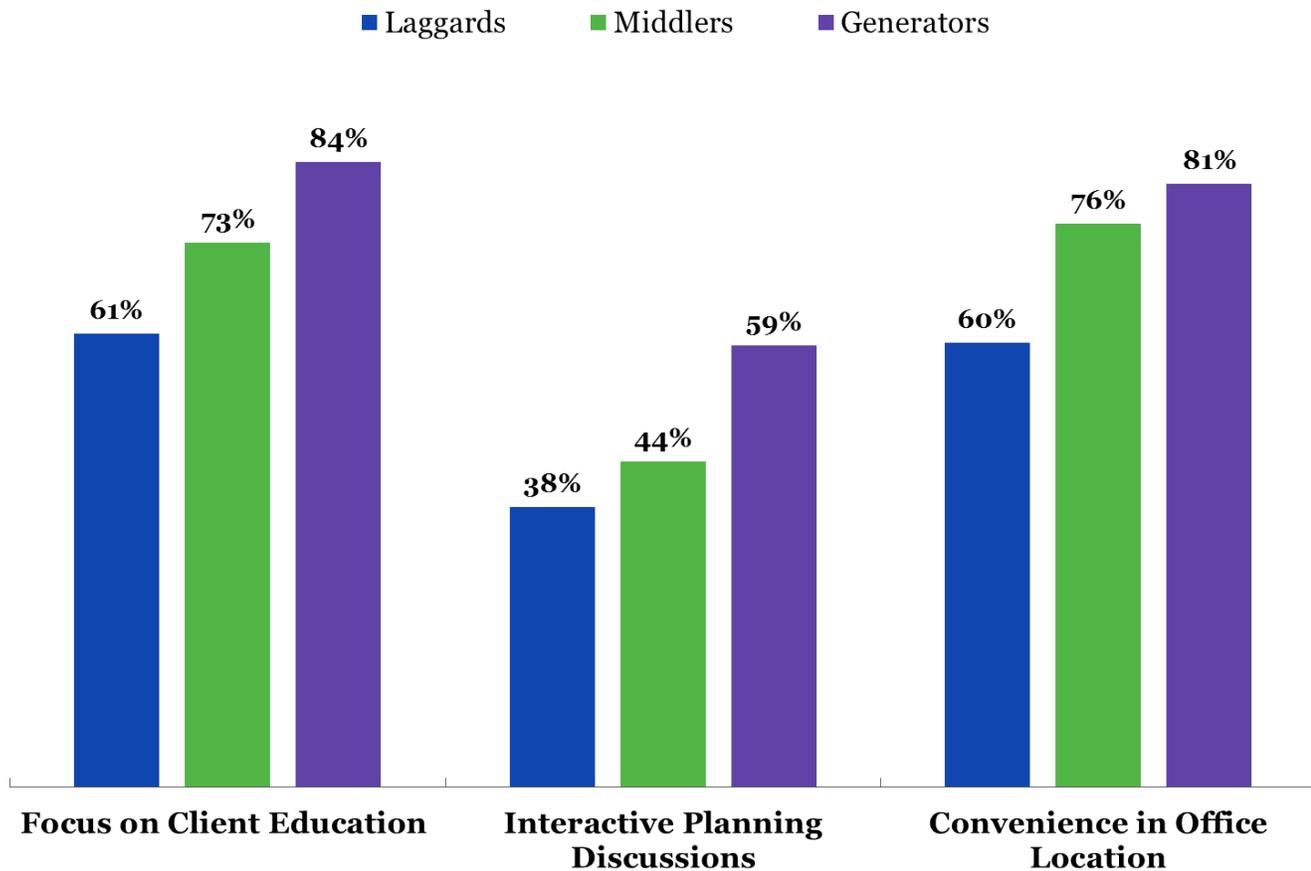
This is an area that serves as a communication indicator in today’s ever mobile environment. When all, or nearly all, of a financial advisors’ top clients are programmed into their cell phone, the likelihood of communicating more frequently increases. With 48% of *Generators* having 20–25 of their top clients saved in their cell phone, opposed to 32% of *Middlers* and 22% of *Laggards*, it appears that they are more focused on having access to their top clients.



Which do you provide for clients when they visit your office?

An affluent client’s “in-office” experience is a definite factor in whether or not WOMI is stimulated; a first-class in-office experience is expected. The factors that had the highest correlation to referral flow were convenience, interactive planning, and education. The latter two provide a glimpse into the broadening affluent expectations of financial advisors.

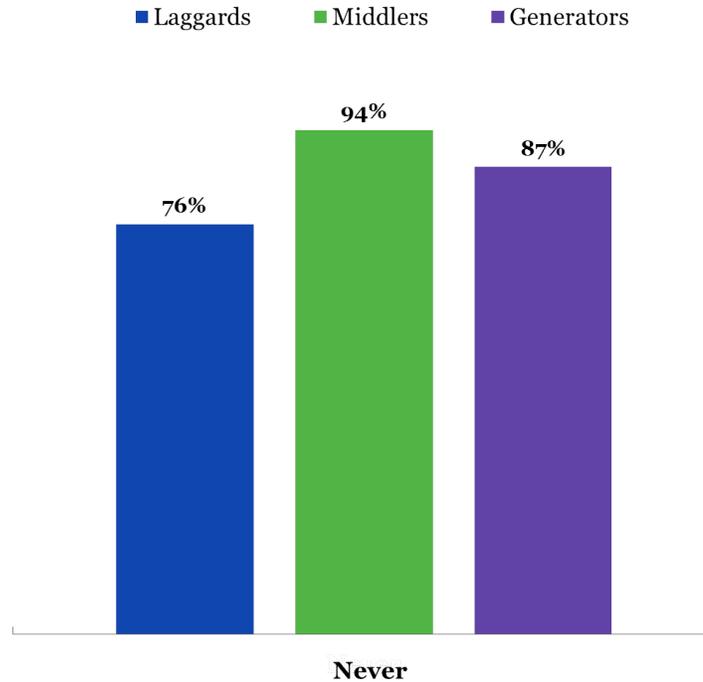
Laggards need to pay close attention because a poor or antiquated in-office experience can lead to a top client spreading negative WOMI.



How often do you verbally ask clients for feedback?

Compared to the standard client satisfaction survey, verbally asking for feedback provides more clarity on the thoughts and perceptions of your clients. It appears that all advisor segments are doing a decent or even great job in this area, with *Laggards* showing the most room for improvement.

Asking for feedback alone doesn't necessarily impact WOMI, it's taking action on the feedback that's the driver.

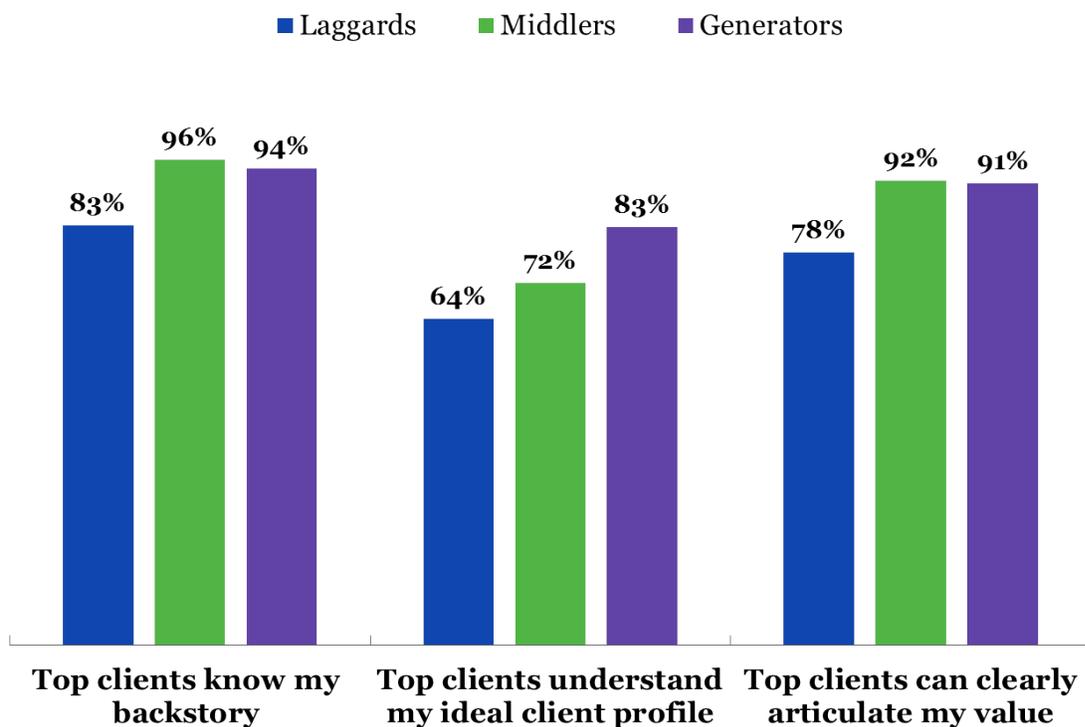


How do you improve the quality of WOMI with your top clients?

This graph represents three types of conversations that help clients and COIs spread higher quality WOMI.

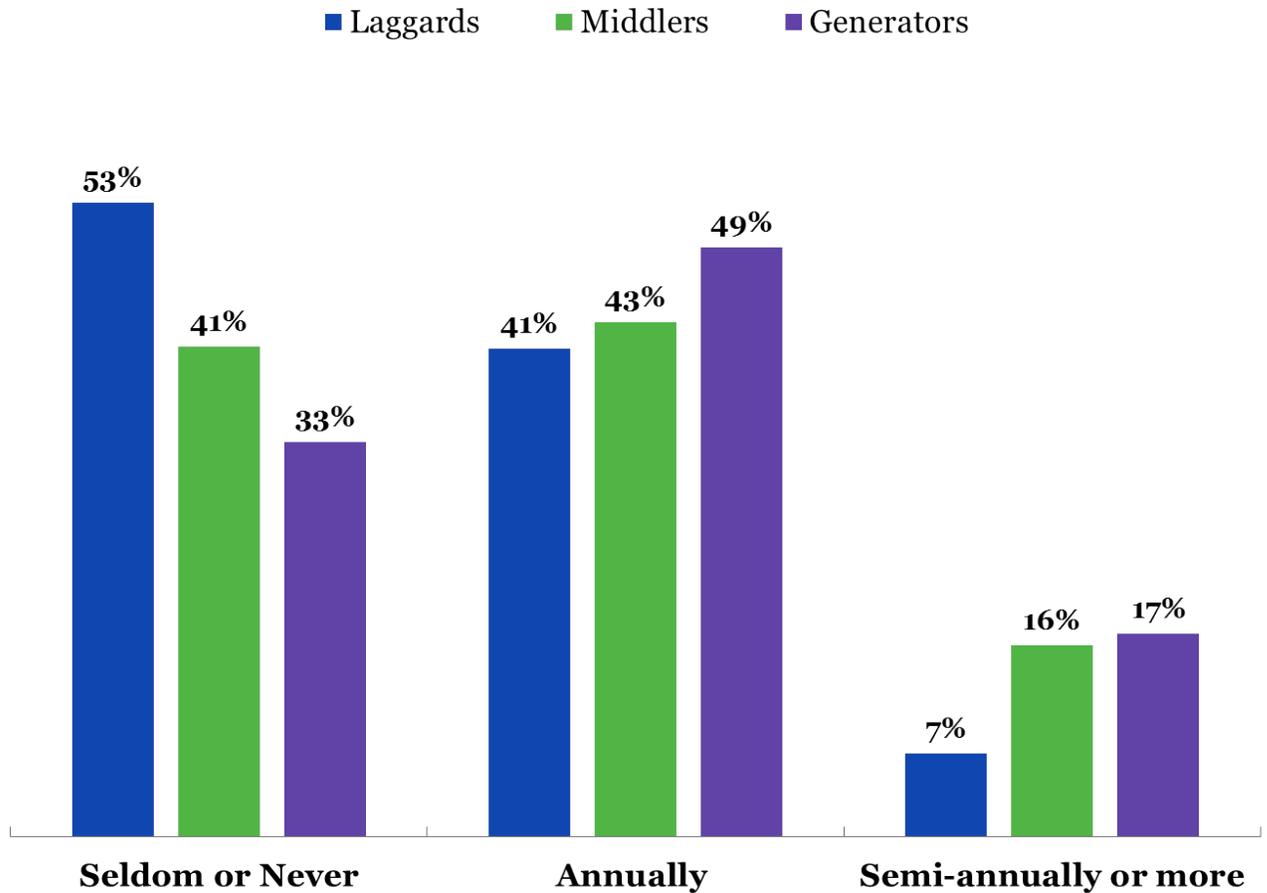
- 1. Top clients know my backstory.** The backstory provides a little color; helping clients tell their advisor's personal story and the "why" behind their advisor's chosen profession.
- 2. Top clients understand my ideal client profile.** Understanding their financial advisor's ideal client profile serves as a natural qualifier, helping clients identify ideal referrals in terms of occupation, life stage, or other qualifiers.
- 3. Top clients can clearly articulate my value.** Being able to articulate their financial advisor's value helps clients make a compelling case for why their friend, family member, or colleague should meet with their advisor.

We refer to this as Conversational Marketing. These are conversations advisors have with clients, enabling clients to have more informative conversations with people they know.



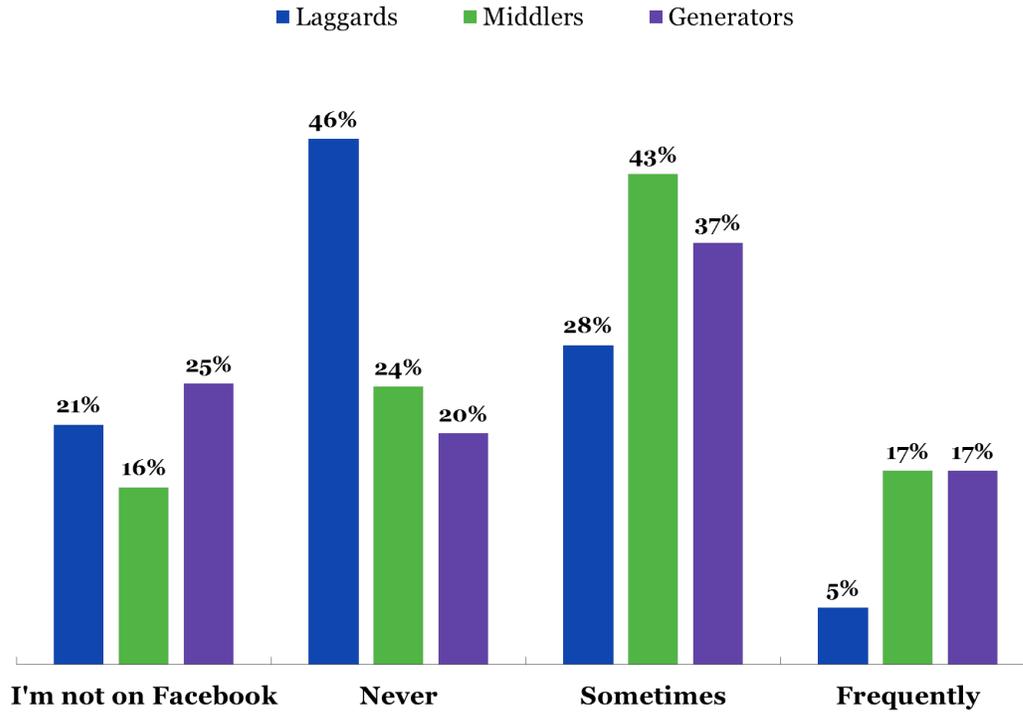
How often do you give small, thoughtful gifts to your top clients?

The red flag is the fact that 53% of *Laggards* “seldom or never” send a small gift to their top clients. A small gift, one that is well thought out and personal, can have a direct impact on your clients telling others about you. It tends to activate the law of reciprocity. This goes beyond remembering to send holiday cards. Financial advisors who excel in relationship management send small thoughtful and personalized gifts around various life events (new hobby, upcoming trip, big anniversary, etc.).



Do you make an effort to connect with your top clients on Facebook?

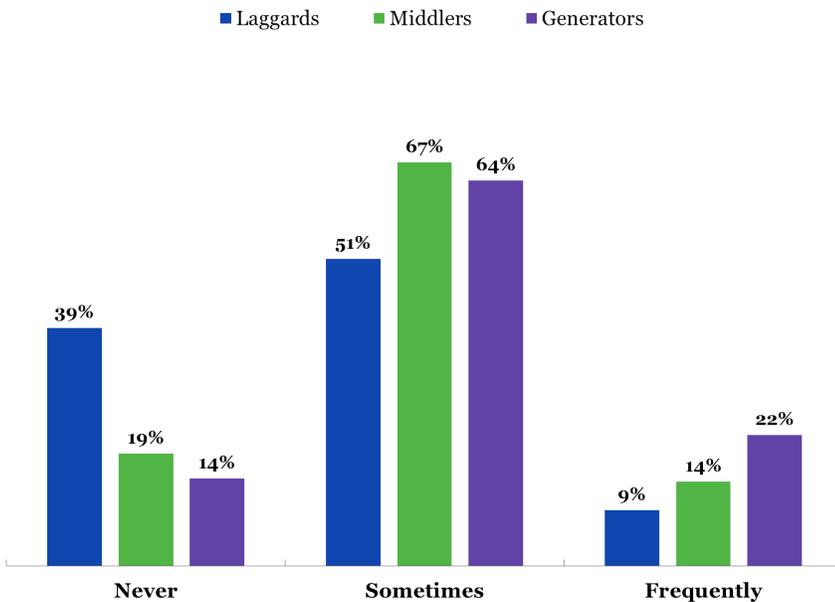
When advisors connect with client on Facebook, they have a window into their personal life. Used properly, this can activate digital WOMI. How? By interacting with clients, commenting on photos, sharing photos, and using it as another tool for staying top-of-mind. It appears that *Generators* and *Middlers* understand this more so than *Laggards*, but all advisor segments would benefit in connecting with top clients on Facebook.



To what extent are you charitably involved with top clients?

Our affluent research reported that charity involvement is one of the top three areas for stimulating WOMI that resulted in new business.

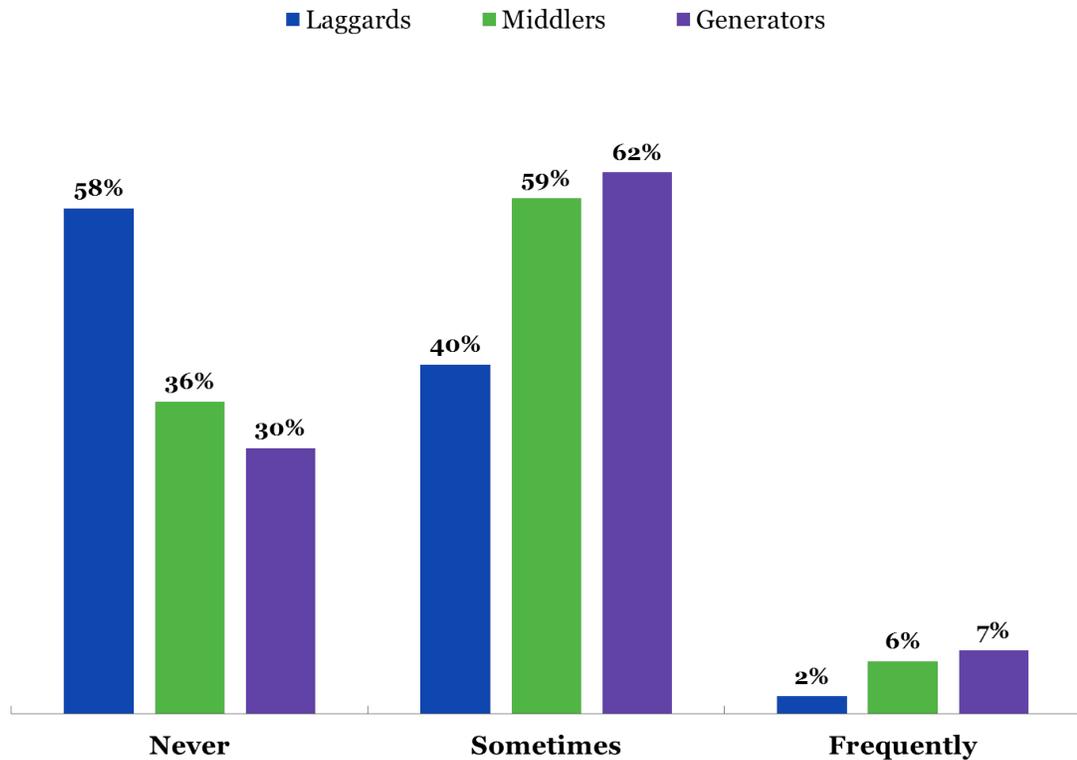
Getting involved with a client’s charity requires that financial advisors know each of their top client’s charitable interests, their level of involvement, and when and where they can get involved with their client.



How often do you do favors for top clients?

“Doing favors” may seem at first blush like an odd question to ask of our respondents. However, we frequently hear stories of top advisors who have gone out of their way to do nice things for their best clients. Whether it’s the advisor who pet-sat for a top client or brought takeout to a client at the nursing home—these are nice things to do and they activate positive conversation.

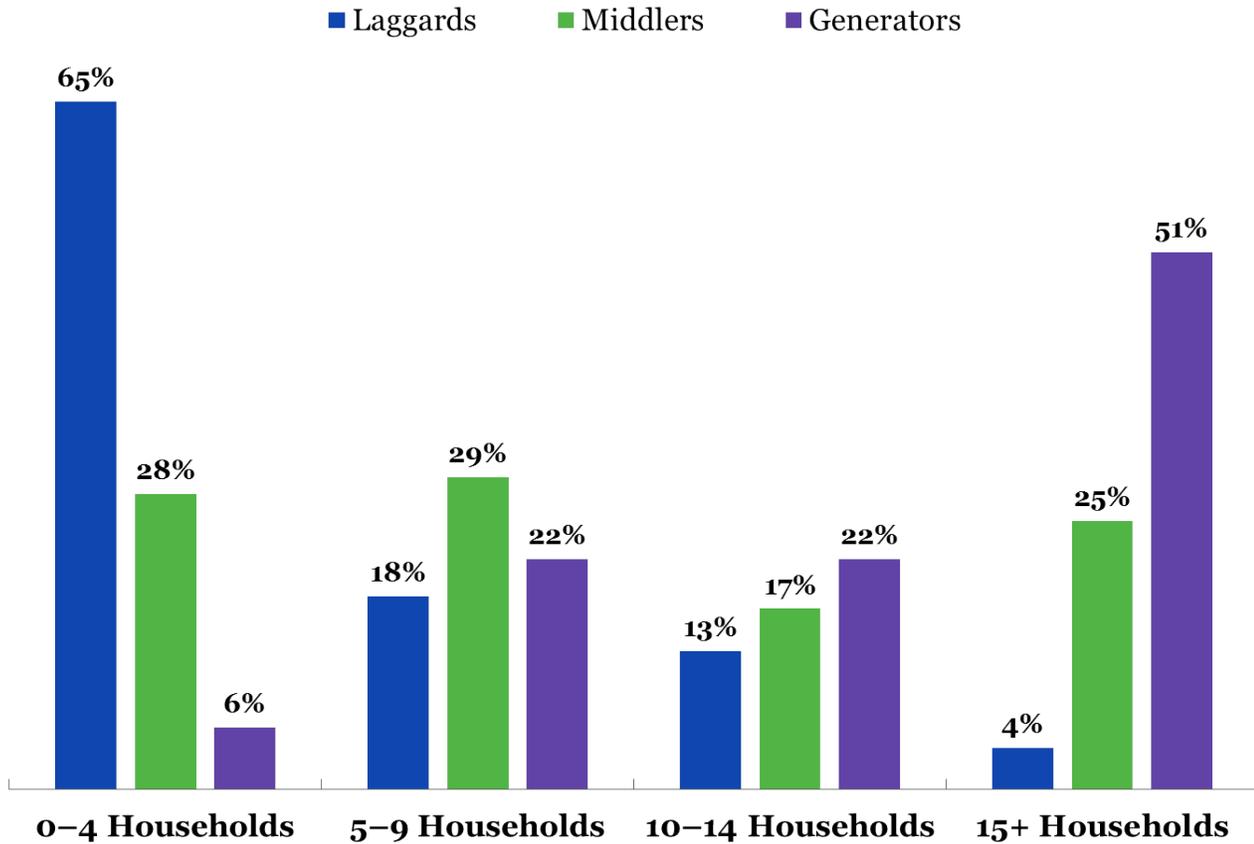
58% of *Laggards* never do favors for their top clients. 70% of *Generators* and 64% of *Middlers* do favors, sometimes or frequently, in contrast to 42% of *Laggards*.



WORD-OF-MOUTH INFLUENCE IMPACT

How many total new households did you add over the past 12 months?

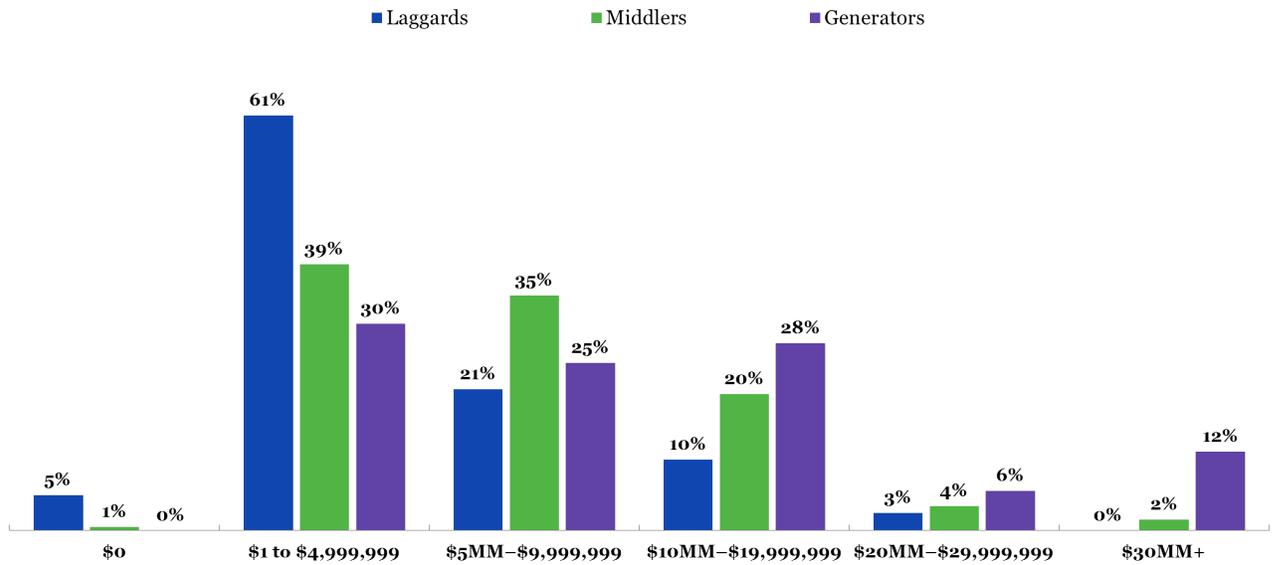
Over the past 12 months, *Generators* acquired more new households than the other advisor segments. Logically, those who receive more referrals should acquire more new clients. However, we were somewhat surprised to the extent *Generators* exceeded *Middlers* in bringing in 15 or more new households; 51% to 25%. *Laggards* trailed far behind at 4%.



How many total new assets did you add over the past 12 months?

If we use \$10 million plus as the starting benchmark for financial advisors who are serious about bringing in new assets, *Generators*, at 46% far exceed *Middlers* at 26% and *Laggards* at 13%.

In the higher asset totals, acquiring \$30 million or more in the past 12 months, *Generators* were the only segment of any significance at 12%.



CONCLUSION

The roadmap for stimulating WOMI amongst affluent clients begins with making it a priority. From there, if financial advisors pay close attention to each of the areas we've highlighted, they will be following the roadmap like *Generators*.

It's important to understand that WOMI is far more nuanced than any other marketing strategy. There is not one definitive activity, not one direct cause and effect, and no immediate results. It requires a commitment to simultaneously excel in many areas, and have the patience to allow WOMI to work its magic.

The findings in this report represent a tremendous opportunity for *Middlers*. They are not far behind *Generators* in most areas, yet are far behind in acquisition of new households. By making WOMI a priority and implementing a handful of minor changes, *Middlers* could significantly improve their new household acquisition results. On the other hand, *Laggards* need to make wholesale changes to reap the benefits of affluent WOMI.

Bonus

On the following page you will find a self-assessment we created for you to chart your activity in the areas that drive WOMI and compare it to *Generators*.

WOMI SELF-ASSESSMENT

See how your activity in the areas that drive WOMI compares to *Generators* and identify specific areas that can be improved. It is essential that you're brutally honest in your response in each area—otherwise this WOMI self-assessment will be of little value. Mark an 'X' in the boxes below to indicate your score for each question and compare yourself to *Generators*.

 = **Generators' score**

How many times did you ask a client for an introduction in the past 12 months?

- A) Unsure B) Never C) 1–5 D) 6+

How many client events did you host in the past 12 months?

- A) Unsure B) Never C) 1–3 D) 4+

How many times do you see top clients face-to-face per year?

- A) Unsure B) Never C) 1–3 D) 4+

How often do you verbally ask clients for feedback?

- A) Rarely/never B) Every Few Years C) Semi-annually D) Quarterly

How often do you give small, thoughtful gifts to top clients?

- A) Rarely/never B) Annually C) Semi-annually D) Quarterly

Do you make an effort to “friend” top clients on Facebook?

- A) I'm not on FB B) Never C) Sometimes D) Always

To what extent are you charitably involved with top clients?

- A) Never B) Rarely C) Sometimes D) Always

How often do you do favors for top clients?

- A) Never B) Rarely C) Sometimes D) Always

How many top clients understand your ideal client profile?

- A) Unsure B) None C) Some D) All

A	B	C	D

ABOUT THE OECHSLI INSTITUTE

Founded in 1978 by Matt Oechsli, The Oechsli Institute is an industry leader in workshops, coaching and social media. The foundation of our programming is our ongoing research on affluent investors and financial professionals. Through these parallel studies, we're able to build empirical data, then conduct hands-on testing through our performance coaching program.

Performance Coaching

Our commitment is to provide the most up-to-date and comprehensive coaching program in the industry. Our coaching combines the exciting and informative nature of our live events & webinars with the personal accountability and focus provided by personal coaching. Our sweet spot is helping financial advisors and insurance agents attract, service, and cultivate loyal affluent clients. Each engagement is custom tailored to the advisor's needs and goals. When you hire one of our coaches, it's almost as though you are hiring us as a member of your team.

Social Media Automation

Automation is an affordable, turnkey solution for your social media marketing efforts. Is it really a good idea to pawn this off to a team member or dabble with it yourself? When the biggest firms in the industry want social media help, they come to us—you should too. We'll help you create a rock-star brand, we systematically grow and engage with your network, send prospecting messages on your behalf, and run targeted ads through Facebook, Google, YouTube, and more.



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