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SOCIAL MEDIA POWER USERS AND WHY THEY MATTER

Raoul Bhavnani
Global Practice Leader of the Strategy Consulting & Research Team
Strategic Communications
FTI Consulting

John Stuart Watts
Managing Director
Strategic Communications
FTI Consulting

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Although social media has become a pervasive means of communication, businesses struggle to tie their social media efforts to demonstrable business results. This especially is true in professional services companies, which often are criticized for trailing behind other business-to-business industries in social business.

To explain the slow adoption of social media in professional services firms, conventional wisdom points to regulatory and brand constraints. In addition, social business adoption is believed to be hindered by a lack of senior management support, attitudes about the appropriateness of social media and concerns about the return on time invested to learn something different.

Although these barriers still exist, FTI Consulting identified in a recent study more pragmatic problems that professional services firms can immediately address in order to generate revenues with social media: a lack of training, best practices and content in social business.

We looked at the issues of social business in professional services through the lens of financial advisors . Understanding what drives their social media use has been a burning question for many companies over the years. Two years ago, for example, we partnered with leaders at LinkedIn to understand the drivers of social media adoption by financial advisors. The article herein reports on the results of our 2013 study with Putnam Investments that further probed adoption patterns and use.

Financial advisors provide a meaningful proxy to explore what professional services firms can do to boost the use and effectiveness of social business. For example, as is the case with financial advisors, attorneys and consultants build their businesses by cultivating individual relationships. The success of that cultivation relies on providing pertinent, fresh insights on the challenges clients and prospects face.

Similarly, many professional services firms must navigate an evolving landscape of regulatory demands and company compliance measures. The Financial Industry Regulatory Authority, for example, requires brokerage houses to document employee social media communications and company policies that assure those communications meet regulatory requirements. At the same time, several state governments have passed laws that prohibit employers from accessing their employees' personal social media accounts.

Despite the regulatory flux, our survey found that the adoption of social media clearly is on the uptick. Although 25 percent of respondents currently are not using social media at work, only 30 percent of those respondents say social media will not be significant in their marketing efforts in the next year.

Of respondents who now are using social media for business, that usage has been rising steadily. More than 60 percent of those respondents, for example, have been increasing their use of LinkedIn over time. Nearly the same number of respondents have boosted their use of Facebook. In addition, financial advisors have become more avid tweeters — 57 percent of respondents presently using social media have been extending their use of Twitter.

Approximately 60 percent of respondents who now use social media expect that usage to climb in the coming year. A prime driver of this pronounced growth can be attributed to the results that users are achieving. For example, of the 60 percent who expect to up their social media use, the majority will do so because the people they are trying to reach are on LinkedIn or Facebook. Forty percent attribute their expected increase to the role social media has played in achieving desired results to date. A majority of current users also feel they now have a better understanding of how to leverage social media for business purposes. Only about 30 percent see loosening regulatory and compliance demands as a driver of higher usage.

The Emergence of Power Users

Social media power users (individuals with both the skills and enthusiasm to optimize social media tools and channels) add to their company coffers. Our study found that financial advisors who can be called power users are up to twice as likely as less savvy users to have won additional clients through social media: 73 percent vs. 30 percent. Similarly, the value generated by those clients is nearly twice as large: a median of $1 million in investible assets vs. $500,000. Given the nascent stage of social media in financial services, these results demonstrate the potential for helping advisors meet higher annual business targets that can range from $5 million to $10 million. Power users also are the most likely to say social media has helped them achieve their desired results and to agree that the people they want to reach are active on social media.

A key finding of our research is how power users are achieving these results. We specifically probed the relationship between seven common social business activities and the likelihood of winning valuable new clients:

- Building brand identity
- Improving effectiveness of referral networks
- Cultivating specific prospects
- Enhancing current client relationships
- Connecting with other financial professionals
- Cascading thought leadership
- Expanding professional knowledge

We discovered four distinct groups of financial advisors on a path that takes them from a passive to an active use of social media (see Figure 1). Passive users focus primarily on building brand identity and on improving their referral networks. Active users, on the other hand, create a virtuous circle by compiling and disseminating knowledge and using that information to cultivate prospects and enhance business relationships.

The four groups (and their salient characteristics) include:

In the Wings (25 percent) — Respondents who don't use social media in business at all. However, they are active users of social media in their personal lives. For example, 62 percent of this group use Facebook, 58 percent view or share videos on YouTube, 33 percent use LinkedIn, 27 percent use Twitter, and 24 percent use Google+.

Network Novices (38 percent) — Respondents who use social media passively. They use it to build their personal brands, enlarge referral networks and connect with other professionals.

Connectors (17 percent) — Respondents who use social media more actively to cultivate relationships with prospects and current clients.

Power Professionals (20 percent) — Respondents who use social media to deepen business relationships by gathering information and disseminating thought leadership. Power Professionals are more than twice as likely as Network Novices and more than 60 percent more likely than Connectors to use social media for business on a daily basis.

The path we found turns an old adage on its head: It's not who you know, it's what you know. Advanced social media users are doing more than connecting with others; they are adding value by creating, obtaining and sharing information. For Power Professionals, social business success is a matter of what they know and can share with the market. Network Novices and Connectors still are focused on the "who."

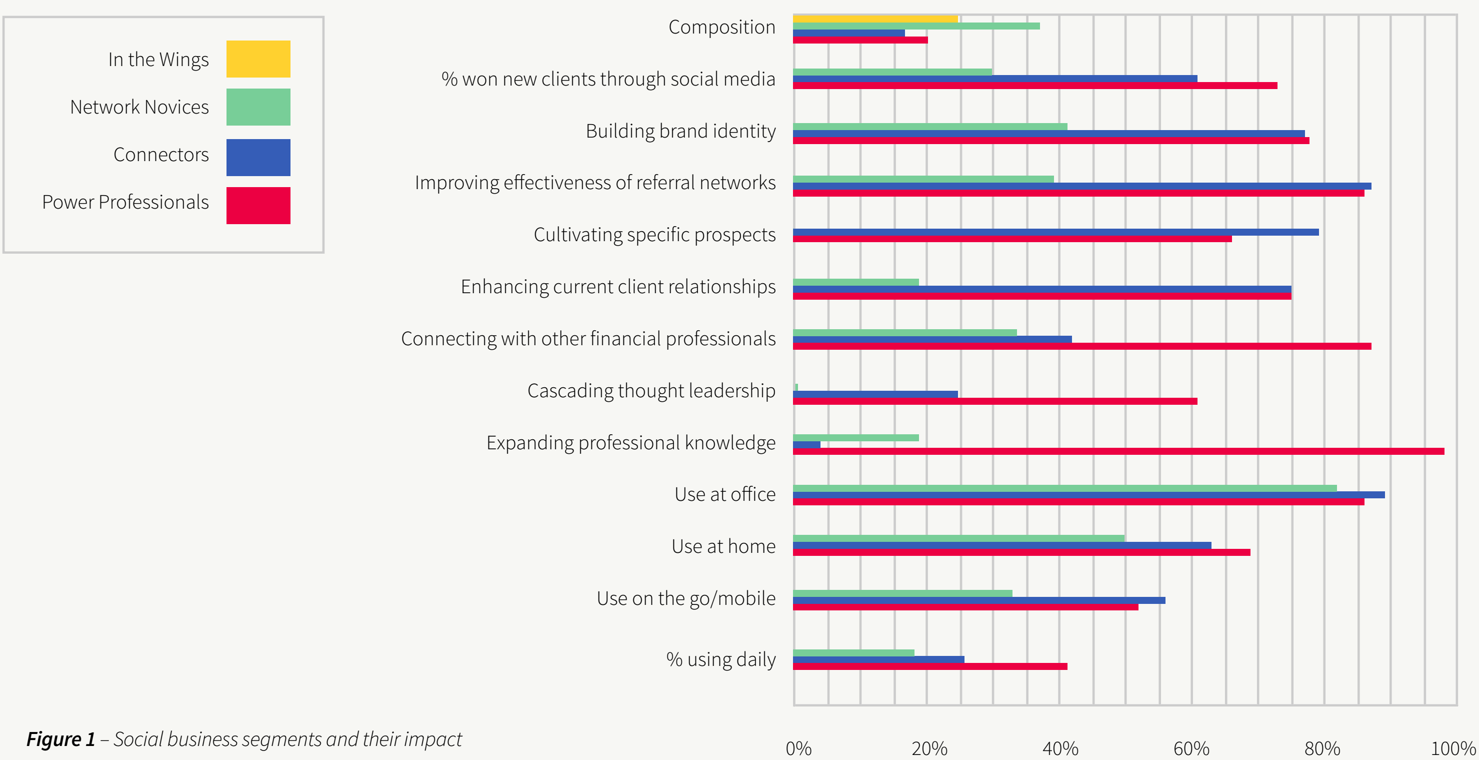

***Figure 1** – Social business segments and their impact*

Boosting the Power

Another key finding of our research is what professional services organizations can do to move more professionals up the ladder from passive to active. Specifically, we asked respondents what their company or social media networks could provide that would increase usage of social media.

The results from this open-ended question were illuminating. The major barriers to social media use are very pragmatic: regulatory compliance issues and a lack of training and content. However, even though 20 percent to 25 percent of respondents from all four segments are asking for modifications to compliance requirements, regulatory constraint doesn't seem to be the problem per se. Rather, when moving from In the Wings to Power Professionals, the primary issue pivots on an understanding of compliance policies. In the Wings respondents are twice as likely to cite regulation as a hindrance to usage as are Power Professionals. However, once respondents feel they understand compliance policies, participants call for training, content and more social media marketing from their firm. Power Professionals are nearly twice as likely to cite these needs than In the Wings respondents.

The pattern is clear. Some companies and professionals are coming to terms with regulatory boundaries and are learning how to use social media within the constraints.

These professionals have a thirst for social media best practices and content. As one respondent put it, "Education, training and webinars are what we need. … We have to become more proactive."

To help professionals reap the rewards of social business, professional services organizations should engage on three fronts: Modify or loosen policies as much as possible, communicate and provide training, and encourage the creation of meaningful content.

The Policy Front

To help professional services firms take a closer look at their social media policies, we asked respondents to tell us which of 12 common LinkedIn activities these participants believe their company permits them to use (see Figure 2). The activities ranged from passive tasks such as accepting connections and listing the company name in a profile to active outreach, including sending InMail and requesting recommendations.

More than 90 percent of respondents report they can use LinkedIn at work at least to accept connections. The vast majority are allowed to accept and request connections and name the firm on a profile page. Some 70 percent are allowed to join LinkedIn groups.

As Figure 2 shows, however, the percentages decline for more active outreach activities.

Permission to post content to groups is granted to 27 percent to 55 percent of respondents, depending on the segment. Permission to write or request recommendations ranges from 21 percent to 41 percent. However, at least 20 percent of respondents, including In the Wings, say their company allows them to engage in each activity. This suggests that most social media activities are on their way to acceptance. While seemingly small, 20 percent indicate that every activity, from accepting connections to posting content, is permissible by far more than just a few bleeding-edge or risk-taking firms. One may conclude that liberalized social business policy is moving from a small cadre of progressive professional firms into the mainstream.

Interestingly, Network Novices — professionals whose use of social media is most passive — may be the group best primed for action. Network Novices are less likely than Connectors and Power Professionals to use social media for outward communications such as posting updates to their profile or to groups. Surprisingly, respondents in the Network Novices group are most likely to believe that their firm's policies permit them to do so — sometimes to an even greater extent than Power Professionals. Accordingly, professional services firms seeking to boost returns from social media may find these Network Novices to be the most rewarding group to target.

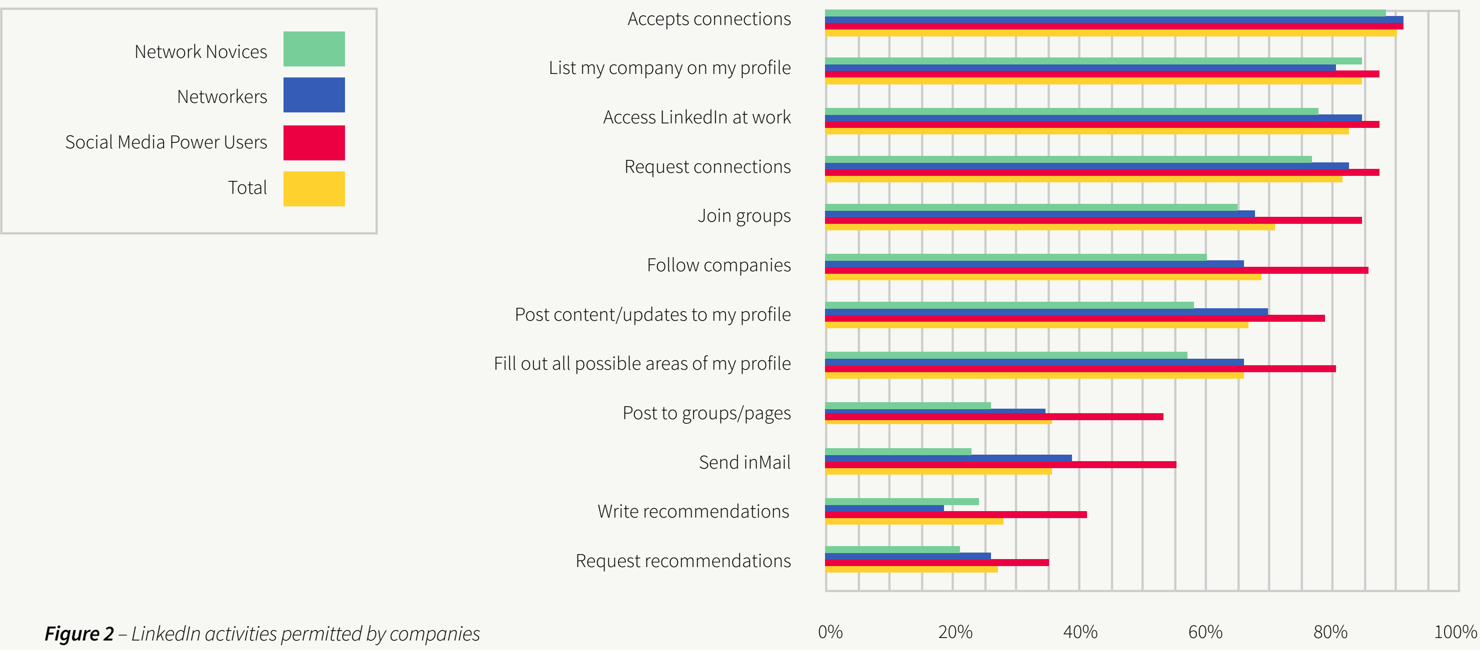

***Figure 2** – LinkedIn activities permitted by companies*

Communicate and Train

Companies need to communicate their policies clearly and make sure employees understand the content. Effective communication bolsters social media use and also prevents its misuse. Communication should be anchored in training and education. With the exception of In the Wings, respondents from all segments are asking for more training in social business skills and information about best practices.

Given the hectic schedule of most professionals, on-demand training may be the best choice for their firm. For example, companies can provide pre-recorded webinars on complex topics such as social business strategy or simple fact sheets covering straightforward issues like LinkedIn usage policies. Ideally, professional services firms would offer training, best practices and sample content on a single platform so professionals easily can access what they need as they need it.

The platform could link directly to the social networks themselves through templates that allow professionals to create their profiles using approved branding elements. Templates also could include tag lines and links to company websites and resources. Such an approach can simplify significantly the process of joining a network even as it promotes the firm and ensures adherence to the firm's compliance requirements.

Provide Pertinent Content

A growing chorus of experts is warning about social media fatigue. As a tsunami of content hurtles around the globe, the bar for getting noticed is rising. Creating fresh, compelling content becomes paramount, as does curating it effectively. As content and ideas proliferate, professionals can seize the opportunity to stand out from the crowd by identifying the most valuable content and adding new insights to it.

Shifting Platforms

Although respondents view LinkedIn as their primary network for social business, the number has declined slightly. In a study we conducted in 2012, 90 percent of respondents said LinkedIn was their primary business network; in 2013, the number was 80 percent.

Facebook may be an eventual contender. Thirty percent of respondents already say that if their firm allows them to use it, Facebook would be the best platform for brand building. Twenty-seven percent see Facebook as the most desirable tool for improving the effectiveness of their network. For cultivating prospects, Facebook would be the platform of choice for 33 percent of our respondents.

Although these percentages are lower than those of LinkedIn, respondents are slightly more likely to say that Facebook is the preferred network for nurturing existing relationships. On every dimension, In the Wings respondents give higher marks to Facebook than they do to LinkedIn. As we pointed out above, many respondents in the In the Wings group are using social media for personal use, largely Facebook. Many of these individuals eventually could come to embrace social media at work if compliance policies change or become clearer and if firms provide tools, templates and approved content. Facebook could become the network of choice for some firms seeking to increase their social media presence.

How network choice and popularity evolve over time will depend on company policies and on what business tools social media networks provide. Network players also will merge and converge. But our research found a potential shift in the making that bears

Social media has the potential to change the way professionals communicate with their clients and build a positive reputation. Although regulatory compliance and brand reputation still are issues, we found that organizations are moving beyond these concerns. The next challenge will be to further develop social media skill and expertise. As our research demonstrates, that expertise will find its way to the bottom line. ■

About the Research

Our research is based on a survey of 408 U.S.-based financial advisors, conducted in July 2013, in conjunction with Putnam Investments. The sample was drawn from a proprietary research panel of financial advisors maintained by FTI Consulting Strategic Communications and from panelists provided by Harris Interactive.

Raoul Bhavnani
Global Practice Leader of the Strategy Consulting & Research Team
Strategic Communications
FTI Consulting
raoul.bhavnani@fticonsulting.com

John Stuart Watts
Managing Director
Strategic Communications
john.watts@fticonsulting.com

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