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Broadridge Survey Reveals How High-Growth Financial Advisors Gain Clients and Increase AUM

Released : 10 02 2019

NEW YORK, Oct. 2, 2019 /PRNewswire/ -- Results of a survey of over 400 financial advisors released today by Broadridge Financial Solutions, Inc. (NYSE: BR), a global Fintech leader and part of the S&P 500® Index, uncover a wide gap in marketing and client acquisition behavior among advisors. The new data provides a behind-the-scenes look into the business development practices, marketing budgets and success metrics of RIA firms and independent broker-dealers across the country.

Only 21% of advisors surveyed were found to be "growth-focused advisors," defined as those aged 25-49 spending over $5,000 on marketing annually who self-identify as "aggressively focused on adding new clients." These advisors were more likely to achieve a higher level of assets under management (AUM), spend more on marketing per acquisition, gauge marketing effectiveness in terms of revenue, and be confident in their ability to meet their business goals.

Annual marketing spend among respondents largely corresponded with client AUM, with 55% of those with under $200 million AUM spending less than $2,500 and 70% of those with over $200 million AUM spending more than $10,000. Across all respondents, the average percentage of revenue spent on annual marketing was 3.3%. Marketing spend was found to be more focused on new client acquisition (60% of respondents) than cross-selling of existing clients and family members (40%).

Advisors Step Toward Digital

Most advisors surveyed spend marketing dollars within the same top four channels: website (76%), in-person events (57%), social media (45%) and CRM system (44%).

Moving forward, advisors plan to increase their investments in digital marketing. Of those surveyed, 19% plan to increase investment in social media, followed by webinars (14%) and digital media advertising (13%). Twelve percent of advisors also plan to hire new in-house marketing staff, a trend particularly pronounced among advisors with over $200 million in AUM (20%).

"We're seeing a planned strategic investment in digital marketing among aggressive, growth-oriented advisors and firms," said Kevin Darlington, vice president of Advisor Solutions, Broadridge. "Advisors are already investing in and seeing success in organic social media marketing. As it becomes increasingly difficult to break through the organic clutter, the natural next step is increased investment in paid digital advertising channels that can offer powerful targeting to new audiences and stoke the lead generation pipeline."

How Innovators Effectively Leverage Digital Channels

Only 11% of advisors consider themselves an "innovator" when it comes to leveraging technology in their practice, and only 18% rated themselves as very confident in meeting their practice growth goals over the next 12 months.

But the self-identified innovators are already reaping bottom-line benefits. Fifty-seven percent of innovators stated that their websites have generated leads, compared to 37% of all respondents. Visibility into the prospect pipeline varied as well: only 9% of innovators were unsure if they had secured a lead through their website, while 41% of technology laggards were unsure. Innovators also appear to be converting marketing leads into clients more efficiently – doing so within 3.4 months on average, compared to 4.3 months for laggards.

Of those that market via social media, 59% of innovators had secured a lead that became a client, while only 19% of laggards had done the same. Among all advisors who had generated social leads, LinkedIn and Facebook were the most likely platforms to yield success.

The average cost per new client acquisition was found to be $929 – a figure likely to be economically viable for advisors, considering the average annual and lifetime value of a full-service wealth management client.

"The most growth-minded advisors are separating themselves from the pack in terms of new client acquisition rates – even more than we suspected. The most innovative, growth-focused advisors we surveyed are using digital channels to their advantage, growing a healthy inbound prospect pipeline and closing leads," added Darlington. "But too many advisors still need to secure the building blocks of their digital prospecting journey before savvier advisors swoop in first. Things like optimizing their websites to garner traffic from the right prospects and making it easy for those prospects to opt into future advisor communication have never been more important to business success."

To download a summary of the survey results, click here.

Methodology

This Broadridge survey was conducted by Boston Research Technologies. A total of 406 financial advisors across channels completed the survey, which was fielded in May 2019. For further details on survey methodology, please contact a Broadridge media representative.

About Broadridge

Broadridge Financial Solutions, Inc. (NYSE: BR), a $4 billion global Fintech leader and a part of the S&P 500® Index, is a leading provider of investor communications and technology-driven solutions to banks, broker-dealers, asset and wealth managers and corporate issuers. With over 50 years of experience, including more than 10 years as an independent public company, Broadridge provides an important infrastructure that powers the financial services industry. Broadridge's infrastructure underpins proxy voting services for over 50 percent of public companies and mutual funds globally, and processes on average more than U.S.$7 trillion in fixed income and equity trades per day of securities. Broadridge employs over 11,000 full-time associates in 18 countries. For more information about Broadridge, please visit www.broadridge.com.

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